ANDULELA INVESTMENT HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1950/037061/06)
Share code: AND ISIN: ZAE 000125894
("Andulela" or "the company")

Reviewed provisional condensed consolidated results for the year ended 31 December 2011

Condensed consolidated statements of financial position	Notes	Reviewed Year ended 31 December 2011 (R'000)	Audited 18 Months ended 31 December 2010 (R'000)
Assets			
Non-current assets		**827,686**	452,739
Investment in associates	1	**-**	-
Plant and equipment	2.1	**409,007**	34,060
Goodwill	2.2	**418,679**	418,679
Current assets		**278,437**	26,068
Inventory		**54,906**	-
Trade and other receivables		**165,276**	23,647
Cash and cash equivalents		**58,255**	2,421
Total assets		**1,106,123**	478,807
Equity and liabilities			
Capital and reserves		**584,600**	379,178
Share capital and share premium	3	**976,114**	803,567
Accumulated loss		**(471,981)**	(500,811)
Non controlling interest		**80,467**	76,422
Non-current liabilities		**308,468**	81,892
Redeemable preference share capital		**60,000**	75,000
Deferred tax liability		**78,676**	6,892
Other financial liabilities		**169,792**	-
Current liabilities		**213,055**	17,737
Taxation		**2,048**	1,292
Redeemable preference share capital		**15,000**	-
Other financial liabilities		**87,627**	-
Trade and other payables		**108,380**	16,445
Total equity and liabilities		**1,106,123**	478,807
Net asset value per share (cents)		**11.53**	7.66
Net tangible asset value per share (cents)		**3.53**	(2.93)

Condensed consolidated statements of comprehensive income	Notes		
Gross revenue		**542,788**	38,379
Profit / (loss) from operations		**59,681**	(3,003)
Investment income		**452**	8,412
Loss from associates		**-**	(4,536)
Proportionate share of loss net of dividends		**-**	(10,554)
Dividends received		**-**	6,018
Reversal of impairment of investment in associates		**-**	25,996
Impairment of goodwill on acquisition of subsidiaries	2.2	**-**	(219,536)
Finance costs		**(9,736)**	(8,155)
Profit / (loss) before taxation		**50,397**	(200,824)
Taxation		**(17,794)**	(6,497)
Net profit/(loss) for the year/period		**32,603**	(207,321)
Other comprehensive income net of tax for the year/period		**4,638**	-
Gains on revaluation of plant and equipment		**6,441**	-
Deferred tax charge on revaluation of plant and equipment		**(1,803)**	-
Total comprehensive income/(loss) for the year/period		**37,241**	(207,321)
Net profit/(loss) for the year/period attributable to:		**32,603**	(207,321)
- Equity holders of Andulela Investment Holdings Limited		**24,954**	(208,619)
- Non controlling interest		**7,649**	1,298
Total comprehensive income/(loss) for the year/period attributable to:		**37,241**	(207,321)
- Equity holders of Andulela Investment Holdings Limited		**28,831**	(208,619)
- Non controlling interest		**8,410**	1,298
Ordinary shares in issue (millions)		**4,371**	3,951
Weighted average number of ordinary shares in issue (millions)		**4,091**	2,790
Headline earnings / (loss)		**24,954**	(15,016)
- Attributable net profit / (loss) for the year/period		**24,954**	(208,619)
- Less: Reversal of impairment of investment in associates		**-**	(25,996)
- Add back: Impairment of goodwill on acquisition of subsidiaries		**-**	219,536
- Add back: Loss on scrapping of plant and equipment		**-**	63
Earnings/(loss) per ordinary share (cents) [a]		**0.61**	(7.48)
Diluted earnings/(loss) per ordinary share (cents) [a]		**0.61**	(7.48)
Headline earnings/(loss) per ordinary share (cents) [a]		**0.61**	(0.54)
Diluted headline earnings/(loss) per ordinary share (cents) [a]		**0.61**	(0.54)
Dividends per ordinary share (cents)		**-**	-

[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.*

Condensed consolidated statements of cash flows		
Cash flows from:		
Operating activities	**5,861**	2,410
Investing activities	**(79,185)**	8,800
Financing activities	**129,158**	(9,316)
Change in cash and equivalents	**55,834**	1,894
Opening cash and equivalents	**2,421**	527
Closing cash and equivalents	**58,255**	2,421

