Developing projects into high-yielding, cash-generative assets

petmin

Annual Financial Statements 2009

Company information

Registration number:1972/001062/06

Registered address

Parc Nouveau
First Floor
Block C
225 Veale Street
Brooklyn
Pretoria
0181
South Africa

Physical address

First Floor
37 Peter Place
Bryanston
Johannesburg
2021
South Africa

Contents

Corporate governance review for the year ended 30 June 2009

The directors are committed to conducting the business of the Group with integrity and fairness and in accordance with good governance practice and the Code of Corporate Practices and Conduct, as set out in the King II Report. Accordingly, the directors have established mechanisms and policies which are appropriate to the business and risks of the Group and that will ensure the continuous reassessment of the quality of the Group's corporate governance practices.

The directors will review the King III Report, which was issued on 1 September 2009, and will implement the appropriate recommendations included therein.

Board of Directors (Board)

Composition of the Board

At the date of this report, the Board comprised four executive directors and six non-executive directors. The Company regards all of its non-executive directors as independent non-executive directors within the meaning of the word 'independent' as defined in the King II Report. The Board of Directors is chaired by an independent non-executive chairman. The King Report recommends that the chairman of the Board is not a professional adviser to the Company or the Group other than in his/her capacity as a director. Piet Nel provides the Company and the Group with geological consulting services. The Board considers the amounts paid for Mr Nel's consulting to be immaterial and are not seen as impairing his independence. The amounts paid to him for consulting are disclosed in the schedule of directors' emoluments (refer to page 13). The composition of the Board ensures the necessary professional skills and experience required to objectively judge matters relating to the strategic and business direction of the Group.

Petmin adopted a policy detailing the procedure for appointments to the Board. All appointments are formal and transparent and require Board approval.

All directors are subject to retirement by rotation and re-election at the annual general meeting of the members.

Role and function of the Board

There is a clear division of responsibilities at Board level that ensures a balance of power and authority. No one individual has unfettered powers of decision-making.

The Board is responsible for the proper management and ultimate control of the Group. In order to meet this responsibility to members and other stakeholders, the Board is responsible for setting the strategic objectives of the Group, determining investment and performance criteria, and taking ultimate responsibility for the proper management and ethical behaviour of the businesses of the Group.

The Board meets on a formal basis at least quarterly, with additional meetings convened when circumstances make this necessary. The Group's overall daily operations are managed and overseen by the executive directors.

Terms of reference for the Board

The Board's responsibility is to:

- ensure that the Group prepares annual budgets and strategic business plans against which performance is measured;
- ensure that Board committees are nominated from its members; and
- review the scope and adequacy of activities of the Board committees annually in order to evaluate how effectively the committees discharge their responsibilities in terms of statutory and corporate governance requirements, and for compliance with the requirements of the Group's policies.

Support to the Board

In order to facilitate the discharge of the duties and functions by directors, the Group will assist directors by arranging:

- visits to and tours of its operations, along with interviews with the responsible executive managers;
- briefing sessions with individual executive directors or senior managers responsible for particular areas of operation;

- consultations with the company secretary for specific enquiries; and,
- in the event of a director identifying an area of particular concern or conflict in relation to his/her future conduct as a director, he/she may, after consultation with and through the office of the chief executive officer and/or the company secretary, seek independent professional advice at the expense of the Group.

Independence of the Board

The Board's independence is maintained by:

- keeping the roles of chairman and chief executive separate;
- non-executive directors not holding service contracts and their remuneration not being tied to the financial performance of the Group; and
- all the directors having access to the advice and services of the company secretary and, with prior agreement of the chairman, being entitled to seek independent professional advice on the affairs of the Group at the Group's expense.

Non-executive directors

The Board has a strong contingent of non-executive directors who bring their diverse experience, insight and independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Non-executive directors have no service contracts with the Company and are appointed for specific terms. Recommendation to members for re-appointment is not automatic, but considered individually, based on that person's contribution. The King II Report recommends that the majority of non-executive directors be independent. All of the non-executive directors of the Company are considered independent as defined in the King II Report.

