ANDULELA
Investment Holdings

Andulela Investment Holdings Limited

(Registration number 1950/037061/06)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2011

Contents

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

	Page
Corporate governance statement	17
Report of the independent auditors	18
Directors' responsibility and approval	19
Declaration by the Company Secretary	20
Report of the Audit, Risk and Compliance Committee	21
Directors' report	22
Statement of financial position	26
Statement of comprehensive income	27
Statement of changes in equity	28
Statement of cash flows	30
Accounting policies	31
Notes to the financial statements	48

Level of assurance, preparation and power to amend

These financial statements have been audited in compliance with Section 30(2) of the Companies Act, 71 of 2008. The financial statements have been prepared under the supervision of the Chief Financial Officer, Pieter de Jager. The entity's owners do not have the power to amend these financial statements after issue.

Corporate governance statement

for the year ended 31 December 2011

Principles of corporate governance and structures

All the key principles underlying the King III Code of Corporate Governance are ethically managed, with ongoing monitoring of compliance in accordance therewith and its changes from time to time. Unless otherwise noted, the Group and its directors have complied with King III throughout the accounting period.

Board of Directors

At date hereof, the Board comprises six members, being three independent non-executive and three executive directors. The Non-executive Directors' calibre and experience are of such a nature that they bring an independent value-added and objective viewpoint on all strategic decisions, processes and standards. The Chairman is an Independent Non-executive Director. No single individual director has unfettered powers of decision- making. The Board has the following sub-committees, an Audit, Risk and Compliance Committee, a Nomination and Remuneration Committee and a Social and Ethics Committee, through which it fulfils its statutory functions.

The Nomination and Remuneration Committee is tasked to identify appropriate potential appointments to the Board and, following an interview process, refers candidates for appointment to the Board as well as setting the Group remuneration policy and advising on remuneration for executive directors and senior management through a formal and transparent process. This sub-committee comprises two Independent Non-executive Directors and is chaired by the Board Chairman.

A Social and Ethics Committee was constituted and had its first meeting after the financial year-end. This sub-committee comprises four members, is chaired by an independent Non-executive Director and is tasked with monitoring and reporting to the Board on corporate social responsibilities as well as ethics compliance for the Group as defined by King III.

Board procedures

Regular Board meetings regulate the affairs of the Company and the activities of executive management. Directors have access to the advice and services of the Company Secretary and are entitled to seek independent and professional advice about the affairs of the Company at the Company's expense.

Sponsor

Java Capital acts as sponsor to the Company in compliance with the Listings Requirements of the JSE Limited.

Company Secretary

The Company Secretary is required to provide the directors of the Company, collectively and individually, with detailed guidance as to their duties, responsibilities and powers.

The Company Secretary is also required to ensure that the directors are aware of all laws, legislation, regulations and matters of ethics and good governance relevant to or affecting the Company.

The Company Secretary is required to ensure that minutes of all shareholders' meetings, directors' meetings and meetings of the various sub-committees of the Board of Directors are properly recorded in accordance with the Companies Act. These minutes are circulated to all members of the Board. The Company Secretary is Mrs JR Jones.

Directors' attendance at Board and committee meetings during the year under review

Director	Board	Audit	Remuneration
Number of meetings held during the period under review	**5**	**4**	**1**
MJ Husain (Independent Non-executive Chairman)	5/5	4/4	2/2
A Kaka (Chief Executive Officer)	5/5	4/4*	2/2*
PC de Jager (Chief Financial Officer)	5/5	4/4*	2/2*
GR Rosenthal (Independent Non-executive Director)	5/5	4/4	2/2
PE du Preez (Independent Non-executive Director) appointed 1 October 2011	1/1	1/1	
I Kajee (Director) appointed 1 October 2011	1/1		

** By invitation.*

Report of the independent auditors

for the year ended 31 December 2011

TO THE SHAREHOLDERS OF ANDULELA INVESTMENT HOLDINGS LIMITED

We have audited the Group annual financial statements and annual financial statements of Andulela Investment Holdings Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position as at 31 December 2011, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the Directors' report, as set out on pages 22 to 72.

Directors' responsibility for the financial statements

The Group'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 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Andulela Investment Holdings Limited as at 31 December 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors
Per B Bosman
Partner
Practice Number: 905526E

Riverwalk Office Park, Building C, 3rd Floor,
41 Matroosberg Road, Ashlea Gardens, Pretoria

22 June 2012

Directors’ responsibility and approval

for the year ended 31 December 2011

The directors are required by the Companies Act of South Africa, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at 31 December 2011 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the AC 500 Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Company’s cash flow forecast for the year ending 31 December 2012 and, in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board of Directors is primarily responsible for the financial affairs of the Company, it is supported by the Company’s external auditors.

The external auditors are responsible for independently reviewing and reporting on the Company’s financial statements. The financial statements have been examined by the Company’s external auditors and their report is presented on page 18.

The financial statements set out on pages 22 to 72, which have been prepared on the going concern basis, were approved by the Board of Directors on 22 June 2012 and were signed on its behalf by:

MJ Husain
Non-executive Chairman

A Kaka
Chief Executive Officer

Sandton
22 June 2012

Declaration by the Company Secretary

for the year ended 31 December 2011

I declare that, to the best of my knowledge, in terms of section 88(2)(e) of the Companies Act, 71 of 2008, as amended (the Companies Act), the Company has lodged with the Companies and Intellectual Property Registration Office all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial period reported upon.

JR Jones (Mrs) BA (Hons) LLB
Company Secretary

Sandton
22 June 2012

Report of the Audit, Risk and Compliance Committee

for the year ended 31 December 2011

The Audit, Risk and Compliance Committee has pleasure in submitting this report to shareholders as required by the Companies Act, 2008, and as recommended by King III.

The activities of the Audit, Risk and Compliance Committee (the committee), which comprises three Independent Non-executive Directors, are determined by its terms of reference and mandate. The committee is satisfied that it has considered and discharged its responsibilities in terms of its mandate and terms of reference, the King Code of Governance Principles for South Africa and the Companies Act, 2008, as amended.

Interactions with the external auditors, management and other invitees attending meetings in an *ex officio* capacity, enabled the committee to conclude that the risk management processes and systems of internal financial control were operating effectively during the year.

Principle 3.2 of King III recommends that the Audit, Risk and Compliance Committee should only consist of Independent Non-executive Directors, the committee should have at least three members and that the Chairman of the Board should not be a member.

Currently the Chairman of the Board is an Independent Non-executive Director who served on the Audit, Risk and Compliance Committee for the year under review.

With effect from 1 July 2012 the Board has appointed a new Independent Non-executive Director who will be nominated to the shareholders for approval of appointment to the Audit, Risk and Compliance Committee at the annual general meeting.

The committee is satisfied:

- its members have the requisite financial skills and experience to contribute to its deliberations;
- with the independence and effectiveness of the external auditors, including the provision of non-audit services and compliance with the Company policy in this regard. Accordingly, the committee nominates BDO South Africa Inc., as independent auditors to continue in office until the conclusion of the 2012 annual general meeting;
- the Company has complied with the majority of the principles of King III and all JSE requirements;
- it considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 31 December 2011 as well as their terms of engagement and the scope of the audit;
- that the appointments of the external auditor and IFRS advisor are in compliance with the Companies Act, the Auditing Profession Act and the Listings Requirements of the JSE;
- that the system of internal financial controls in all key material aspects is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements; and
- with the expertise and experience of the Chief Financial Officer and the overall adequacy and appropriateness of the finance function.

The committee, having fulfilled the oversight role regarding the reporting process and the integrated report, recommends the integrated report and the annual financial statements for approval by the Board of Directors.

GR Rosenthal
Chairman of the Audit, Risk and Compliance Committee

Sandton
22 June 2012

Directors' report

The directors have pleasure in presenting their report and annual financial statements for the year ended 31 December 2011.

1. Review of activities

Nature of business

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

2. 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
MJ Husain *(Chairman)*#	South African	
A Kaka *(Chief Executive Officer)*	South African	
PC de Jager *(Chief Financial Officer)*	South African	
GR Rosenthal#	South African	
PE du Preez#	South African	Appointed 21 October 2011
I Kajee	South African	Appointed 1 October 2011

#Independent non-executive.

3. Share capital

Authorised share capital

There were no changes to the authorised share capital during the year under review, which is 5 500 000 000 ordinary shares and 75 000 000 cumulative redeemable preference shares.

Issued share capital

4 382 241 731 ordinary shares were in issue as at 31 December 2011 of which the following changes have taken place during the year:

- 420 000 000 ordinary shares were issued at a premium of R0.39 per share in partial settlement of the purchase price of the acquisition of Pro Roof Steel Merchants (Pty) Limited and its subsidiaries (PRSM).
- 11 581 435 ordinary shares are held as vendor shares still to be issued at a premium of R0.39 per share in full settlement of the total purchase price of the acquisition of PRSM.

4. Special resolution

On 10 May 2011, at a general meeting of shareholders, the following special resolution was passed and subsequently registered:

That subject to the Companies Act, 71 of 2008 (the Companies Act), the Listings Requirements of the JSE and the detailed restrictions set out in the resolution, the repurchase of shares of the Company either by the Company or by any subsidiary of the Company was authorised.

5. Directors' interests in the issued share capital of the Company

As at 31 December 2011 none of the directors hold any beneficial (direct or indirect) or non-beneficial interests in the issued shares of the Company.

There have been no changes to directors' shareholdings from 31 December 2010 to the date of approval of this annual report.

6. Directors' interests in contracts

None of the directors of the Company have any, direct or indirect, interests in contracts with any Group companies. There have been no changes to directors' interests in contracts from 31 December 2011 to the date of approval of this annual report.

7. Management agreements

The Company has concluded a management services agreement with each of its two operating subsidiaries: Kilken Platinum (Pty) Limited and Pro Roof Steel Merchants (Pty) Limited which includes but is not limited to providing and/or procuring financial, technical and strategic expertise and various administration and management services which became effective on 1 January 2012.

8. Borrowing limitations

In terms of the Articles of Association of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. At 31 December 2011, the directors' borrowing powers remained unlimited.

9. Dividends

No dividend was declared or paid to the holders of ordinary shares during the year.

10. Company Secretary

The Secretary of the Company is Mrs JR Jones of:

Business address	108, 4th Street Parkmore Sandton 2196
Postal address	PO Box 786786 Sandton City 2146
Email address	info@andulelaholdings.com

11. Auditors

BDO South Africa Inc. remained the independent auditors for the year under review. The appointment of BDO was presented to shareholders for approval at the annual general meeting of shareholders held on 10 May 2011 and duly approved in accordance with section 90(1) of the Companies Act 71, 2008.

12. Investment in subsidiaries and goodwill

Andulela continues to hold an effective controlling interest of 83.6% in Kilken Platinum (Pty) Limited through intermediary subsidiary companies Abalengani Mining Investments (AMI) and JB Platinum Holdings (Pty) Limited (JBPH). Goodwill arose in the prior period on the acquisition of interest in subsidiaries. The goodwill was subsequently impaired based on a Competent Persons Report, dated 29 January 2010, of the fair value of the underlying investment in Kilken which is an operating cash-generating business operation to which the full amount of the goodwill is allocated. The Competent Persons Report was subsequently updated on 19 January 2011 and on 6 March 2012 for the year ended 31 December 2011. Based on this no further impairment has been identified.

With effect from 1 September 2011, the Group acquired a 100% controlling interest in Pro Roof Steel Merchants (Pty) Limited and its subsidiaries (PRSM) through the initial issue of 420 million Andulela ordinary shares as partial settlement of the purchase consideration, at an issue price of 40 cents per share, based on the consolidated tangible net asset value (NAV) of PRSM and its subsidiaries as at 31 August 2011. The remaining 11.58 million ordinary shares, still to be issued, are included as vendor shares in the statement of changes in equity.

13. Fixed assets

During the year under review, the Group results have been prepared in terms of IFRS and are consistent with the accounting policies of the previous financial period, except for plant and equipment which is no longer accounted for at cost less depreciation, but at revalued amounts less depreciation.

The fair value of plant and equipment acquired through the business combination of the PRSM group amounted to R379.5 million.

14. Events subsequent to the year-end

With reference to the announcement on SENS dated 14 February 2012, the holder of the preference shares and the Company have agreed that the preference shares shall be redeemable on an orderly basis over an extended five-year period, for a minimum redemption amount of R1.25 million per month, payable on the last day of each calendar month. Such redemption payments may also be accelerated subject to the Company's cash flow requirements. These redemptions payments are subject to the Company's ability to satisfy the solvency and liquidity test as set out in the Companies Act, 2008. Andulela will continue to accrue for and pay preference share dividends on the reducing unredeemed capital portion of the preference shares in line with the rights attaching thereto.

Shareholders are referred to the announcements, dated 1 February 2011, 18 March 2011 and 22 June 2011 advising of the agreement entered into between Andulela and GIBB Steel in terms of which Andulela were to acquire the business, including the assets and liabilities, of GIBB Steel indivisibly as a going concern.

The Company has advised shareholders that all the suspensive conditions have not been fulfilled and that the transaction has been terminated by mutual agreement between the parties.

Management is confident that the strategic restructuring and the recapitalisation initiatives at PRSM will yield positive returns to add sustainable value to the Group in the medium to long-term.

15. Commitments

Capital commitments related to capital expenditure contracted to PRSM amounted to an estimated R4.9 million as at 31 December 2011.

16. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

For and on behalf of the Board

MJ Husain
Non-executive Chairman

A Kaka
Chief Executive Officer

Sandton
22 June 2012

Directors
MJ Husain (Chairman)#, A Kaka (CEO), PC de Jager (CFO),
GR Rosenthal#, PE du Preez#, I Kajee

Independent non-executive

Registered Office
108, 4th Street, Parkmore,
Sandton, 2196

Company Secretary
JR Jones (Mrs)

Transfer Secretaries
Link Market Services South Africa
(Pty) Limited
13th Floor, Rennie House,
19 Ameshoff Street, Braamfontein,
Johannesburg, 2001
PO Box 4844, Johannesburg, 2000

Sponsor
Java Capital

Statement of financial position

as at 31 December 2011

	Note	GROUP 31 December 2011 R	GROUP 31 December 2010 R	COMPANY 31 December 2011 R	COMPANY 31 December 2010 R
Assets					
Non-current assets		**827 685 954**	452 738 604	**563 697 155**	391 064 581
Investment in subsidiaries	8.3	**–**	–	**563 697 155**	391 064 581
Plant and equipment	3	**409 007 226**	34 059 876	**–**	–
Goodwill	4	**418 678 728**	418 678 728	**–**	–
Current assets		**278 437 141**	26 068 396	**1 374 882**	322 228
Inventory	5	**54 905 544**	–	**–**	–
Trade and other receivables	6	**165 276 434**	23 647 144	**553 959**	–
Cash and cash equivalents	7	**58 255 163**	2 421 252	**820 923**	322 228
Total assets		**1 106 123 095**	478 807 000	**565 072 037**	391 386 809
Equity and liabilities					
Capital and reserves		**584 600 044**	379 178 359	**488 823 989**	305 164 392
Share capital and share premium	9	**976 114 048**	803 567 317	**976 114 048**	803 567 317
Revaluation reserve		**4 637 709**	–	**–**	–
Accumulated loss		**(476 618 285)**	(500 811 408)	**(487 290 059)**	(498 402 925)
Non-controlling interest		**80 466 572**	76 422 450	**–**	–
Liabilities					
Non-current liabilities		**308 468 072**	81 892 339	**60 000 000**	75 000 000
Redeemable preference share capital	10	**60 000 000**	75 000 000	**60 000 000**	75 000 000
Loans and borrowings	11	**169 791 632**	–	**–**	–
Deferred tax liability	12	**78 676 440**	6 892 339	**–**	–
Current liabilities		**213 054 979**	17 736 301	**16 248 048**	11 222 417
Trade and other payables	13	**110 428 234**	17 736 301	**1 248 048**	11 222 417
Redeemable preference share capital	10	**15 000 000**	–	**15 000 000**	–
Loans and borrowings	11	**87 626 745**	–	**–**	–
Total equity and liabilities		**1 106 123 095**	478 807 000	**565 072 037**	391 386 809

Statement of comprehensive income

for the year ended 31 December 2011

		GROUP		COMPANY	
	Note	**Year ended 31 December 2011 R**	Period ended 31 December 2010 R	**Year ended 31 December 2011 R**	Period ended 31 December 2010 R
Revenue	14	**542 788 054**	38 379 412	**–**	–
Dividends received	15	**–**	–	**22 211 022**	24 384 707
Cost of sales		**(403 523 918)**	(16 803 298)	**–**	–
Gross profit		**139 264 136**	21 576 114	**22 211 022**	24 384 707
Operating expenses	19	**(79 583 373)**	(24 579 283)	**(9 283 629)**	(13 871 498)
Operating profit/(loss)		**59 680 763**	(3 003 169)	**12 927 393**	10 513 209
Investment income	16	**451 847**	8 412 243	**18 234**	8 301 469
Other income	17	**–**	–	**2 572 663**	–
Loss from associates		**–**	(4 535 965)	**–**	–
Reversal of impairment of investment in associates	8.1/8.2	**–**	25 995 663	**–**	15 441 517
Impairment of goodwill	4	**–**	(219 536 266)	**–**	–
Impairment of investment in subsidiaries	8.3	**–**	–	**–**	(229 599 408)
		60 132 610	(192 667 494)	**15 518 290**	(195 343 213)
Finance costs	18	**(9 735 449)**	(8 156 018)	**(4 405 425)**	(8 156 017)
Profit/(loss) before taxation		**50 397 161**	(200 823 512)	**11 112 865**	(203 499 230)
Taxation	20	**(17 793 746)**	(6 497 900)	**–**	(2 711 614)
Net profit/(loss) for the year/period		**32 603 415**	(207 321 412)	**11 112 865**	(206 210 844)
Other comprehensive income net of tax for the year/period		**4 637 709**	–	**–**	–
Gains on revaluation of plant and equipment		**6 441 263**	–	**–**	–
Deferred tax charge on revaluation	12	**(1 803 554)**	–	**–**	–
Total comprehensive income/(loss) for the year/period		**37 241 124**	(207 321 412)	**11 112 865**	(206 210 844)
Net profit/(loss) for the year/period attributable to:		**32 603 415**	(207 321 412)	**–**	–
Non-controlling interest		**7 649 244**	1 297 915	**–**	–
Equity holders of Andulela Investment Holdings Limited		**24 954 171**	(208 619 327)	**–**	–
Total comprehensive income/(loss) for the year/period attributable to:		**37 241 124**	–	**11 112 865**	(206 210 844)
Non-controlling interest		**8 410 292**	–	**–**	–
Equity holders of Andulela Investment Holdings Limited		**28 830 832**	–	**11 112 865**	(206 210 844)
Earnings/(loss) per ordinary share (cents)	24	**0.61**	(7.48)	**0.27**	(7.39)
Diluted earnings/(loss) per ordinary share (cents)	24	**0.61**	(7.48)	**0.27**	(7.39)
Dividends per ordinary share (cents)	24	**0**	0	**0**	0

Statement of changes in equity

for the year ended 31 December 2011

	Share capital R	Share premium R
Group		
Balance at 1 July 2009	**4 190 000**	**374 560 227**
Total comprehensive loss for the period	–	–
Transactions with owners:		
Non-controlling interest		
– Arising on acquisition of subsidiaries as per note 25	–	–
– Dividends paid to non-controlling interests in subsidiaries	–	–
Issue of shares	35 316 603	389 683 397
Share issue expenses	–	(182 910)
Total changes	35 316 603	389 500 487
Balance at 31 December 2010	**39 506 603**	**764 060 714**
Comprehensive income for the period		
Profit	–	–
Other comprehensive income	–	–
Total comprehensive income for the period	–	–
Transactions with owners:		
Non-controlling interest		
– Dividends paid to non-controlling interests in subsidiaries	–	–
Issue of shares	4 200 000	163 800 000
Shares to be issued as part of consideration in business combination	–	–
Premium on shares to be issued as part of consideration in business combination	–	–
Share issue expenses	–	(85 843)
Total transactions with owners	4 200 000	163 714 157
Balance at 31 December 2011	**43 706 603**	**927 774 871**
Company		
Balance at 1 July 2009	**4 190 000**	**374 560 227**
Total comprehensive loss for the period	–	–
Transactions with owners:		
Issue of shares	35 316 603	389 683 397
Share issue expenses	–	(182 910)
Total transactions with owners	35 316 603	389 500 487
Balance at 31 December 2010	**39 506 603**	**764 060 714**
Total comprehensive profit for the period	–	–
Transactions with owners:		
Issue of shares	4 200 000	163 800 000
Shares to be issued as part of consideration in business combination	–	–
Premium on shares to be issued as part of consideration in business combination	–	–
Share issue expenses	–	(85 843)
Total changes	4 200 000	163 714 157
Balance at 31 December 2011	**43 706 603**	**927 774 871**

Shares to be issued R	Revaluation reserve R	Accumulated loss R	Attributable to parent R	Non-controlling interests R	Total equity R
–	**–**	**(292 192 080)**	**86 558 147**	**–**	**86 558 147**
–	–	(208 619 328)	(208 619 327)	1 297 915	(207 321 412)
–	–	–	–	76 798 800	76 798 800
–	–	–	–	(1 674 265)	(1 674 265)
–	–	–	425 000 000	–	425 000 000
–	–	–	(182 910)	–	(182 910)
–	–	(208 619 328)	216 197 763	76 422 450	292 620 213
–	**–**	**(500 811 408)**	**302 755 910**	**76 422 450**	**379 178 360**
–	–	24 954 171	24 954 171	7 649 244	32 603 415
–	4 637 709	(761 048)	3 876 661	761 048	4 637 709
–	4 637 709	24 193 123	28 830 832	8 410 292	37 241 124
–	–	–	–	(4 366 170)	(4 366 170)
–	–	–	168 000 000	–	168 000 000
115 814	–	–	115 814	–	115 814
4 516 760	–	–	4 516 760	–	4 516 760
–	–	–	(85 843)	–	(85 843)
4 632 574	–	–	172 546 731	(4 366 170)	168 180 561
4 632 574	**4 637 709**	**(476 618 285)**	**504 133 473**	**80 466 572**	**584 600 045**
–	**–**	**(292 192 080)**	**86 558 147**	**–**	**86 558 147**
–	–	(206 210 845)	(206 210 844)	–	(206 210 844)
–	–	–	425 000 000	–	425 000 000
–	–	–	(182 910)	–	(182 910)
–	–	–	218 606 246	–	218 606 246
–	–	**(498 402 925)**	**305 164 393**	**–**	**305 164 393**
–	–	11 112 865	11 112 865	–	11 112 865
–	–	–	168 000 000	–	168 000 000
115 814	–	–	115 814	–	115 814
4 516 760	–	–	4 516 760	–	4 516 760
–	–	–	(85 843)	–	(85 843)
4 632 574	–	11 112 865	183 659 596	–	183 659 596
4 632 574	**–**	**(487 290 059)**	**488 823 989**	**–**	**488 823 989**

Statement of cash flows

for the year ended 31 December 2011

	Note	GROUP Year ended 31 December 2011 R	GROUP Period ended 31 December 2010 R	COMPANY Year ended 31 December 2011 R	COMPANY Period ended 31 December 2010 R
Cash flows generated from operating activities					
Cash generated from/(utilised in) operations	22	**28 945 611**	10 315 248	**(7 512 794)**	(14 381 420)
Investment income	16	**451 847**	145 558	**18 234**	8 301 469
Finance costs	18	**(5 347 949)**	(717 003)	**(17 925)**	(8 156 018)
Taxation paid	23	**(18 188 995)**	(7 333 663)	**–**	(2 730 855)
Net cash generated/(utilised)		**5 860 515**	2 410 140	**(7 512 485)**	(16 966 824)
Cash flows from investing activities					
Dividends received	15	**–**	6 018 180	**22 211 021**	24 384 706
Business combination – cash acquired	25	**3 002 579**	3 766 301	**–**	–
Business combination – overdraft acquired	25	**(81 386 229)**	–	**–**	–
Reduction in loans receivable		**–**	18 769	**–**	18 769
Plant and equipment additions	3	**(801 188)**	(1 003 452)	**–**	–
Net cash (utilised)/generated		**(79 184 838)**	8 799 798	**22 211 021**	24 403 475
Cash flows from financing activities					
Share issue expenses		**(85 843)**	(182 910)	**(85 843)**	(182 910)
Long-term loan raised/(repaid)		**99 262 400**	(5 333 982)	**–**	(5 333 982)
Other financial liabilities raised		**48 461 847**	–	**–**	–
Preference dividends paid		**(14 114 000)**	(2 125 000)	**(14 114 000)**	(2 125 000)
Minority interest dividends paid		**(4 366 170)**	(1 674 265)	**–**	–
Net cash generated/(utilised)		**129 158 234**	(9 316 157)	**(14 199 843)**	(7 641 892)
Movement in cash and cash equivalents for the year/period		**55 833 911**	1 893 781	**498 693**	(205 241)
Cash and cash equivalents at beginning of the year/period		**2 421 252**	527 471	**322 230**	527 471
Cash and cash equivalents at end of the year/period		**58 255 163**	2 421 252	**820 923**	322 230

Accounting policies

for the year ended 31 December 2011

1. Basis of preparation

1.1 Statement of compliance

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards, the AC 500 series of standards and the Companies Act of South Africa (Act 71 of 2008).

1.2 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board using the historic cost convention except for the revaluation of Plant and Machinery. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The annual financial statements have also been prepared on a going concern basis using accrual accounting. The annual financial statements are 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 change of Plant and Machinery from cost less depreciation to revaluation less depreciation and the following relevant IFRSs, IFRIC interpretations, Circulars and amendments thereto, adopted for the first time in accordance with the respective transitional provisions where applicable. These changes had no significant impact on reported results, for both the current period and comparative period, other than giving rise to changes to the terminology and presentation of relevant disclosure and revision to the relevant accounting policies:

IFRS 1:	First-time adoption of IFRS
IFRS 3:	Business combinations
IFRS 7:	Financial instruments
IAS 1:	Presentation of financial statements
IAS 19:	Employee benefits as a result of IFRIC 14
IAS 21:	Effects of changes in foreign exchange rates
IAS 24:	Related party disclosures
IAS 27:	Consolidated and separate financial statements
IAS 28:	Investments in associates
IAS 31:	Interests in joint ventures
IAS 32:	Classification of rights issues
IAS 34:	Interim financial reporting
IFRIC 13:	Customer loyalty programmes
IFRIC 14:	The limit on a defined benefit asset
IFRIC 19:	Extinguishing financial liabilities

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any

1. Basis of preparation (continued)

1.3 Basis of consolidation (continued)

investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries and associates in the separate financial statements presented by the Company are recognised at cost less accumulated impairment.