Condensed consolidated statements of changes in equity		
Opening balances	**379,178**	86,558
Movements for the year/period:		
- Net profit / (loss) for the year/period	**24,954**	(208,619)
- Shares issued	**167,914**	424,817
- Vendor shares	**4,633**	-
- Revaluation net of deferred tax	**3,877**	-
- Non controlling interest	**4,044**	76,422
Closing balances	**584,600**	379,178

Notes to the reviewed provisional condensed consolidated financial results	Reviewed Year ended 31 December 2011 (R'000)	Audited 18 Months ended 31 December 2010 (R'000)

Basis of preparation

The provisional condensed consolidated financial information for the year ended 31 December 2011 has been presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the information required by IAS 34, 'interim financial reporting', the AC 500 standards as issued by the Accounting Practices Board or its successor, requirements of the South African Companies Act, as amended and the JSE Limited Listings requirements. The condensed consolidated interim financial information is presented in South African rands, which is the group's functional currency. The results have been prepared in accordance with the accounting policies of the company that are in terms of IFRS and that are consistent with those accounting policies of the previous financial year, except for Plant and Equipment which is no longer accounted for at cost less depreciation, but at revalued amounts less depreciation. These results were prepared under the supervision of Pieter de Jager, the Group Chief Financial Officer.

1. Investment in associates

	Year ended 31 December 2011 (R'000)	18 Months ended 31 December 2010 (R'000)
Opening carrying value at cost	-	450,000
Shares at cost	-	335,679
Loan receivable at acquisition	-	114,321
Loan receivable subsequent to acquisition [b]	-	20,978
Share of net loss from associate net of dividends received	-	(19,805)
Brought forward from prior period	-	(9,251)
Current period	-	(10,554)
- Share of associate (loss) - current year	-	(4,536)
- Less : Dividend received	-	(6,018)
Less : Impairment [c]	-	(255,509)
- Balance brought forward from prior year	-	(281,505)
- Add: Current period reversal	-	25,996
Less: Disposal of associates, controlling interest acquired	-	(195,664)
Carrying value	-	-

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

[c] Based on fair value of investments as per competent person's report dated 29 January 2010 updated on 19 January 2011.

2. Non-current assets

Tangible

2.1 Plant and equipment

	Year ended 31 December 2011 (R'000)	18 Months ended 31 December 2010 (R'000)
Opening balance	**34,060**	-
Plant and machinery acquired through business combinations	**379,462**	35,083
Revaluation of plant and equipment	**6,441**	-
Additions	**801**	933
Depreciation	**(11,757)**	(1,956)
Plant and machinery at carrying value	**409,007**	34,060

Intangible

2.2 Goodwill

	Year ended 31 December 2011 (R'000)	18 Months ended 31 December 2010 (R'000)
Opening balance	**418,679**	-
Arising on acquisition of controlling interest in subsidiary	**-**	638,215
Impairment of goodwill on acquisition	**-**	(219,536)
Closing balance at period end	**418,679**	418,679

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.

3. Share capital and share premium	Year ended 31 December 2011 No. of shares ('000)	18 Months ended 31 December 2010 No. of shares ('000)	Year ended 31 December 2011 (R'000)	18 Months ended 31 December 2010 (R'000)
3.1 Ordinary shares of R0.01 each				
Authorised				
5 500 000 000 ordinary shares of R0.01 each				
Opening balance	**5,500,000**	**1,925,000**	**55,000**	19,250
Increase	**-**	**3,575,000**	**-**	35,750
Authorised share capital at period end	**5,500,000**	**5,500,000**	**55,000**	55,000
Issued				
Opening balance	**3,950,660**	**419,000**	**39,507**	4,190
Issued at a premium of R0.39 per share (2010: R0.1103 per share)	**420,000**	**3,531,660**	**4,200**	35,317
Vendor shares issuable at a premium of R0.39 per share	**11,582**	**-**	**115**	-
Closing balance	**4,382,242**	**3,950,660**	**43,822**	39,507
3.2 Share premium				
Opening balance			**764,061**	374,560
Issued at a premium of R0.39 per share (2010: R0.1103 per share)			**163,800**	389,683
Vendor shares issuable at a premium of R0.39 per share			**4,517**	-
Share issue costs			**(86)**	(183)
Closing balance			**932,292**	764,060
Total ordinary share capital and share premium			**976,114**	803,567