Executive directors

As they are involved with the day-to-day business activities of the Group, the four executive directors are responsible for ensuring that the Board's strategies are followed and its decisions implemented.

Information in respect of the executive directorate of Petmin is set out below.

Jan du Preez (45) – MCom, CA(SA)

(Chief Executive Officer)

Jan du Preez, who was appointed Chief Executive Officer on 1 February 2006, qualified as a chartered accountant with Deloitte & Touche in 1990 and has a Master of Commerce degree in Financial Management (including the field of mergers and acquisitions).

He has been involved as an entrepreneur in various aspects of the mining industry and, among other positions, he was an executive director of JIC Mining (Pty) Ltd (JIC) for approximately eight years. JIC was the largest mining services company in South Africa at the time, employing approximately 20,000 people. Mr Du Preez has been part of the Petmin management team since 1992, and has facilitated various black economic empowerment transactions in mining and other industries.

Bradley Doig (45) – BA, HDip in Company Law

(Chief Operating Officer)

Bradley Doig was appointed a non-executive director of Petmin from 30 November 2005, becoming Chief Operating Officer in February 2006. He was previously an executive director and Chief Investment Officer of Decorum Capital Partners, the fund manager for the New Africa Mining Fund (NAMF).

During a 10-year stint with BHP Billiton Limited, Mr Doig's experience included international business development and strategy for Samancor Manganese. He also spent time at merchant bank Dresdner Kleinwort Benson in the United Kingdom, and was a group executive of the IQ Business Group.

Lebogang (Lebo) Mogotsi (38) – BCom

(Deputy Chairman)

Lebo Mogotsi was appointed a non-executive director from January 2004, becoming an executive director and Deputy Chairman of the Company on 30 November 2005. She is also chairman of the Board's Transformation Committee.

Ms Mogotsi was an independent non-executive director and chairman of JSE-listed Merafe Resources Limited (formerly SA Chrome Ltd) for three years, until February 2008. She gained experience in gold beneficiation with AngloGold Ashanti Limited where she held two portfolios: Marketing Manager: Beneficiation, and Executive Assistant to the Executive Director: Marketing.

Bruce Philip Tanner (38) – BCom, CA(SA)

(Financial Director – appointed 1 July 2009)

Bruce Tanner joined the Petmin Group in 2005 as Group Financial Manager and was appointed Financial Director on 1 July 2009. He has served on the Executive Committee since joining the group. He obtained a Bachelor of Commerce degree from the University of Cape Town and a BCompt (Hons) degree (CTA) from the University of South Africa (Unisa), and qualified as a chartered accountant while serving articles at Deloitte in South Africa.

Mr Tanner has over 12 years' experience in mining finance and administration during five of which he was involved in the marketing of coal and copper. From June 2002 to November 2004, he was Chief Financial Officer of AfriOre Limited and Chief Operating Officer of its coal operations, at which time AfriOre was listed on the Toronto Stock Exchange and had exploration and mining projects in Africa.

Dawid (Dawie) Warmenhoven (45) – BIuris, LLB

(Executive Director – resigned 28 February 2009)

Dawie Warmenhoven resigned on 28 February 2009. He remains a significant shareholder of Petmin and he continues to provide the Company with consulting services. The Board expresses its gratitude to Mr Warmenhoven for his valuable contribution during the formative years of Petmin.

Information regarding the non-executive directorate of Petmin is set out below.

Pieter (Piet) Nel (67) – BSc, AEP

(Non-executive Chairman)

Piet Nel, who was involved in the listing of Petmin of the JSE in 1986, was appointed to the Board in that year, becoming Non-executive Chairman in 1990. A qualified geologist, he was, until 30 April 2004, the Managing Director of Petrex (Pty) Limited (Petrex), a wholly owned subsidiary of Bema Gold Corporation, which operates Grootvlei Mines (Pty) Ltd, Consolidated Modderfontein Mines (1979) Limited and the Nigel Gold Mining Company (Pty) Ltd.