1.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes, and IAS 19 Employee Benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

1.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 1.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described as follows.

1. Basis of preparation (continued)

1.6 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

1.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an acquisition is measured as the fair value of consideration transferred, equity instruments issued and liabilities assumed at the date of exchange. Costs directly attributable to an acquisition are included in the cost of acquisition.

1.8 Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see 1.4 and 1.5 above).

1. Basis of preparation (continued)

1.8 Interests in joint ventures (continued)

When a Group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

1.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value added taxation, returns, rebates, and discounts and after eliminating sales within the Group.

1.9.1 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

1.9.2 Rendering of services

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the period in which they are rendered.

1.9.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.10.1 The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.10.2 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 1.10 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in

1. Basis of preparation (continued)

1.10 Leasing (continued)

1.10.2 The Group as lessee (continued)

which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets, and depreciated over the life of such assets.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.12.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1. Basis of preparation (continued)

1.12 Taxation (continued)

1.12.4 Secondary taxation on companies

Secondary taxation on companies is recognised in the year dividends are declared, net of dividends received. A deferred taxation asset is recognised on unutilised STC credits when it is probable that such unused STC credits will be utilised in the future.

1.13 Plant and equipment

During the year the Group adopted the policy of carrying plant and machinery at fair value in line with that of the Pro Roof Steel Merchants group which was acquired during the year. Valuations are based upon assumptions including current replacement cost, forced sale value and the appropriate adjustment for each item's useful life recognised to date. The valuers also make reference to market evidence of current prices of the same or similar items of plant and machinery.

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of plant and equipment and cost incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of the property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand-by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand-by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of the continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for plant and machinery which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit and loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual values.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	15 – 20 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	5 years

1. Basis of preparation (continued)

1.13 Plant and equipment (continued)

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change in estimate is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising from the derecognition of an item of plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.14 Intangible assets

1.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual values of intangible assets are reviewed annually. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.14.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

1.14.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see 1.12 above).

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised

1. Basis of preparation (continued)

1.15 Impairment of tangible and intangible assets other than goodwill (continued)

for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see 1.12 above).

1.16 Inventories

Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.17.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

1.17.2 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring,

1.17.2 Restructurings (continued)

which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

1.17.3 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

1.17.4 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date if they meet the recognition criterion of IFRS 3. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognised less cumulative amortisation.

1.18 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.19 Employee benefits

1.19.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1. Basis of preparation (continued)

1.19 Employee benefits (continued)

1.19.1 Short-term employee benefits (continued)

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.19.2 Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.20 Foreign currency transactions

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate are recorded at the rates ruling when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit and loss.

1.21 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.22 Financial assets

Financial assets are classified into the following specified category: Loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1.22.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include trade and other receivables, loans to Group companies, bank balances and cash and are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed separately within loans and borrowings in current liabilities on the consolidated statement of financial position.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

1.22.2 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

1. Basis of preparation (continued)

1.22 Financial assets (continued)

1.22.2 Impairment of financial assets (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.22.3 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.23 Financial liabilities and equity instruments

1.23.1 Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1.23.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

1. Basis of preparation (continued)

1.23 Financial liabilities and equity instruments (continued)

1.23.2 Equity instruments (continued)

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

1.23.3 Financial liabilities

Financial liabilities are classified as "other" financial liabilities.

1.23.3.1 Other financial liabilities

Other financial liabilities (including borrowings, bank overdrafts and preference shares) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.23.3.2 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.24 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.24.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 1.20.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

1.24.1.1 Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

1.24.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant chance of creating a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.24.2.1 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In determining the carrying value of goodwill, the directors have taken account of a valuation report carried out by competent persons dated 6 March 2012. The valuation report relates to the underlying investment in Kilken Platinum (Pty) Limited.

1.24.2.2 Property, plant and equipment (PPE)

PPE and intangible assets are considered for impairment if there is any reason to believe after applying the internal and external impairment indicators that impairment may be necessary.

1. Basis of preparation (continued)

1.24 Critical accounting judgements and key sources of estimation uncertainty (continued)

1.24.2 Key sources of estimation uncertainty (continued)

1.24.2.2 Property, plant and equipment (PPE) (continued)

Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger cash-generating unit, the viability of the unit. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

Valuations are based upon assumptions including current replacement cost, forced sale value and the appropriate adjustment for each item's useful life recognised to date. The valuers also make reference to market evidence of current prices of the same or similar items of plant and machinery.

1.24.2.3 Asset useful lives and residual value

The Group depreciates its assets over their estimated useful lives taking into account residual values, where appropriate. The appropriateness of its assets' estimated useful lives, residual values and their depreciation methods are reassessed on an annual basis. The actual lives of these assets and their respective residual values may vary depending on a variety of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Plant and machinery are carried at fair value. The Group obtains valuations performed by external valuers in order to determine the fair value. These valuations are based upon assumptions including current replacement cost, forced sale value and the appropriate adjustment for each item's useful life recognised to date. The valuers also make reference to market evidence of current prices of the same or similar items of plant and machinery.

1.24.2 Key sources of estimation uncertainty

1.24.2.4 Impairment of trade receivables and loans receivable

The group assesses its trade receivables for impairment at each reporting date. The impairment for trade receivables is assessed for impairment on an individual debtor basis, based on historical data and future factors. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the group makes judgements as to whether there is objective evidence indicating a measurable decrease in the estimated future cash flows from a financial asset. Where objective evidence of impairment exist, future cash flows expected to be collected are projected after taking into account market conditions and credit risk profile of the trade debtors. The present value of these cash flows, determined using an appropriate discount rate, is compared to the carrying amount of the trade receivable and, if lower, the trade receivables are impaired to the present value.

The carrying value less impairment provision of trade receivables and loans receivable are assumed to approximate their fair values.

The fair value of trade receivables and loans receivable for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

1.24.2.5 Impairment of inventories

The group assesses its inventories for impairment at each reporting date. The impairment for inventories is assessed on an individual inventory item basis taking to account slow moving, damaged and obsolete items. Where objective evidence of impairment exist, future cash flows expected to be collected are projected after taking into account market conditions and scrap values. The present value of these cash flows, determined using an appropriate discount rate, is compared to the carrying amount of the inventory items and, if lower, the relevant inventory items are impaired to present value.

1.24.2.6 Taxes and deferred tax

Judgement is required in determining the provision for income tax due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact

1. Basis of preparation (continued)

1.24 Critical accounting judgements and key sources of estimation uncertainty (continued)

1.24.2 Key sources of estimation uncertainty (continued)

1.24.2.6 Taxes and deferred tax (continued)

the income tax and deferred tax provisions in the period in which such determination is made. The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.

Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the year-end date could be impacted. Deferred tax is provided for on a basis that is reflective of the expected manner of recovery of the carrying amount of the asset, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

1.25 Segment reporting

Segment information is determined on the same basis as the information used by the chief operating decision maker for the purposes of allocating resources to segments and assessing segments' performance. The chief operating decision maker has been identified as the executive directors who make strategic decisions. Segments have been determined on a business unit basis by reference to the nature of the products and services engaged by the Group. All intersegment transactions are eliminated and conducted at an arm's length basis. The Group only has two reporting segments due the nature of its investments in subsidiaries for the period under review.

1.26 Dividends payable

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

1.27 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for any potential dilutive effects on all ordinary shares.

1.28 Headline earnings per share

Headline earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 3/2009 issued by The South African Institute of Chartered Accountants ("SAICA").

2. New standards and interpretations

New standards issued but not yet effective, comprise:

2.1 IFRS 1 First-time Adoption of International Financial Reporting Standards

- Annual Improvements 2009–2011 Cycle amendments clarify the options available to users when repeated application of IFRS 1 is required and to add relevant disclosure requirements.
- Annual Improvements 2009–2011 Cycle amendments to borrowing costs.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.2 IFRS 7 Financial Instruments Disclosures – Transition Disclosures

With the amendments to IFRS 9 Financial Instruments entities applying IFRS 9 do not need to restate prior periods but are required to provide modified disclosures which include changes in the carrying amounts of financial assets and financial liabilities on the basis of their measurement categories in accordance with IAS 39 and from a change in measurement attribute on transition to IFRS 9.

This standard is effective for annual periods beginning on or after 1 January 2015. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.3 IFRS 9 Financial Instruments

the opinion that the adoption of this standard will not have a significant impact on the financial statements.

This standard applies to all assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will eventually replace IAS 39 in its entirety the process has been divided into three main components: classification and measurement, impairment, and hedge accounting. As each phase is completed, the IASB is deleting the relevant portions of IAS 39 and creating new chapters in IFRS 9.

2. New standards and interpretations (continued)

2.3 IFRS 9 Financial Instruments (continued)

IFRS 9 requires that, on initial recognition, all financial assets are measured at fair value, plus an adjustment for certain transaction costs if they are not measured as at fair value through profit or loss and are classified into one of two subsequent measurement categories:

- Amortised cost; or
- Fair value.

IFRS 9 eliminates the Held to Maturity, Available for Sale and Loans and Receivables categories. In addition, the exception under which equity instruments and related derivatives are measured at cost rather than fair value, where the fair value cannot be reliably determined, has been eliminated with fair value measurement being required for all these instruments.

A financial asset is measured after initial recognition at amortised cost only if it meets the following two conditions:

- the objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other instruments are required to be measured after initial recognition at fair value. IFRS 9 retains the current requirements for financial instruments that are held for trading to be recognised and measured at fair value through profit or loss, including all derivatives that are not designated in a hedging relationship.

Hybrid contracts with a host that is within the scope of IFRS 9 must be classified in their entirety in accordance with the classification approach summarised above. This eliminates the existing IAS 39 requirement to account separately for a host contract and certain embedded derivatives. The embedded derivative requirements under IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.

IFRS 9 includes an option which permits investments in equity instruments to be measured at fair value through other comprehensive income. This is an irreversible election made, on an instrument by instrument basis, at the date of initial recognition. Where the election is made, no amounts are subsequently recycled from other comprehensive income to profit or loss. Where this option is not taken, all equity instruments within the scope of IFRS 9 are classified as at fair value through profit or loss. Irrespective of the approach adopted for the equity instrument itself, dividends received on an equity instrument are always recognised in profit or loss, unless they represent a return of the cost of investment.

Subsequent reclassification of financial assets between the amortised cost and fair value categories is prohibited, unless an entity changes its business model for managing its financial assets in which case reclassification is required. However, the guidance is restrictive and such changes are expected to be very infrequent.

This standard is effective for annual periods beginning on or after 1 January 2015. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.4 Amendments to IFRS 9 Financial Instruments

Some amendments to IFRS 9, noted above, have been made to address the issue of where changes in the fair value of an entity's financial liabilities designated as at fair value through profit or loss using the fair value option, which arise from changes the entity's own credit risk, should be recorded. Under these circumstances, changes in the fair value of financial liabilities should be recognised directly in other comprehensive income. However, as an exception, where this would create an accounting mismatch, an irrevocable decision can be taken to recognise the entire change in fair value of the liability in profit or loss.

The other changes made to the accounting requirements for financial liabilities are:

- guidance has been added to assist in differentiating between credit risk and asset-specific performance risk; and
- consistent with the elimination of the potential, in very limited circumstances, for investments in quoted equity instruments to be measured at cost, the exemption from fair value measurement for derivative liabilities that are linked to, and must be settled by delivery of, an unquoted equity instrument where the fair value of that equity instrument is not reliably measurable has been deleted.

This standard is effective for annual periods beginning on or after 1 January 2015. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.5 Amendments to IFRS 9 Financial Instruments – Mandatory Effective Date

The amendment changes the effective date of IFRS 9 (2009) and IFRS 9 (2010) so that IFRS 9 is required to be applied for annual periods beginning on or after 1 January 2015. Early application is permitted. The amendment also modifies the relief from restating prior periods.

Entities that initially apply IFRS (in periods):

- Beginning before 1 January 2012 need not restate prior periods and are not required to provide modified disclosures.

2. New standards and interpretations (continued)

2.5 Amendments to IFRS 9 Financial Instruments – Mandatory Effective Date (continued)

- Beginning on or after 1 January 2012 and before 1 January 2013 must elect either to provide the modified disclosures or to restate prior periods.
- Beginning on or after 1 January 2013 are required to provide modified disclosures. The entity need not restate prior periods.

The modified disclosures are discussed under 2.1 above.

2.6 IFRS 10 Consolidated Financial Statements

IFRS 10 introduces a single control model for all entities. It replaces the consolidation requirements in IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities.

Under the current IAS 27 and SIC 12 requirements, for non-special purpose entities, an investor is required to consolidate an investee when it has the power to govern the investee's financial and operating policies to obtain benefits from the investee's activities.

Under IFRS 10, an investor is required to consolidate an investee when all three of the following criteria are met:

- the entity has power over the investee;
- the investor has power, or rights, to variable returns from involvement with the investee; and
- the investor has the ability to use its power to affect returns.

IFRS 10 includes guidance to be applied in circumstances where the assessment of control may be difficult, including where an entity has potential voting rights over another, agency relationships and cases where voting rights are not the principal indicator of control.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.7 IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures, it is based on the principle that each party to a joint arrangement accounts for its rights and obligations that arise from that arrangement. In consequence:

- Where an entity has rights to the assets and obligations for the liabilities relating to a joint arrangement, it is regarded as being a joint operator. Joint operators account for the assets and liabilities, and associated revenues and expenses, that arise from the joint arrangement.
- Where an entity has rights to the net assets relating to a joint arrangement, it is regarded as having an interest in a joint venture. Joint ventures account for the net assets arising from the joint arrangement by applying equity accounting.