	Reviewed Year ended 31 December 2011 (R'000)	Audited 18 Months ended 31 December 2010 (R'000)

4. Business combinations

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

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 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. The transaction costs incurred in the acquisition of PRSM amounted to R1.48 million. Had the results of PRSM been consolidated for the entire year it would have contributed R 1 021.2 million to Gross Revenue and a Net Loss of R 14.1 million to the Consolidated Net Profit for the year ended 31 December 2011.

The following table summarises the fair value of the consideration paid and the fair value of the assets acquired and liabilities assumed, recognised at the acquisition dates of Kilken (2010) and PRSM (2011), as well as the fair value, at the acquisition date, of the non-controlling interest in Kilken.

	2011	2010
Equity instruments issued in respect of acquisition	**168,000**	-
Equity instruments still to be issued in respect of acquisition (Vendor shares)	**4,633**	-
Equity instruments issued in respect of option exercised	**-**	425,000
Fair value of previously held associate interests	**-**	195,664
Fair value of non controlling interest	**-**	76,799
	172,633	697,463
Fair value of net assets acquired	**172,633**	59,248
Plant and equipment	**379,462**	35,083
Bank and cash	**3,003**	3,766
Inventory	**48,897**	-
Trade and other receivables	**145,198**	35,345
Non current liabilities	**(180,860)**	-
Bank overdraft	**(81,386)**	-
Trade and other payables	**(141,681)**	(14,946)
Goodwill arising on acquisition of controlling interest	**-**	638,215

Financial information in respect of the subsidiaries	PRSM Group 31 December 2011 (4 Months) (R'000)	Kilken Platinum (Pty) Ltd 31 December 2011 (12 Months) (R'000)	Kilken Platinum (Pty) Ltd 31 December 2010 (8 Months) (R'000)
Summarised statement of financial position			
Non-current assets	**371,486**	**37,521**	34,060
Current assets	**227,352**	**49,681**	25,717
Equity and reserves	**(169,743)**	**(71,019)**	(46,371)
Non-current liabilities	**(239,401)**	**(9,067)**	(6,892)
Current liabilities	**(189,694)**	**(7,116)**	(6,514)
Results of operations			
Revenue	**419,228**	**123,560**	38,379
Operating profit	**1,165**	**65,253**	9,509
Finance income	**335**	**94**	94
Finance costs	**(5,330)**	**-**	-
(Loss)/profit before taxation	**(3,830)**	**65,347**	9,603
Taxation	**940**	**(18,709)**	(3,786)
(Loss)/profit for the year/period	**(2,890)**	**46,638**	5,817

5. Related party transactions and balances

		2011	2010
Sales to related parties	*- E-Tile (Pty) Limited*	**(15,714)**	-
	- Changing Tides 74 (Pty) Limited	**(2,039)**	-
	- Pro Steel International Trading (Pty) Limited	**(3,153)**	-
	- Help-U-Build (Pty) Limited	**(4,217)**	-
	- Mixshelf 1119 CC	**(217)**	
Purchases from related parties	*- Tailing Technologies (Pty) Limited*	**16,341**	17,104
	- GTS Technologies (Pty) Limited	**15,449**	6,984
	- Pro Steel International Trading (Pty) Limited	**217**	-
	- E-Tile (Pty) Limited	**1,296**	-
	- Mono Steel Works	**49**	-
Administration and management fees expenses to related parties	*- Jonah Capital (Pty) Limited*	**-**	1,765
	- Akzam Management Services (Pty) Limited	**1,005**	-
Consulting fees per agreement	*- D N Rosen*	**-**	3,165
Interest income on shareholders loans	*- Abalengani Mining Investments (Pty) Limited*	**-**	4,910
	- JB Platinum Holdings (Pty) Limited	**-**	3,357
Interest expenses on working capital loans	*- Newshelf 1005 (Pty) Limited*	**-**	447
	- Jonah Capital (Pty) Limited	**-**	231
Rent expenses to related parties	*- Sheerprops 97 (Pty) Limited*	**7,056**	-
	- Wideprops 1087 CC	**2,899**	-
	- Changing Tides 74 (Pty) Limited	**2,147**	-
	- Normarc Investments	**71**	-
Trade Receiveables	*- Changing Tides 74 (Pty) Limited*	**474**	-
	- E-Tile (Pty) Limited	**3,773**	-
	- Pro Steel International Trading (Pty) Limited	**990**	-
	- Help-U-Build (Pty) Limited	**2,064**	-
	- Mixshelf 1119 CC	**247**	-
Loan accounts - Owing to related parties	*- The Rafik Mohamed Trust*	**(647)**	-
	- Thunder Rate Investments (Pty) Limited	**(36,940)**	-
Trade Payables	*- Euro Tile (Pty) Limited*	**(46)**	-
	- Mixshelf 1119 CC	**(1,099)**	
	- Tailing Technologies (Pty) Limited	**(1,424)**	(1,225)