An entity that is party to a joint arrangement that is not structured through a separate vehicle is regarded as a joint operator.

For arrangements that are structured through a separate vehicle it is necessary to analyse the legal form, the contractual terms and any other relevant facts and circumstances of the joint arrangements in order to determine whether the arrangement gives rise to a joint operation or a joint venture.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.8 IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 combines and makes consistent, certain existing disclosures that were previously included, in some cases with overlapping requirements, in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures.

In addition, it introduces certain new disclosure requirements, in particular those related to unconsolidated structured entities where a lack of transparency about the entities' exposures to related risks was highlighted by the global financial crisis.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.9 IFRS 13 Fair Value Measurement

IFRS 13 sets out a framework for measuring fair value and requires disclosures about fair value measurement.

The standard applies when another IFRS requires or permits fair value measurement or disclosures about fair value measurements, except for:

- Share-based payment transactions within the scope of IFRS 2 Share-based Payment.
- Leasing transactions within the scope of IAS 17: Leases.
- Measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories, or value in use in IAS 36 Impairment of Assets.

2. New standards and interpretations (continued)

2.9 IFRS 13 Fair Value Measurement (continued)

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.10 IAS 1 Presentation of Financial Statements

The amendments to IAS 1 focus on how entities present items of other comprehensive income (OCI). The main change requires entities to present line items for OCI amounts by nature and to Group items presented in OCI into two categories:

- those that could subsequently be reclassified to profit or loss; and
- those that will not be reclassified.

IAS 1 permits entities to present components of OCI either net of related tax effects or before tax with one amount shown for the aggregate amount of income tax relating to those components. Entities will continue to have this choice of tax presentation. However, if an entity presents OCI items before tax-related effects then tax is required to be allocated and disclosed separately for each of the two OCI groups.

Annual Improvements 2009–2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.11 IAS 16 Property, Plant and Equipment

Annual Improvements 2009–2011 Cycle: Amendments to the recognition and classification of servicing equipment.

This standard is effective for annual periods beginning on or after 1 January 2013. The company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.12 IAS 19 Employee Benefits

The most significant amendment requires entities to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. This eliminates the 'corridor' approach which permitted entities to leave actuarial gains and losses unrecognised if they were within a corridor (being the greater of 10 per cent of the plan assets and 10 per cent of the plan liabilities) and to defer recognition of actuarial gains and losses outside of that corridor.

The amendment requires entities to split the changes in the net defined benefit liability (asset) into three components, to be presented as follows:

(i) Service cost – presented in profit or loss;
(ii) Net interest on the net defined benefit liability (asset) – presented in profit or loss; and
(iii) Re-measurement of the net defined benefit liability (asset) – presented in other comprehensive income (OCI) and not recycled through profit or loss.

Additionally enhanced disclosures are required with a focus on the following specified objectives:

(a) the characteristics of an entity's defined benefit plans and the amounts in the financial statements that result from those plans.
(b) risks arising from defined benefit plans, including a sensitivity analysis for each significant actuarial assumption.
(c) participation in multi-employer plans.

For more information see IFRB 2011/09.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.13 IAS 27 Separate Financial Statements

IAS 27 was amended as part of the IASB's project to replace the existing guidance for consolidation, which resulted in the issue of IFRS 10 and IFRS 12. Most of the requirements of IAS 27 Consolidated and Separate Financial Statements have been carried forward unchanged, although the disclosure requirements of that standard have now been incorporated into IFRS 12.

In order to locate all the related guidance together, the requirements for separate financial statements previously included in IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures have been incorporated into the amended IAS 27.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.14 IAS 28 Investments in Associates and Joint Ventures

IAS 28 was amended as part of the IASB's project to replace the existing guidance for joint ventures, which resulted in the issue of IFRS 11 and IFRS 12. Most of the requirements of IAS 28 Investments in Associates have been carried forward unchanged, with the exception of the incorporation of accounting for joint ventures. In addition:

2. New standards and interpretations (continued)

2.14 IAS 28 Investments in Associates and Joint Ventures (continued)

In some cases, an entity may have an investment in an associate, part of which is held by a venture capital or other organisation that qualifies, and elects, to measure that part at fair value through profit or loss. It has been clarified that the entity may elect to measure that part at fair value through profit or loss in its consolidated or

individual financial financial statements, with the other part being accounted for in accordance with the equity method.

Individual financial statements are required to be prepared by an entity which does not have any subsidiaries, but does have interests in associates and/or joint arrangements. Individual financial statements are different from separate financial statements which are not mandatory and in which investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

IFRS 5 Non-current Assets held for Sale and Discontinued Operations applies to an investment, or portion of an investment, in an associate that meets the criteria to be classified as held for sale. Any portion to be retained continues to be accounted for on the basis of the combined holdings, with a re-assessment of the applicable accounting guidance being carried out at the point at which the portion to be sold is disposed of. If, after a partial disposal, a re-assessment shows that the retained interest falls within the scope of IFRS 9 Financial Instruments, the retained interest is then accounted for in accordance with that standard. This includes initial recognition at fair value.

It has been clarified that a change in the status of an investment from an interest in a joint venture (joint control) to an interest in an associate (significant influence) is not viewed as changing the nature of the investment. Consequently, equity accounting is maintained with no re-measurement to fair value. This is because the composition of the Group has not changed, with the loss of joint control and retention of significant influence not being regarded as sufficient to warrant re-measurement of the retained interest at fair value. This is in contrast to the approach required on loss of control of a subsidiary, where a partial interest is to be retained, that retained interest is re-measured to fair value with any adjustments to the carrying value being recorded in profit or loss.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.15 IAS 32 Financial Instruments: Presentation

Annual Improvements 2009–2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.16 IAS 34 Interim Financial Reporting

Annual Improvements 2009–2011 Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

2.17 IFRIC 20 Stripping Cost in the Production Phase of a Surface Mine

The IFRIC clarifies when and how to account for stripping costs. It applies to surface mining operations, where entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'.

IFRIC 20 clarifies that costs associated with the portion of the overburden that can be used to build up inventory is accounted for in accordance with the principles of IAS 2 Inventories. The cost associated with the portion that provides access to deeper levels of material is recognised as a non-current asset (referred to as 'stripping activity asset') if the applicable criteria are met. The stripping activity asset is added to an existing asset and is accounted for as part of that asset. The nature of the existing asset determines whether the stripping activity asset is classified as tangible or intangible.

At initial recognition IFRIC 20 requires stripping activity assets to be measured at cost. Only costs that are directly incurred to perform the stripping activities, plus an allocation of directly attributable overhead costs are capitalised. Stripping activity assets are subsequently measured in the same way as the asset it was added to. This may be either at cost or revalued amount less depreciation or amortisation and any impairment losses.

For more information see IFRB 2011/12.

This standard is effective for annual periods beginning on or after 1 January 2013. The Company does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the financial statements.

GROUP

	Plant and machinery R	Fixtures and fittings R	Motor vehicles R	Computer equipment R	Office equipment R	Total R
3. Property, plant and equipment						
Cost						
Balance at 1 January 2010	–	–	–	–	–	–
– Acquisition of subsidiary interests	35 082 531	–	–	–	–	35 082 531
– Additions	1 003 452	–	–	–	–	1 003 452
– Disposals	(69 972)	–	–	–	–	(69 972)
Balance at 31 December 2010	36 016 011	–	–	–	–	36 016 011
Valuation						
Balance at 1 January 2011	**36 016 011**	**–**	**–**	**–**	**–**	**36 016 011**
– Acquisition of subsidiary interests	**376 900 686**	**868 561**	**1 414 374**	**236 199**	**42 064**	**379 461 884**
– Revaluation of plant and equipment	**6 441 263**	**–**	**–**	**–**	**–**	**6 441 263**
– Additions	**712 090**	**60 298**	**–**	**28 274**	**526**	**801 188**
Balance at 31 December 2011	**420 070 050**	**928 859**	**1 414 374**	**264 473**	**42 590**	**422 720 346**
Accumulated depreciation						
Balance at 1 January 2010	–	–	–	–	–	–
– Depreciation charge for the period	1 956 135	–	–	–	–	1 956 135
Balance at 31 December 2010	1 956 135	–	–	–	–	1 956 135
Balance at 1 January 2011	**1 956 135**	**–**	**–**	**–**	**–**	**1 956 135**
– Depreciation charge for the year	**11 469 264**	**87 392**	**155 785**	**40 933**	**3 611**	**11 756 985**
Balance at 31 December 2011	**13 425 399**	**87 392**	**155 785**	**40 933**	**3 611**	**13 713 120**
Net book value						
At 1 January 2010	–	–	–	–	–	–
At 31 December 2010	34 059 876	–	–	–	–	34 059 876
At 31 December 2011	**406 644 651**	**841 467**	**1 258 589**	**223 540**	**38 979**	**409 007 226**

ArcelorMittal South Africa Limited has granted a credit facility of R175 000 000 to the PRSM Group based on the following Group securities:

- Special notarial bond on plant and machinery from Pro Roof Steel Merchants (Cape Town) (Pty) Limited of R86 810 000.
- Special notarial bond on plant and machinery from Pro Roof Steel Merchants (KZN) (Pty) Limited of R34 750 000.
- Special notarial bond on plant and machinery from Pro Roof Steel Merchants (VRN) (Pty) Limited of R178 300 000.
- Unlimited guarantee from Pro Roof Steel Merchants (Cape Town) (Pty) Limited and Pro Roof Steel Merchants (KZN) to Pro Roof Steel Merchants (VRN) (Pty) Limited.

The PRSM Group has been granted a working capital term facility and capital expenditure term facility by Reichmans Capital (Pty) Limited, see note 11. This facility is further secured by Notarial General Covering Bonds of R150 000 000 over all movable assets of the PRSM Group, these bonds rank secondary to the Specific Notarial Bonds held by ArcelorMittal South Africa Limited.

The net book value of plant and machinery includes an amount of R44 664 144 (2010: R nil) which represents assets purchased but not yet brought into use. These assets will be depreciated once they are commissioned and available for use. The estimated additional assets to which the Group is contractually committed, is R4 909 263 (2010: R nil). These assets have been funded by way of an interest free loan from Thunder Rate Investments (Pty) Limited, a related party as disclosed in note 11 and are held as security by the lender.

3. Property, plant and equipment (continued)

During the year the Group elected to change the accounting policy of property, plant and equipment from the historical cost model to revaluation in line with the PRSM Group which was acquired during the year. This resulted in the Kilken plant and machinery being revalued as at 31 December 2011, and the PRSM Group plant and machinery was revalued as at 31 August 2011 prior to the acquisition date of 1 September 2011.

The Group also reviewed and amended the useful lives and residual values of plant and equipment simultaneous with the revaluation thereof.

The method of valuation used by independent valuers involved estimating the current replacement cost of the plant and equipment of the PRSM Group on acquisition with a suitable discount factor being applied to take cognisance of the remaining useful life of the plant.

The method of valuation used by management involved acquiring independent economic data assumptions for estimating the current replacement value of the Kilken plant, taking cognisance of its remaining useful life.

The revaluation of the Kilken plant resulted in an amount of R6 441 263 before deferred tax being recognised in Other Comprehensive Income with a revaluation reserve after deferred tax of R4 637 709 taken to equity. Had the revalued Kilken plant been measured on a historical cost basis, their net book value would have been R31 079 819 as opposed to the revalued carrying value of R37 521 082.

The directors are of the opinion that the market values for the revalued PRSM Group plant and machinery have not changed significantly from the date the valuation was obtained and 31 December 2011.

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases:

	GROUP		COMPANY	
	2011 R	2010 R	**2011 R**	2010 R
Motor vehicles	**182 236**	–	**–**	–

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
4. Goodwill				
– Opening net carrying amount	**418 678 728**	–	**–**	–
– Acquisition of subsidiary interests	**–**	638 214 994	**–**	–
– Impairment of subsidiary interests	**–**	(219 536 266)	**–**	–
Closing net carrying amount	**418 678 728**	418 678 728	**–**	–
– Cost	**638 214 994**	638 214 994	**–**	–
– Impairment	**(219 536 266)**	(219 536 266)	**–**	–
Net carrying amount at valuation	**418 678 728**	418 678 728	**–**	–

Goodwill arose in the prior period on the acquisition of interest in subsidiaries. The goodwill was subsequently impaired based on a Competent Persons Report, dated 29 January 2010, of the fair value (recoverable amount) of the underlying investment in Kilken which is an operating cash-generating business operation to which the full amount of the goodwill is allocated.

The Competent Persons Report has been subsequently updated on 19 January 2011 and on 6 March 2012 for the year ended 31 December 2011; based on this no further impairment has been identified.