	Reviewed Year ended 31 December 2011 (R'000)	Audited 18 Months ended 31 December 2010 (R'000)

6. Segment reporting

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

	Reviewed Year ended 31 December 2011 (R'000)	Audited 18 Months ended 31 December 2010 (R'000)
Revenue		
Tailings treatment facility	**123,560**	38,379
Steel processing plants	**419,228**	-
Total revenue	**542,788**	38,379
There are no sales between segments		
Profit (loss) after tax		
Tailings treatment facility	**46,638**	5,817
Steel processing plants	**(2,890)**	-
Other unallocated	**(6,507)**	(213,138)
Total profit (loss) after tax	**37,241**	(207,321)
Assets		
Tailings treatment	**87,202**	59,777
Steel processing	**598,838**	-
Other unallocated	**420,083**	419,030
Total assets	**1,106,123**	478,807
Liabilities		
Tailings treatment	**16,183**	6,892
Steel processing	**429,095**	-
Other unallocated	**76,245**	92,735
Total liabilities	**521,523**	99,627

Review opinion

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

Nature of the business

The company is an investment holding company.

Going concern

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

Directorate

The current directors of the company at date of this report are as follows:

Name	***Date of appointment***
M J Husain (Chairman) #	Appointed as Chairman 26 February 2010
A Kaka (CEO)	Appointed as CEO 26 February 2010
P C de Jager (CFO)	Appointed as CFO 25 October 2010
G R Rosenthal #	Appointed 26 February 2010
P E du Preez #	Appointed 1 October 2011
I Kajee **	Appointed 1 October 2011

Independent non-executive; ** Non-executive

Commentary

Introduction

With reference to the announcements on SENS, the last of which was dated 2 September 2011, Andulela concluded the transaction to acquire the entire issued share capital of, and all claims against PRSM. As at 30 August 2011 all the suspensive conditions were fulfilled and the effective date of the transaction was consequently 1 September 2011, from which date PRSM is consolidated into the group results.

The consolidated group results for the year ending 31 December 2011 resulted in attributable headline earnings rising to R24.9 million from a loss of R15.0 million reported for the period ended 31 December 2010. This is solely attributable to Kilken's performance and the continued improvements in PGM production recoveries coupled with stronger average PGM prices. This resulted in a profit after tax for Kilken of R46.6 million.

Financial review

In the current year preference share dividends on the cumulative redeemable preference shares due to the holder thereof (Newshelf 1005 (Pty) Limited), in the amount of R4.4 million were accrued and expensed as finance costs, in accordance with the rights attaching to the preference shares. R14.1 million was paid towards the arrear preference dividends owing. At the year end the cumulative arrears amounted to R0.4 million unpaid which is included in current liabilities.

The value of Kilken is recorded at fair value in terms of IFRS 3 for the purpose of recording the business combination of AMI, JBPH and Kilken. As a result of the business combination, the group continues to carry goodwill of R419 million in the financial statements of Andulela. In accordance with IFRS, management will continue to assess the fair value of the investment. Having regard to the improved production and PGM prices over the last year, management is confident of the improved fundamentals for the real value of the underlying investment in Kilken.

The group realised an improved net asset value per share of 11.53 cents compared to 7.66 cents as reported for the period ended 31 December 2010.

The production improvements at Kilken and stronger average PGM basket prices mentioned above was the main driver for the improved headline earnings per share of 0.61 cents compared to the headline loss per share of 7.48 cents for the 18 months ended 31 December 2010.

Kilken Platinum

Andulela owns an effective 83.6% stake in Kilken's PGM tailings retreatment facility that delivers PGM concentrate to Rustenburg Platinum Mines (Pty) Limited ("RPM").
As reported in the interim results for the six months ended 30 June 2011, a proactive maintenance and refurbishment regime has been implemented to improve efficiency and plant availability. These initiatives are currently yielding positive returns. Kilken's PGM production improved by 123% for the twelve months to December 2011 compared to the comparative twelve month period in 2010. More significantly the twelve months to December 2011, when compared to the 18 months ended 31 December 2010 of the previous audited financial statements shows an improvement of 16%. This represents a marked improvement in constant production volumes with less unplanned stoppages.

The introduction of Atomaer high shear reactors into the froth flotation process during 2010 has yielded improved production recoveries over time by an average of 30% as verified by an independent competent expert.

Kilken continues to be a profitable and low cost PGM producer which is a valuable cash generative asset for the group and management remains optimistic about the continued positive growth outlook for the PGM market in the medium to long term.

Kilken has been solely responsible for the profitability and overall improved results for the group.

Pro Roof Steel Merchants

PRSM is a steel processing, distribution and services group with a footprint of six branches throughout South Africa.
It started as a roofing company in 1988, and has expanded its product range to the most commonly used steel products including:

- welded beam line (universal columns/beams and T-beams);
- roofing solutions (corrugated, inverted box rib, widespan);
- fencing and wire products;
- tubing and cold formed;
- flat and long products; and
- value added services (slitting, cut-to-length, blanking, de- and recoiling, guillotine, tube saw).

The increase in plant and equipment, inventory, trade and other receivables, trade and other payables, other finance liabilities as well as the deferred tax liabilities are as a result of this acquisition.

In line with management's strategy to diversify the investment base of the group into growth markets, the investment in PRSM was identified as a suitable investment for the group.

With reference to further announcements on SENS the last of which was dated 22 June 2011, Andulela or its nominee will acquire the entire steel processing and distribution business, including the assets and liabilities, of GIBB Steel (Pty) Limited ("GIBB Steel") indivisibly as a going concern, which will be merged with the PRSM processing and distribution business. The combined production throughputs are anticipated to yield lower costs per ton, thus positioning the steel processing division more competitively in its market segment. The increased production volumes will benefit from the economies of scale and the inherent savings from the merger in order to offer significant added value and a diversified risk profile for shareholders.

The maximum transaction purchase consideration of R95 million will be based on the tangible net asset value ("TNAV") of GIBB Steel at the anticipated effective date, and will be settled by way of a maximum cash amount of R35 million and the balance by way of the issue of the maximum of 150 million Andulela ordinary shares at an issue price of 40 cents per share. The effective date TNAV of GIBB Steel is anticipated to be R95 million.

Although we are witnessing a lack of stability in the steel market which has prevailed longer than anticipated and further due to the world economic downturn, there is still significant consolidation needed and implementation of planned restructuring to be effected to maximise returns on the recovery of this economic cycle.

Management are confident that the planned restructuring and reduction of costs should enable PRSM to contribute positively to the profitability of the group notwithstanding its lack of profitability in the current financial year.

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 R1.25m 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 as well as 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.

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

Commitments

Capital commitments related to capital expenditure contracted to PRSM amounted to an estimated R4.9 million.

Restructuring Review

As indicated in the interim results report for the 6 months ending 30 June 2011, management has completed a review of the group structure. Management has opted to first improve the trading results of PRSM and conclude the acquisition of GIBB Steel before proceeding with any restructuring. The restructuring initiatives implemented will be reported to shareholders in due course.

For and on behalf of the board

Mohamed J. Husain
Independent Non-Executive Chairman

Ashruf Kaka
Chief Executive Officer

Sandton
16 April 2012

Directors
Mohamed J Husain# (Chairman); Ashruf Kaka (CEO); Pieter C de Jager (CFO); Graham R Rosenthal#; Pieter E du Preez#; Ismail Kajee** (#Independent non-executive; **Non-executive)

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