A Competent Person constructed a discounted cash flow (DCF) model based on the value in use to determine a fair value (recoverable amount) for Kilken, using a real discount rate of 9,0% based on the real weighted average cost of capital and an annual PGM production rate of 25 569 ounces (extrapolated from historic production volumes). Forecasted PGM metals prices and US/ZAR exchange rates were derived from a consensus forecast from reputable external market analysts. The DCF valuation model takes into account attributable net cash flows from the operation for 20 years which is consistent with the industry standard for this type of valuation and is also consistent with the extended life-of-mine agreement in place with Rustenburg Platinum Mines. No growth rate has been applied for production and recoveries in the long-term cashflow forecasts by the Competent Person which contributed to the conservative nature of the valuation. As at 31 December 2011 the updated DCF valuation prepared by a Competent Person resulted in no indication of further impairment to goodwill.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
5. Inventory				
Raw materials and consumables	**15 084 624**	–	**–**	–
Work-in-progress	**2 247 419**	–	**–**	–
Finished goods	**37 573 501**	–	**–**	–
	54 905 544	–	**–**	–
The PRSM Group has been granted a working capital term facility and capital expenditure term facility by Reichmans Capital (Pty) Limited, see note 11. This facility is further secured by Notarial General Covering Bonds of R150 000 000 over all movable assets of the PRSM Group.				
6. Trade and other receivables				
Trade receivables	**174 807 606**	23 647 144	**–**	–
Less: Provision for impairment of trade receivables	**(10 136 309)**	–	**–**	–
Total financial assets other than cash and cash equivalents classified as loans and receivables	**164 671 297**	23 647 144	**–**	–
Receivables from related parties	**–**	–	**553 959**	–
Other receivables	**605 137**	–	**–**	–
Total trade and other receivables	**165 276 434**	23 647 144	**553 959**	–
The fair values of trade and other receivables classified as loans and receivables are as follows:				
Trade receivables	**164 671 297**	23 647 144	**–**	–
Receivables from related parties	**–**	–	**553 959**	–
	164 671 297	23 647 144	**553 959**	–
The carrying values approximate the fair values as at 31 December 2011.				
Trade receivables amounting to R119 197 165 (2010: R nil), relating to the PRSM Group, were ceded to Reichmans Capital (Pty) Limited as security for a working capital facility of R200 000 000 (2010: R nil) and a capital expenditure facility of R50 000 000 (2010: R nil). See note 11.				
As at 31 December 2011 the total trade receivables being past due amounted to R20 688 348. Of these trade receivables R10 426 379 (2010: R nil) were past due but not impaired. They relate to PRSM Group debtors that are covered by a Coface insurance policy. The ageing analysis of these receivables is as follows:				
Up to 3 months	**10 085 594**	–	**–**	–
3 to 6 months	**340 785**	–	**–**	–
	10 426 379	–	**–**	–

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
6. Trade and other receivables (continued)				
Of the total trade receivables past due at 31 December 2011 an amount of R10 261 969 (2010: R nil) were past due and impaired.				
The amount of the provision as at 31 December 2011 was R10 136 309 (2010: R nil). The main factors considered in determining that the amounts are impaired are that the customers are not covered by the underwriter's insurance policy, the debts are three months and more past due and there is currently uncertainty over the collectability of these debts. The ageing of these receivables is as follows:				
6 to 12 months	**10 261 969**	–	**–**	–
	10 261 969	–	**–**	–
The book values approximate fair values as at 31 December 2011.				
Trade receivables neither past due nor impaired at 31 December 2011 amounted to R144 588 086 (2010: R nil) and are considered to be of good credit quality.				
Movements on the Group provision for impairment of trade receivables are as follows:				
Balance 1 January 2011	**–**	–	**–**	–
Arising on acquisition of subsidiary (PRSM)	**10 382 747**	–	**–**	–
Provided for during the period	**439 106**	–	**–**	–
Reversed during the period	**(685 544)**	–	**–**	–
	10 136 309	–	**–**	–
The movement on the provision for impaired receivables has been included in the operating expenses line in the consolidated statement of comprehensive income.				
7. Cash and cash equivalents				
Cash at bank and on hand	**58 255 163**	2 421 252	**820 923**	322 228

The cash and cash equivalents disclosed above are as stated for the purposes of the statement of cash flows.

The carrying values of cash and cash equivalents approximates fair values as at 31 December 2011.

8. Investment in associates and subsidiaries

Investment in associates

8.1 Abalengani Mining Investments (Pty) Limited – Incorporated in the Republic of South Africa

The Company held 500 ordinary shares, being 50.00% of the issued share capital in Abalengani Mining Investments (Pty) Limited (AMI) up to 30 April 2010 and acquired the remaining 500 ordinary shares on 1 May 2010, therefore owning 100.00% of the issued share capital of AMI.

AMI's sole asset is a shareholding of 9 500 shares in the issued share capital of Kilken Platinum (Pty) Limited (Kilken), constituting 49.63% of the aggregate issued share capital of Kilken.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
Opening balance of carrying value	–	267 187 500	–	267 187 500
Loan receivable	–	12 402 311	–	12 402 311
Share of net loss from associate[a]	–	(11 704 056)	–	–
Less: Impairment[b]	–	(151 684 946)	–	(163 389 002)
Balance brought forward from prior year	–	(167 145 934)	–	(172 636 047)
Current year reversal	–	15 460 988	–	9 247 045
Carrying value of the investment	–	116 200 809	–	116 200 809
Less: Disposal of associate interest at fair values	–	(116 200 809)	–	(116 200 809)
Profit on disposal of associate	–	–	–	–

[a] Share of loss from associate is calculated for the 10 months 1 July 2009 to 30 April 2010.

[b] Both the initial impairment and subsequent reversal of impairment of the investment in associate was based on the fair value as determined by Competent Persons Reports which was primarily attributable to the fluctuations in the PGM metals prices. The recoverable amount of the investment in associate was based on value in use calculations using a discount rate of 10.50%.

	GROUP	
	31 December 2011 R	31 December 2010 R
Summarised financial information of associate		
Summarised balance sheet at 30 April 2010		
Non-current assets	–	125 308 742
Capital and reserves	–	33 670 557
Current liabilities	–	(158 979 299)
Results of operations for the 10 months ended 30 April 2010		
Revenue	–	11 418 570
Profit for the period	–	1 865 292

8. Investment in associates and subsidiaries (continued)

8.2 JB Platinum Holdings (Pty) Limited – Incorporated in the Republic of South Africa

The Company held 500 ordinary shares, being 50.00% of the issued share capital in JB Platinum Holdings (Pty) Limited (JBPH) up to 30 April 2010 and acquired the remaining 500 ordinary shares on 1 May 2010, therefore owning 100.00% of the issued share capital of JBPH.

JBPH's sole asset is a shareholding of 6 500 shares in the issued share capital of Kilken Platinum (Pty) Limited (Kilken), constituting 33.96% of the aggregate issued share capital of Kilken.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
Opening balance of carrying value	**–**	182 812 500	**–**	182 812 500
Loan receivable	**–**	8 575 610	**–**	8 575 610
Share of net loss from associate[a]	**–**	(8 100 751)	**–**	–
Less: Impairment[b]	**–**	(103 824 179)	**–**	(111 924 930)
Balance brought forward from prior year	**–**	(114 358 854)	**–**	(118 119 402)
Current year reversal	**–**	10 534 675	**–**	6 194 472
Carrying value of the investment	**–**	79 463 180	**–**	79 463 180
Less: Disposal of associate interest at fair value	**–**	(79 463 180)	**–**	(79 463 180)
Profit on disposal of associate	**–**	–	**–**	–

[a] *Share of loss from associate is calculated for the 10 months 1 July 2009 to 30 April 2010.*

[b] *Both the initial impairment and subsequent reversal of impairment of the investment in associate was based on the fair value as determined by Competent Persons Reports which was primarily attributable to the fluctuations in the PGM metals prices. The recoverable amount of the investment in associate was based on value in use calculations using a discount rate of 10.50%.*

	GROUP	
	31 December 2011 R	31 December 2010 R
Summarised financial information of associate		
Summarised balance sheet at 30 April 2010		
Non-current assets	**–**	88 643 166
Capital and reserves	**–**	22 861 733
Current liabilities	**–**	(111 504 899)
Results of operations for the 10 months ended 30 April 2010		
Revenue		7 813 313
Profit for the period	**–**	1 099 137
Total carrying value of investment in associates	**–**	–

The fair value of the investment in associates were determined by reference to a qualified Competent Persons valuation using appropriate market standards.

	COMPANY	
	31 December 2011 R	31 December 2010 R
8.3 Investment in subsidiaries		
Kilken Platinum (Pty) Limited	**391 064 581**	391 064 581
– Cost	**620 663 989**	620 663 989
Subsequent impairment of investment in subsidiaries	**(229 599 408)**	(229 599 408)
Pro Roof Steel Merchants Group	**172 632 574**	–
	563 697 155	391 064 581

Refer to note 25 for full details of business combination.

8. Investment in associates and subsidiaries (continued)

Investment in subsidiaries (continued)

8.4 Financial information in respect of the subsidiary companies' investments in Kilken Platinum (Pty) Limited for the 12 months ended 31 December 2011 and the comparative eight months ended 31 December 2010

	31 December 2011 Abalengani Mining Investments (Pty) Limited 100% holding	31 December 2011 JB Platinum holdings (Pty) Limited 100% holding	31 December 2010 Abalengani Mining Investments (Pty) Limited 100% holding	31 December 2010 JB Platinum Holdings (Pty) Limited 100% holding
Percentage interest held by subsidiaries in Kilken Platinum	**49.63%**	**33.96%**	49.63%	33.96%
	R	**R**	R	R
Summarised balance sheet of Kilken Platinum (Pty) Limited at 31 December 2011				
Non-current assets	**37 521 081**	**37 521 081**	34 059 876	34 059 876
Current assets	**49 681 141**	**49 681 141**	25 717 268	25 717 268
Equity and reserves	**(71 021 936)**	**(71 021 936)**	(46 370 922)	(46 370 922)
Non-current liabilities	**(9 067 295)**	**(9 067 295)**	(6 892 339)	(6 892 339)
Current liabilities	**(7 112 991)**	**(7 112 991)**	(6 513 883)	(6 513 883)
Results of operations of Kilken Platinum (Pty) Limited for the 12 months ended 31 December 2011				
Revenue	**123 559 989**	**123 559 989**	38 379 412	38 379 412
Profit for the year/period (after taxation)	**46 613 305**	**46 613 305**	5 817 143	5 817 143

8.5 Financial information in respect of the PRSM Group for the four months ended 31 December 2011

	PRSM Group 100% holding R			
Summarised balance sheet at 31 December 2011				
Non-current assets	**371 486 146**	**–**	–	–
Current assets	**227 351 615**	**–**	–	–
Equity and reserves	**(169 743 048)**	**–**	–	–
Non-current liabilities	**(239 400 776)**	**–**	–	–
Current liabilities	**(189 693 937)**	**–**	–	–
Results of operations for the four months ended 31 December 2011				
Revenue	**419 228 065**	**–**	–	–
Loss for the year/period (after taxation)	**(2 889 531)**	**–**	–	–

Had the acquisition of the controlling interest occurred on 1 January 2011, the acquired business would have contributed revenues of R1 021.2 million and net loss of R14.1 million for the year ended 31 December 2011.

	31 December 2011 Number of shares	31 December 2010 Number of shares	31 December 2011 R	31 December 2010 R
9. Ordinary share capital and share premium – Group and Company				
9.1 Ordinary shares of R0.01 each				
Authorised				
5 500 000 000 (2009: 5 500 000 000) ordinary shares of R0.01 each				
Opening balance	**5 500 000 000**	1 925 000 000	**55 000 000**	19 250 000
Increase	**–**	3 575 000 000	**–**	35 750 000
Closing balance	**5 500 000 000**	5 500 000 000	**55 000 000**	55 000 000
Issued				
Opening balance	**3 950 660 296**	419 000 000	**39 506 603**	4 190 000
Issued at a premium of R0.39 per share (2010: R0.1103)	**420 000 000**	3 531 660 296	**4 200 000**	35 316 603
Vendor shares to be issued at a premium of R0.39 per share (2010: R0.1103)	**11 581 435**	–	**115 814**	–
Closing balance	**4 382 241 731**	3 950 660 296	**43 822 417**	39 506 603
1 117 758 269 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting. All ordinary shares in issue are fully paid-up.				
9.2 Ordinary share premium				
Opening balance			**764 060 714**	374 560 227
Arising on vendor shares to be issued at a premium of R0.39 per share (2010: R0.1103)			**163 800 000**	389 683 397
Arising on vendor shares to be issued at a premium of R0.39 per share			**4 516 760**	–
Share issue costs			**(85 843)**	(182 910)
Closing balance			**932 291 631**	764 060 714
Total ordinary share capital and premium			**976 114 048**	803 567 317

	31 December 2011 Number of shares	31 December 2010 Number of shares	31 December 2011 R	31 December 2010 R
10. Redeemable preference share capital – Group and Company				
10.1 Cumulative redeemable preference shares of R0.01 each				
Authorised				
Opening balance	**75 000 000**	75 000 000	**750 000**	750 000
Closing balance	**75 000 000**	75 000 000	**750 000**	750 000
Issued				
Opening balance	**75 000 000**	75 000 000	**750 000**	750 000
Closing balance	**75 000 000**	75 000 000	**750 000**	750 000

10. Redeemable preference share capital (continued)

10.1 Cumulative redeemable preference shares of R0.01 each (continued)

The cumulative redeemable preference shares have the right to receive a dividend equal to 65% of the prevailing prime bank overdraft rate payable quarterly in arrears. Preference dividends amounting to R411 042 (2010: R10 137 542) were not paid on due date and are included in current liabilities – see note 13.

With effect from 1 January 2012 the Company has agreed to start redeeming the preference share capital on an orderly basis to the holder thereof over a five-year period. The minimum redemption payments agreed is R1.25 million per month. The fair value of the preference share capital is calculated by discounting all the expected future cash flows by a rate of 6.75% for comparable preference shares in the open market. The fair value was found not to be materially different from the carrying value.

	31 December 2011 Number of shares	31 December 2010 Number of shares	**31 December 2011 R**	31 December 2010 R
10.2 Preference share premium				
Opening balance			**74 250 000**	74 250 000
Closing balance			**74 250 000**	74 250 000
Total cumulative redeemable preference share capital and premium	**75 000 000**	75 000 000	**75 000 000**	75 000 000
– Non-current liabilities			**60 000 000**	75 000 000
– Current liabilities			**15 000 000**	–

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
11. Loans and borrowings				
Non-current				
Loans				
Secured – Reichmans Capital (Pty) Limited	**169 791 632**	–	**–**	–
	169 791 632	–	**–**	–
Current				
Loans				
Secured – Reichmans Capital (Pty) Limited	**50 093 079**	–	**–**	–
Related party loans				
Secured – Thunder Rate Investments (Pty) Limited	**36 940 232**	–	**–**	–
Unsecured - Mixshelf 1119 CC	**459 958**	–	**–**	–
Other				
Finance lease creditor – WesBank Limited*	**133 476**	–	**–**	–
	87 626 745	–	**–**	–
Total loans and borrowings	**257 418 377**	–	**–**	–

*The finance lease agreements are held over motor vehicles with a carrying value of R182 236, as disclosed in note 3. Future lease payments are due as follows:

	GROUP		COMPANY	
	Less than 1 year 2011 R	Less than 1 year 2010 R	**Less than 1 year 2011 R**	Less than 1 year 2010 R
Minimum lease payments	**139 668**	–	**–**	–
Less: Interest	**(6 192)**	–	**–**	–
	133 476	–	**–**	–
The present values of future lease payments are analysed as:				
Current liabilities	**133 476**	–	**–**	–

The carrying values of all current loans and borrowings approximate fair values as at 31 December 2011.

11. Loans and borrowings (continued)

Principal terms of the Group's loans and borrowings as at 31 December 2011 (2010: nil) are as follows:

- Reichmans Capital (Pty) Limited, a subsidiary of Investec Bank Limited, have extended a working capital term facility to the PRSM Group of R200 million. The term of this facility is six years from the date of first draw, 5 September 2011, interest is charged at 1% below bank prime rate. Only interest is payable monthly for the first 24 months, whereafter the capital is repayable quarterly for the remaining 48 months with interest payable monthly.
- Reichmans Capital (Pty) Limited has also granted a capital expenditure term facility of R50 million which was undrawn as at 31 December 2011. The term of the facility is six years from first draw, interest and capital repayable monthly from inception, with interest charged at 1% below bank prime rate.
- Thunder Rate Investments (Pty) Limited extended an interest free loan, repayable within 12 months from year-end, this loan was extended to procure assets not yet brought into use as at 31 December 2011, as disclosed in note 3. It is intended to repay this loan using the undrawn capital expenditure facility granted by Reichmans Capital (Pty) Limited noted above.

The fair values of non-current borrowings are based on cash flows discounted using a rate based on the borrowings rate of 9%. The fair value was found not to be materially different from the carrying value at 31 December 2011.

The following securities have been signed in favour of Reichmans Capital (Pty) Limited for the facilities granted as noted above:

- Unlimited suretyships and/or guarantees by each of the companies in the PRSM Group;
- First cession of trade receivables of the PRSM Group, see also note 6;
- Cession of Company trade receivables insurance policies held over certain of the PRSM Group trade receivables; and
- General Notarial Covering Bonds for a capital amount of R150 000 000 over the movable assets of the PRSM Group, it being specifically understood that this bond ranks after the Specific Notarial Bond held by ArcelorMittal South Africa over PRSM Group plant and machinery as disclosed in note 3.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
12. Deferred tax				
Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2010: 28%). The movement on the deferred tax account is as shown below:				
Deferred tax liability				
At 1 January 2011	**6 892 339**	–	**–**	–
Recognised in profit and loss				
(Credited)/charged to profit or loss	**(1 185 347)**	719 540	**–**	–
– Accelerated capital allowances	**(1 001 035)**	719 540	**–**	–
– Other temporary and deductible differences	**1 346 528**	–	**–**	–
– Available losses	**(1 530 840)**	–	**–**	–
Recognised in other comprehensive income				
Charged to equity	**1 803 554**	–	**–**	–
– Revaluation of plant and machinery	**1 803 554**	–	**–**	–
Arising on business combination	**71 165 894**	6 172 799	**–**	–
At 31 December 2011	**78 676 440**	6 892 339	**–**	–

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these losses will be recovered.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R

12. Deferred tax (continued)

The movements in deferred tax assets and liabilities during the period are shown below. Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	Liability/ (asset)	Liability/ (asset)		
Deferred tax liability				
Recognised in profit and loss				
– Accelerated capital allowances	**14 517 906**	6 892 339	**–**	–
– Other temporary and deductible differences	**(2 623 562)**	–	**–**	–
– Available losses	**(17 840 657)**	–	**–**	–
	(5 946 313)	6 892 339	**–**	–
Recognised in other comprehensive income				
– Revaluation of plant and machinery	**84 622 753**	–	**–**	–
	84 622 753	–	**–**	–
Net deferred tax liability	**78 676 440**	6 892 339	**–**	–

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R

13. Trade and other payables

Trade payables	**91 295 437**	5 222 525	**–**	–
Other payables	**1 260 366**	–	**–**	–
Lease smoothing accrual	**8 870 917**	–	**–**	–
Accruals	**6 542 237**	–	**837 006**	–
Investec Bank Limited – working capital loan[1]	**–**	2 926	**–**	2 926
Newshelf 1005 (Pty) Limited	**–**	1 081 949	**–**	1 081 949
Preference dividend payable[2]	**411 042**	10 137 542	**411 042**	10 137 542
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**108 379 999**	16 444 942	**1 248 048**	11 222 417
SA normal company tax and secondary tax on companies	**2 048 235**	1 291 359	**–**	–
Total trade and other payables	**110 428 234**	17 736 301	**1 248 048**	11 222 417

[1] *The working capital facility of R5 million provided by Investec Private Bank expired on 31 August 2011 and was secured by general deeds of surety of R5 million each from the subsidiary companies AMI and JBPH, respectively.*

[2] *The arrear preference dividends have been repaid and remain fully paid-up as at the date of signature of these financial statements.*

The fair values of trade and other payables classified as financial liabilities measured at amortised cost was based on cash flows discounted at bank borrowing rates. The carrying values approximate fair value at 31 December 2011.

Included in trade payables is an amount owing to ArcelorMittal South Africa Limited which is secured by specific notarial bonds over plant and equipment as disclosed in note 3.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
13. Trade and other payables (continued)				
Maturity analysis of the financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost, is as follows:				
Up to 3 months	**99 082 018**	6 307 400	**1 248 048**	1 084 875
3 to 6 months	**427 064**	324 281	**–**	324 281
6 to 12 months	**–**	9 813 261	**–**	9 813 261
	99 509 082	16 444 942	**1 248 048**	11 222 417
14. Revenue				
Revenue arises from:				
– Sale of goods	**419 228 065**	–	**–**	–
– Sale of minerals	**123 559 989**	38 379 412	**–**	–
	542 788 054	38 379 412	**–**	–
15. Dividends received				
Dividends received by Andulela Investment Holdings Limited:				
– Kilken Platinum (Pty) Limited	**–**	–	**22 211 022**	24 384 707
	–	–	**22 211 022**	24 384 707
16. Investment income				
Recognised in profit or loss:				
Interest received on current and call accounts	**451 847**	145 559	**18 234**	34 785
Interest received on loans to associates	**–**	8 266 684	**–**	8 266 684
	451 847	8 412 243	**18 234**	8 301 469
All investment income relates to financial instruments categorised as loans and receivables.				
17. Other income				
Other income received by Andulela Investment Holdings Limited comprises:				
– Management fees received from subsidiaries	**–**	–	**2 572 663**	–
	–	–	**2 572 663**	–
18. Finance costs				
Interest paid on other financial liabilities measured at amortised cost	**5 347 949**	717 003	**17 925**	717 003
Preference dividend	**4 387 500**	7 439 014	**4 387 500**	7 439 014
	9 735 449	8 156 017	**4 405 425**	8 156 017

Notes to the financial statements (continued)

for the year ended 31 December 2011

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
19. Operating expenses				
Operating profit/(loss) for the period is stated after taking into account:				
Auditors' remuneration				
– Fees for audit services	**679 876**	266 817	**556 276**	246 297
– Consulting and other services	**1 125**	59 222	**1 125**	57 912
Consultancy fees	**1 262 924**	1 111 500	**1 226 271**	1 111 500
Depreciation of plant and equipment	**11 756 985**	1 956 135	**–**	–
Employee benefits expense – Salaries and Company contributions	**22 381 893**	2 763 884	**136 340**	–
Insurances	**2 306 154**	622 821	**–**	273 458
Lease rentals on operating lease				
– Plant and machinery	**15 707 447**	4 714 082	**–**	–
– Property	**7 890 684**	6 209	**238 500**	238 500
Legal expenses	**1 357 361**	555 794	**1 010 911**	555 794
Loss on scrapping of plant and equipment	**–**	62 272	**–**	–
Management fees	**1 007 300**	2 406 985	**1 007 300**	2 406 985
Repairs and maintenance	**1 583 110**	205 323	**–**	–
Utilities	**2 940 018**	485 632	**–**	–
20. Taxation				
Major components of the tax expense				
Current				
Normal – Current	**18 542 476**	2 899 322	**–**	–
Normal – Prior year underprovision	**–**	1 627 699	**–**	1 627 699
Securities transfer tax	**–**	1 083 915	**–**	1 083 915
Secondary tax on dividends	**436 617**	167 424	**–**	–
	18 979 093	5 778 360	**–**	2 711 614
Deferred				
Originating and reversing temporary differences – note 12	**(1 185 347)**	719 540	**–**	–
	17 793 746	6 497 900	**–**	2 711 614

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
20. Taxation (continued)				
The reasons for the difference between actual tax charge for the year and the standard rate of company tax are as follows:				
Profit/(loss) for the year	**50 397 161**	(200 823 512)	**11 112 865**	(203 499 230)
Expected tax charge at 28% (2010: 28%)	**14 111 205**	(56 230 583)	**3 111 602**	(56 979 784)
Add:				
– STC paid on dividends to minorities in subsidiary	**436 617**	167 424	**–**	–
– Securities transfer tax	**–**	1 083 915	**–**	1 083 915
– Prior year underprovision	**–**	1 627 699	**–**	1 627 699
– Net impairment losses on investments in subsidiaries and associates	**–**	54 191 369	**–**	59 964 209
– Loss from associates	**–**	1 814 783	**–**	–
– Preference dividends not deductible	**1 228 500**	2 082 924	**1 228 500**	2 082 924
– Loss created against passive income in parent	**1 878 984**	1 760 369	**1 878 984**	1 760 369
– Expenses disallowed	**138 440**	–	**–**	–
Less:				
– Dividends received tax free	**–**	–	**(6 219 086)**	(6 827 718)
Total tax expense	**17 793 746**	6 497 900	**–**	2 711 614
21. Directors' emoluments				
– Executive				
A Kaka	**1 746 903**	660 000	**1 746 903**	660 000
Basic salary	**1 096 903**	660 000	**1 096 993**	660 000
Bonus	**650 000**	–	**650 000**	–
D Currie (resigned) – basic salary	**–**	808 998	**–**	808 998
PC de Jager	**1 870 000**	217 857	**1 870 000**	217 857
Basic salary	**1 260 000**	217 857	**1 260 000**	217 857
Travel allowance	**360 000**	–	**360 000**	–
Bonus	**250 000**	–	**250 000**	–
Fees for services as directors				
– Non-executive				
P Vallet (resigned)	**–**	415 000	**–**	415 000
VD Rubin (resigned)	**–**	120 000	**–**	120 000
MJ Husain	**350 000**	250 000	**350 000**	250 000
GP Rosenthal	**250 000**	150 000	**250 000**	150 000
	4 216 903	2 621 855	**4 216 903**	2 621 855

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
22. Cash utilised in operations				
Net profit/(loss) before taxation for the year/period	**50 397 160**	(200 823 512)	**11 112 865**	(203 499 230)
Adjustments for:				
Reversal of investment in associates	**–**	(25 995 663)	**–**	(15 441 517)
Impairment of goodwill on acquisition of subsidiaries	**–**	219 536 266	**–**	229 599 408
Share of loss from associates	**–**	4 535 965	**–**	–
Depreciation	**11 756 985**	1 956 135	**–**	–
Scrapping of plant and equipment	**–**	69 972	**–**	–
Dividends received	**–**	–	**(22 211 022)**	(24 384 707)
Interest received	**(451 847)**	(8 412 243)	**(18 234)**	(8 301 469)
Finance costs	**9 735 449**	8 156 018	**4 405 425**	8 156 018
Changes in working capital				
Dividends receivable	**–**	1 546 338	**–**	1 546 338
Inventory	**(6 008 131)**	–	**–**	–
Trade and other receivables/(payables)	**3 568 940**	11 697 343	**(553 959)**	–
Trade and other payables	**(40 052 945)**	(1 951 371)	**(247 869)**	(1 228 591)
Preference dividend accrued and not paid	**–**	–	**–**	7 439 014
Interest accrued on shareholders' loans in associates	**–**	–	**–**	(8 266 684)
	28 945 611	10 315 248	**(7 512 794)**	(14 381 420)
23. Taxation paid				
Balance at the beginning of the year/period	**(1 291 359)**	–	**–**	(19 241)
Balance acquired at acquisition of subsidiaries	**–**	(2 846 662)	**–**	–
Current tax for the period recognised in profit and loss	**(18 979 093)**	(5 778 360)	**–**	(2 711 614)
Balance of tax owed by SARS – Pro Roof take on	**33 223**	–	**–**	–
Balance at the end of the year/period	**2 048 234**	1 291 359	**–**	–
	(18 188 995)	(7 333 663)	**–**	(2 730 855)
24. Profit/(loss), diluted profit/(loss), headline earnings profit/(loss), diluted headline earnings profit/(loss), diluted headline earnings and dividends per share				
Ordinary shares in issue (millions)	**4 371**	3 951	**4 371**	3 951
Weighted average number of ordinary shares in issue (millions)	**4 091**	2 790	**4 091**	2 790
Headline earnings/(loss)	**24 954 171**	(15 016 452)	**11 112 865**	7 947 047
– Attributable net profit/(loss) for the year/period	**24 954 171**	(208 619 327)	**11 112 865**	(206 210 844)
– *Less:* Reversal of impairment of investment in associates	**–**	(25 995 663)	**–**	(15 441 517)
– *Add back:* Impairment of goodwill on acquisition of subsidiaries	**–**	219 536 266	**–**	229 599 408
Loss on scrapping of property, plant and equipment	**–**	62 272	**–**	–
Profit/(loss) per ordinary share (cents)[a]	**0.61**	(7.48)	**0.27**	(7.39)
Diluted profit/(loss) per ordinary share (cents)[a]	**0.61**	(7.48)	**0.27**	(7.39)
Headline earnings/(loss) per ordinary share (cents)[a]	**0.61**	(0.54)	**0.27**	0.28
Diluted headline earnings/(loss) per ordinary share (cents)[a]	**0.61**	(0.54)	**0.27**	0.28
Dividends per ordinary share (cents)	**0.00**	0.00	**0.00**	0.00

[a] *The earnings/(loss) and the headline earnings/(loss) per ordinary share is calculated by dividing the earnings/(loss) and the headline earnings/(loss) by the weighted average number of ordinary shares in issue during the year/period. The diluted earnings/(loss) and the diluted headline earnings/(loss) per ordinary share is calculated by dividing the diluted earnings/(loss) and the diluted headline earnings/(loss) by the weighted average number of ordinary shares in issue and issuable during the year/period.*

25. Business combinations – Group

On 1 May 2010, the Group acquired a controlling interest in Kilken Platinum (Pty) Limited (Kilken) of 83.6% (previously 41.8%) through the combined holding of subsidiaries Abalengani Mining Investments (Pty) Limited (AMI) and JB Platinum Holdings (Pty) Limited (JBPH). At acquisition, the previously held investment in associates was fairly valued, based on the Competent Persons Report

With effect from 1 September 2011 the Group acquired a 100% controlling interest in Pro Roof Steel Merchants (Pty) Limited and its subsidiaries (PRSM) through the issue of a maximum of 630 million and a minimum of 420 million Andulela ordinary shares as purchase consideration, at an issue price of 40 cents per share, based on the consolidated tangible asset value of PRSM and its subsidiaries as at 31 August 2011. The remaining 11.58 million ordinary shares, still to be issued, are included in the Statement of Changes in Equity. The primary reason considered for this acquisition was to expand and diversify the investment base of the Group. The transaction cost for this acquisition amounted to R1.48 million.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
Equity instruments issued in respect of acquisition of subsidiary	**172 632 574**	425 000 000		
Cash and cash equivalents issued on acquisition of subsidiary	**–**	–		
Fair value of previously held associate interests	**–**	195 663 989		
Fair value of non controlling interest	**–**	76 798 800		
Total purchase price	**172 632 574**	697 462 789		
Fair value of net assets acquired	**172 632 574**	59 247 795		
Plant and equipment	**379 461 884**	35 082 531		
Bank and cash	**3 002 579**	3 766 301		
Inventory	**48 897 413**	–		
Trade and other receivables	**145 198 230**	35 344 488		
Non-current liabilities	**(180 860 024)**	–		
Bank overdraft	**(81 386 229)**	–		
Trade and other payables	**(141 681 279)**	(14 945 525)		
Goodwill arising on acquisition of controlling interest	**–**	638 214 994		

The goodwill has been impaired in the prior period based on a valuation of the controlling interest per a Competent Persons Report dated 29 January 2010 updated on 19 January 2011. No further impairment has been identified based on the Competent Persons Report updated on 6 March 2012 for the year ended 31 December 2011.

The fair value or trade and other receivables acquired amounted to R145.2 million after taking into consideration a doubtful debt provision of R10.4 million at acquisition date, which is the best estimate of gross future contractual amounts receivable.

26. Related parties

Relationships

Common directors in the prior period	DN Rosen SE Jonah* RK Jonah*
Controlling shareholder	Newshelf 1005 (Pty) Limited
Related company	Jonah Capital (Pty) Limited (Associate until 20 November 2009)

** Beneficial shareholders in Jonah Mining (Pty) Limited and Jonah Capital (Pty) Limited.*

Subsidiaries and joint venture	Kilken Platinum (Pty) Limited Abalengani Mining Investments (Pty) Limited JB Platinum Holdings (Pty) Limited Pro Roof Steel Merchants (Pty) Limited Pro Roof Steel Merchants (VRN) (Pty) Limited Pro Roof Steel Merchants (Cape Town) (Pty) Limited Pro Roof Steel Merchants (KZN) (Pty) Limited Pro Roof Steel Merchants (PTA) (Pty) Limited Pro Roof Steel Merchants (Flashing Centre) (Pty) Limited Pro Roof Steel Merchants (Steel Structures) (Pty) Limited Pro Roof Steel Merchants (Nelspruit) (Pty) Limited Pro Roof Steel Merchants (Polokwane) (Pty) Limited
Companies of which key management of the subsidiaries are directors or were directors in the prior period	E-Tile (Pty) Limited Changing Tides 74 (Pty) Limited Pro Steel International Trading (Pty) Limited Help-U-Build (Pty) Limited Mixshelf 1119 CC Mono Steel Works GTS Technologies (Pty) Limited Sheerprops 97 (Pty) Limited Wideprops 1087 CC Mono Steel Works Changing Tides 74 (Pty) Limited Normac Investments Euro Tile (Pty) Limited Thunder Rate Investments (Pty) Limited
Related companies through indirect beneficial shareholders	Akzam Management Services (Pty) Limited Tailing Technologies (Pty) Limited

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R

26. Related parties (continued)

Related party transactions

	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
Sales to related parties	**(25 339 443)**	–	**–**	–
E-Tile (Pty) Limited	**(15 713 704)**	–	**–**	–
Changing Tides 74 (Pty) Limited	**(2 038 886)**	–	**–**	–
Pro Steel International Trading (Pty) Limited	**(3 152 635)**	–	**–**	–
Help-U-Build (Pty) Limited	**(4 217 462)**	–	**–**	–
Mixshelf 1119 CC	**(216 756)**	–	**–**	–
Purchases from related parties	**33 351 484**	24 088 974	**–**	–
Tailing Technologies (Pty) Limited	**16 340 741**	17 104 479	**–**	–
GTS Technologies (Pty) Limited	**15 448 653**	6 984 495	**–**	–
Pro Steel International Trading (Pty) Limited	**217 470**	–	**–**	–
E-Tile (Pty) Limited	**1 295 609**	–	**–**	–
Mono Steel Works	**49 011**	–	**–**	–
Administration and management fees paid to/(received from) related parties	**1 005 000**	1 765 450	**(1 567 663)**	1 765 450
Jonah Capital (Pty) Limited	**–**	1 765 450	**–**	1 765 450
Akzam Management Services (Pty) Limited	**1 005 000**	–	**1 005 000**	–
Kilken Platinum (Pty) Limited	**–**	–	**(1 400 202)**	–
Pro Roof Steel Merchants (Pty) Limited	**–**	–	**(1 172 461)**	–
Consulting fees as per agreement				
DN Rosen	**–**	3 164 912	**–**	3 164 912
Dividend received and interest income on shareholders' loans	**–**	(8 266 684)	**(22 211 022)**	(32 651 391)
Interest income				
Abalengani Mining Investments (Pty) Limited	**–**	(4 909 596)	**–**	(4 909 596)
JB Platinum Holdings (Pty) Limited	**–**	(3 357 088)	**–**	(3 357 088)
Dividends received				
Abalengani Mining Investments (Pty) Limited	**–**	–	**(13 189 928)**	(14 477 964)
JB Platinum Holdings (Pty) Limited	**–**	–	**(9 021 094)**	(9 906 743)
Interest expense on working capital loans	**–**	677 975	**–**	677 975
Newshelf 1005 (Pty) Limited	**–**	447 305	**–**	447 305
Jonah Capital (Pty) Limited	**–**	230 670	**–**	230 670
Rent expenses to related parties	**12 173 913**	–	**–**	–
Sheerprops 97 (Pty) Limited	**7 056 267**	–	**–**	–
Wideprops 1087 CC	**2 899 318**	–	**–**	–
Changing Tides 74 (Pty) Limited	**2 147 276**	–	**–**	–
Normac Investments	**71 052**	–	**–**	–

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
26. Related parties (continued)				
Related party transactions (continued)				
Key management remuneration	**8 834 435**	3 691 903	**4 062 855**	1 686 855
Basic salaries	**6 767 435**	2 461 903	**4 062 855**	1 686 855
Bonuses	**1 737 000**	900 000	**–**	–
Other benefits	**330 000**	330 000	**–**	–
Related party balances				
Amounts included in trade receivables	**7 547 933**	–	**–**	–
Changing Tides 74 (Pty) Limited	**474 348**	–	**–**	–
E-Tile (Pty) Limited	**3 772 538**	–	**–**	–
Pro Steel International Trading (Pty) Limited	**989 738**	–	**–**	–
Help-U-Build (Pty) Limited	**2 064 207**	–	**–**	–
Mixshelf 1119 CC	**247 102**	–	**–**	–
Amounts included in trade payables	**(2 568 376)**	(946 620)	**–**	–
Euro Tile (Pty) Limited	**(45 600)**	–	**–**	–
Mixshelf 1119 CC	**(1 098 960)**	–	**–**	–
Tailing Technologies (Pty) Limited	**(1 423 816)**	(946 620)	**–**	–
Loan accounts – Owing to related parties	**(37 586 793)**	(1 081 949)	**–**	(1 081 949)
Newshelf 1005 (Pty) Limited	**–**	(1 081 949)	**–**	(1 081 949)
The Rafik Mohamed Trust	**(646 561)**	–	**–**	–
Thunder Rate Investments (Pty) Limited	**(36 940 232)**	–	**–**	–
Loans receivable from subsidiaries (June 2009 – associates)	**–**	–	**135 299 194**	135 299 194
Abalengani Mining Investment (Pty) Limited	**–**	–	**7 9 551 539**	79 551 539
JB Platinum Holdings (Pty) Limited	**–**	–	**55 747 655**	55 747 655
Preference dividend payable to related parties	**(411 042)**	(10 137 542)	**(411 042)**	(10 137 542)
Newshelf 1005 (Pty) Limited	**(411 042)**	(10 137 542)	**(411 042)**	(10 137 542)
Jonah Mining (Pty) Limited	**–**	–	**–**	–

All related party transactions were conducted on terms equivalent to those that prevail in arm's length transactions.

27. Risk management

Risk management is fundamental to the Group's business and plays a crucial role in enabling management to operate more effectively in a changing environment. Over time it has evolved into one of the Group's core capabilities and is integral to the evaluation of strategic alternatives and the setting of objectives, all within a risk management framework that ensures alignment with the Group's risk appetite and overall strategy. The approach followed by the Group to manage risk is to ensure that all significant risks are identified and managed.

The Group's trading and financing activities expose it to a variety of financial risks. These risks comprise liquidity risk, credit risk and market risk (cash flow interest rate risk). The Group's principal financial instruments comprise trade receivables, cash and cash equivalents, redeemable preference shares, long-term loans and trade payables. The Group classifies its trade receivables and cash and cash equivalents as 'loans and receivable' financial assets. The Group classifies its redeemable preference shares, long-term liabilities and trade payables as 'other' financial liabilities. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use financial instruments for speculative purposes.

The directors have an overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they ensure that excess cash as generated from their operations is invested with recognised financial institutions. Finance is provided for by counterparties that are well-recognised financial institutions and the Group only trades with customers of suitable creditworthiness. The directors on a monthly basis monitor their collections from customers, and movements in prime lending rates.

27. Risk management (continued)

There have been no substantive changes in the Group's exposure to financial instruments risk, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note. Information disclosed has not been disaggregated as the financial instruments used by the Group share the same economic characteristics and market conditions.

The directors are of the opinion that the fair value of all current financial instruments approximates their carrying amount as disclosed on the face of the statement of financial position. Due to the short-term nature of cash and cash equivalents, trade receivables and trade payables it is presumed that the fair value approximates the carrying amount. The fair value of remaining financial instruments have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis using prices from observable current market transactions.

A summary of the financial instruments held by category is provided below:

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
Financial assets	**–**	–	**–**	–
Loans and receivables			**–**	–
Cash and cash equivalents	**58 255 163**	2 421 252	**820 923**	322 228
Trade and other receivables	**165 276 434**	23 647 144	**553 959**	–
	223 531 597	26 068 396	**1 374 882**	322 228
Financial liabilities	**–**	–	**–**	–
Financial liabilities at amortised cost				
Trade and other payables	**102 469 736**	17 736 301	**1 248 048**	11 222 419
Loans and borrowings	**257 418 377**	–	**–**	–
	359 888 113	17 736 301	**1 248 048**	11 222 419

Credit risk

Credit risk arises specifically from trade receivables and cash and cash equivalents. The Group only deposits cash with major and reputable financial institutions that have an acceptable credit quality standing. The maximum exposure to credit risk for the 'loans and receivable' category of financial assets equates to the carrying amounts as disclosed on the face of the statement of financial position and related notes for trade receivables and cash and cash equivalents. The Group does not request collateral from existing or potential customers, but the PRSM Group does insure the majority of trade receivables with credit underwriters. The Group does have policies to ensure that sales are made to customers with an appropriate credit history. The carrying amount of loans and receivables are neither impaired nor overdue other than as disclosed in note 6.

A summary of significant balances by category is provided below:

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
Trade receivables	**–**	–	**–**	–
Customer A	**44 918 796**	23 647 144	**–**	–
Customer B	**8 777 361**	–	**–**	–
Customer C	**8 632 437**	–	**–**	–
Customer D	**6 398 638**	–	**–**	–
	68 727 232	23 647 144	**–**	–

27. Risk management (continued)

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
Cash and cash equivalents				
The Standard Bank of South Africa Limited	**4 762 345**	2 099 022	**–**	–
Investec Bank LImited	**849 050**	322 230	**820 923**	322 230
Absa Bank Limited	**52 643 768**	–	**–**	–
	58 255 163	2 421 252	**820 923**	322 230

Liquidity risk

Liquidity risk arises from the Group's management of working capital, finance charges and principal repayments on the redeemable preference shares and term loans. It is the risk that the Group will experience financial difficulty in meeting its obligations as they fall due. Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed facilities, where necessary. There have been no defaults or breaches on the redeemable preference shares nor term loans or trade payables during the period under review.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial instruments. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities.

	Less than 1 year	**2 – 5 years**	**> 5 years**
2011 – Group			
Trade and other payables	**102 469 736**	**–**	**–**
Loans and borrowings	**87 626 745**	**169 791 632**	**–**
Redeemable preference dividends	**411 042**	**–**	**–**
Redeemable preference shares	**16 551 000**	**58 449 000**	**–**
2010 – Group			
Trade and other payables	3 426 675	–	–
Long-term loan	–	–	–
Redeemable preference dividends	10 137 542	–	–
Redeemable preference shares	–	75 000 000	–
2011 – Company			
Trade and other payables	**837 006**	**–**	**–**
Redeemable preference dividends	**411 042**	**–**	**–**
Redeemable preference shares	**16 551 000**	**58 449 000**	**–**
2010 – Company			
Trade and other payables	1 084 875	–	–
Redeemable preference dividends	10 137 542	–	–
Redeemable preference shares	–	75 000 000	–

27. Risk management (continued)

Market risk

The Group is not directly exposed to currency risk as it does not trade internationally in foreign currencies and does not hold any foreign-denominated trade receivables, trade payables, borrowings, cash and forward exchange contracts. The Group remains exposed to an inherent market risk of fluctuations in the ZAR/USD exchange rate as well as in the international PGM prices. This exposure is partially mitigated through the application of average ZAR/USD exchange rates and PGM prices for the relevant month, but it remains unhedged at the reporting date. Management monitors the Group's exposure to exchange rate and PGM price risk on an ongoing basis. The Group's cash flow interest rate risk arises from its redeemable preference shares, long-term loans and cash and cash equivalents. Future changes to the prime lending rate will have a direct impact on the future cash payments towards the settlement of the financial obligation. This risk remains unhedged at reporting date. Exposure to cash flow interest rate risk on financial liabilities and financial assets are monitored on a continuous basis.

The Group is sensitive to the movements in the South African prime lending rate. The Group has used a sensitivity analysis technique that measures the estimated change before tax to the statement of comprehensive income of an instantaneous increase and decrease of 100 basis points (2010: 100 basis points) in market interest rates on financial liabilities with all other variables remaining constant. The calculations were determined with reference to the outstanding financial liability balances for the year. This represents no change from the prior period in the method and assumptions used. This analysis is for illustrative purposes only and represents management's best estimate of a reasonably possible change in market interest rates.

	Effect on PBT of a 1% increase	Effect on PBT of a 1% decrease
2011 – Group		
Redeemable preference shares	**(487 500)**	**487 500**
Loans and borrowings	**(566 667)**	**566 667**
Cash and cash equivalents	**81 621**	**(81 621)**
2010 – Group		
Redeemable preference shares	(733 253)	733 253
Working capital loan	(54 911)	54 911
Cash and cash equivalents	14 744	(14 744)
Loans receivable from associates	1 311 752	(1 311 752)
2011 – Company		
Redeemable preference shares	**(487 500)**	**487 500**
Working capital loan	**(8 152)**	**8 152**
Cash and cash equivalents	**8 200**	**(8 200)**
2010 – Company		
Redeemable preference shares	(733 253)	733 253
Working capital loan	(54 911)	54 911
Cash and cash equivalents	4 249	(4 249)
Loans receivable from associates	1 311 752	(1 311 752)

28. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding redeemable preference shares and minority interests.

The Group's capital management philosophy is focused on capital efficiency and effective risk management to support progressive growth of earnings per share and net asset value per share. This is achieved through regular review of capital commitments and requirements of the Group in relation to the forecasted capital available. When applicable, corrective measures are implemented through arrangements with banking institutions and shareholders, if deemed appropriate.

There were no changes in the Group's approach to capital management during the period under review and neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
28. Capital management (continued)				
The following table represents the Group's net capital debt analysis:				
Loans and borrowings	**257 418 377**	–	**–**	–
Redeemable preference shares	**75 000 000**	75 000 000	**–**	–
Less: Cash and cash equivalents	**(58 255 163)**	(2 421 252)	**–**	–
	274 163 214	72 578 748	**–**	–
Total equity	**584 600 045**	379 178 359	**–**	–
Debt to capital ratio (%)	**46.90**	19.14	**–**	–

The increase in the debt to capital ratio during 2011 resulted primarily from the acquisition of the PRSM Group.

	GROUP		COMPANY	
	31 December 2011 R	31 December 2010 R	**31 December 2011 R**	31 December 2010 R
29. Commitments				
Capital commitments				
Capital commitments related to capital expenditure contracted to by PRSM	**4 909 263**	–	**–**	–
Operating lease commitments				
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:				
Premises				
– No later than one year	**16 200 832**	10 484	**–**	–
– Later than one year but no later than five years	**82 403 202**	47 817	**–**	–
– Later than five years	**115 606 710**	2 096 044	**–**	–
Total	**214 210 744**	2 154 345	**–**	–

The Kilken operating lease agreements relate to rent and service agreement amounts which escalate annually in accordance with CPI. The term of the agreements are expected to be at least 50 years, provided all conditions are maintained and there is no termination from either party thereto.

The PRSM Group operating lease agreements relate to rent and service agreement amounts which escalate annually at 10%. The term of the agreements are nine years and 11 months.

Equipment

The operating lease payments for equipment as disclosed in note 19 relate to high shear reactors used under a licence agreement based on R15 000 per kilogram of PGMs produced by Kilken. This is done on a service exchange basis as and when the reactors wear out. There is no base amount payable, this is variable based on production output. Accordingly, it is not possible to accurately forecast if any future amounts are payable. The lease agreement was entered into for an initial 60-month term from 1 January 2010 to 31 December 2014. The finance lease creditor referred to in note 11 will be settled in less than one year from the end of the reporting period.

30. Investment analysis

In terms of Section 15.5 of the JSE Listings Requirements, the analysis of the Company's investments is as follows:

- The Company's investment policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The investment philosophy is focused on capital efficiency and effective risk management to support progressive growth of earnings per share and net asset value per share.
- The Company foresees that it will maintain a future investment base of less than 10 uniquely identifiable investments.
- The Company's investment in the unlisted entity, Kilken Platinum (Pty) Limited, which is involved in secondary retreatment and processing of PGM tailings, resulted in a net asset value per share and tangible net asset value per share of R4 419.
- The company's investment in the unlisted entity, Pro Roof Steel Merchants (Pty) Limited and its subsidiaries, which is involved in the processing and distribution of steel products, resulted in a net asset value per share and tangible net asset value per share of R1 680 624.
- Dividend and interest income analysis from investments – Refer to the Consolidated Statement of Comprehensive Income and related notes.
- No disclosure is made in terms of Sections 15.5(d) and (f) – (i) of the JSE Listings Requirements as these are not applicable.

31. Segment reporting

The Strategic Committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Strategic Committee for the purposes of allocating resources and assessing performance. The Strategic Committee considers the business from a product perspective. The Group has two main reportable segments namely, the production of Platinum Group Metals (PGM) at the Kilken tailings treatment facility and the processing and distribution of steel products by the PRSM Group.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team including the Chief Executive Officer and the Chief Financial Officer.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS, There are no inter-segmental sales. Segment assets and liabilities exclude those pertaining to the parent, Andulela Investment Holdings Limited's details are provided in the reconciliation from segment assets and liabilities to the Group position.

	GROUP	
	31 December 2011 R	31 December 2010 R
Revenue		
Tailings treatment facility	**123 559 989**	38 379 412
Steel processing plants	**419 228 065**	–
Group's revenue per consolidated statement of comprehensive income	**542 788 054**	38 379 412
There are no inter-segmental sales, total revenue is from external customers.		
Depreciation		
Tailings treatment facility	**(2 980 057)**	(1 956 135)
Steel processing plants	**(8 776 928)**	–
	(11 756 985)	(1 956 135)

	GROUP	
	31 December 2011 R	31 December 2010 R
31. Segment reporting (continued)		
Loss from associates		
Tailings treatment facility	**–**	(4 535 965)
Reversal of impairment of investment in associates		
Tailings treatment facility	**–**	25 995 663
Impairment of goodwill on acquisition of subsidiaries		
Tailings treatment facility	**–**	(219 536 266)
Finance costs		
Tailings treatment facility	**240**	–
Steel processing plants	**5 329 784**	–
Other unallocated	**4 405 425**	8 156 017
	9 735 449	8 156 017
Investment income		
Tailings treatment facility	**94 928**	110 774
Steel processing plants	**334 665**	–
Other unallocated	**22 254**	8 301 469
	451 847	8 412 243
Profit/(loss) after tax		
Tailings treatment facility	**46 637 926**	(192 259 425)
Steel processing plants	**(2 889 531)**	–
Other unallocated	**(11 144 980)**	(15 061 987)
Group net profit/(loss) for the year/period after tax	**32 603 415**	(207 321 412)
Assets		
Tailings treatment facility	**87 202 223**	59 777 144
Steel processing plants	**598 837 761**	–
Reportable segment assets	**686 039 984**	59 777 144
Goodwill	**418 678 728**	418 678 728
Other unallocated assets of parent	**1 404 383**	351 128
Total Group assets	**1 106 123 095**	478 807 000
Asset additions/(disposals)		
Tailings treatment facility	**–**	1 003 452
Tailings treatment facility	**–**	(69 972)
Steel processing plants	**801 188**	–
	801 188	933 480
Liabilities		
Tailings treatment facility	**16 183 286**	13 406 223
Steel processing plants	**429 094 713**	–
Reportable segment liabilities	**445 277 999**	13 406 223
Redeemable preference share	**75 000 000**	75 000 000
Other unallocated liabilities of parent	**1 245 051**	11 222 418
Total Group liabilities	**521 523 050**	99 628 641
Information about major customers		
Revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue is disclosed below:		
Customer A	**123 539 989**	38 379 412
Customer B	**70 610 131**	–
	194 150 129	38 379 412

Geographical analysis has not been included as the Group's activities outside Southern Africa are not material.

Shareholders' information

Analysis of shareholders

Range	Number of shareholders	% of total	Number of shares	% of total
1 – 1 000	363	66.85	140 315	0.00
1 001 – 10 000	82	15.10	321 737	0.01
10 001 – 100 000	59	10.87	2 645 436	0.06
100 001 – 1 000 000	29	5.34	10 752 210	0.25
1 000 001 – 10 000 000	6	1.10	22 256 618	0.51
10 000 001 – 100 000 000	1	0.18	25 120 000	0.57
100 000 001 and more	3	0.55	4 309 423 980	98.60
	543	100.00	4 370 660 296	100.00
Non-public/Public shareholders				
Non-public shareholders				
Strategic holdings (more than 4%)	3	0.55	4 309 423 980	98.60
Public shareholders	540	99.45	61 236 316	1.40
	543	100.00	4 370 660 296	100.00
Resident/Non-resident shareholders				
Resident				
South Africa	533	98.16	4 368 039 004	99.94
Non-resident				
Switzerland	2	0.37	2 430 402	0.06
United Kingdom	3	0.55	128 500	0.00
Namibia	3	0.55	50 890	0.00
Germany	1	0.18	10 500	0.00
Luxembourg	1	0.18	1 000	0.00
	543	100.00	4 370 660 296	100.00

Shareholders owning 0.1% or more of the shares in issue	Shareholding	% of total
Newshelf 1005 (Pty) Limited	3 889 423 980	88.99
The Rafik Mohamed Family Trust	233 136 122	5.33
Pro Roof Steel Merchants (East London) (Pty) Limited	186 863 878	4.28
Leonmed Investment (Pty) Limited	25 120 000	0.57
Neil Desmond Rosen	6 506 199	0.15
The Shadeja Trust 11223/05	5 000 000	0.11
Hollard Stable Hedge Fund – Silver Cluster	4 705 017	0.11