Prior to this, Mr Nel was the Managing Director of Venmag (Pty) Ltd, a magnesia mine. He is a founding member of Geocapro Services CC, a geological consulting and contracting business with offices in Klerksdorp and on the East Rand.

Ian Cockerill (55) – BSc (Hons) Geology, MSc (DIC)

Ian Cockerill was appointed a non-executive director on 1 October 2007. He is the Chief Executive Officer of Anglo Coal Limited, a 100%-held subsidiary of Anglo American plc. He is also a member of the Anglo American plc Executive Committee. Prior to joining Anglo Coal, Mr Cockerill was the Chief Executive Officer of Gold Fields Limited, the world's fourth largest gold producer. He has more than 34 years of experience in the mining industry.

Enrico Greyling (65) – BA (Hons) Business Economics

Enrico Greyling was appointed a non-executive director on 1 February 2004. He is also a non-executive director of a number of PSG Group Limited subsidiaries as well as various private companies, and a director of Venmyn.

Prior to becoming active at PSG, Mr Greyling was a director of FBC Fidelity Bank which is now part of Nedcor Limited. He also served on the board of RMB Holdings Limited as an executive prior to its merger with First Rand Limited. During his career as a banker he was, for a time, a board member of the Banking Council of South Africa.

Alwyn Martin (70) – BCom, CA(SA)

Alwyn Martin was appointed a non-executive director on 30 November 2005. He is the former chairman of Vodacom Group (Pty) Ltd and a former Chief Executive of Siemens Telecommunications in South Africa. He currently holds a number of directorships in the private health, financial and mining industries.

Johannes (Johan) Strijdom (64) – BCom (Hons) Economics, MBA

Johan Strijdom was appointed a non-executive director in February 2004. A businessman and farmer, he was a founding shareholder and director of JIC. He was also a director of Petrex until its sale to EAGC Ventures Limited. He is a director of a number of private companies.

John Taylor (62) – BEng (Hons) Metallurgy

John Taylor was appointed a non-executive director in September 2006. He is a director of Decorum Capital Partners, the fund manager for NAMF.

Mr Taylor has 29 years' experience with BHP Billiton as a senior metallurgist. His production experience includes working with gold, uranium, copper, iron ore, sulphuric acid, lead and alloys, ferromanganese, silicon metal, zinc and manganese metals. He has extensive experience as a project director, ranging from feasibility studies (including research and development management) to design, construction, commissioning and operations.

Directors' remuneration

Details of directors' remuneration are given in the directors' report.

Board meetings

The table below sets out the attendance of directors at the Group's formal Board meetings, held during the year ended 30 June 2009. All directors were actively involved at Board level:

Director	16 Sep 08	26 Feb 09	16 Mar 09 teleconference	1 Jul 09
PJ Nel	Present	Present	Present	Present
JC du Preez	Present	Present	Present	Present
JA Strijdom	Present	Present	Present	Present
DH Warmenhoven	Present	Present	Resigned	Resigned
L Mogotsi	Present	Present	Present	Present
E de V Greyling	Present	Present	Present	Present
A Martin	Present	Present	Present	Present
B Doig	Present	Present	Present	Present
I Cockerill	Present	Present	Apology	Present
J Taylor	Present	Present	Present	Present

The directors have set a framework for financial reporting, with internal and operating controls to ensure reasonable assurance as to timeous reporting of business information, safeguarding of Group assets, compliance with statutory laws and regulations, and recording of Group results and general operation in terms of the Group's standards of business conduct.

The Board is responsible for monitoring the ongoing effectiveness of these controls and operating frameworks. The external auditors have unrestricted access to the chairman of the Board. The minutes of Audit Committee meetings are presented at the following meetings of the Board. There is close communication between the Board and the external auditors. Areas of weakness in control will be brought to the attention of all relevant parties and remedial action will be taken immediately to ensure no loss or misstatement due to the inadequacy of the internal control environment.

The Petmin Executive Committee (Exco) is responsible for the implementation of the strategy and budgets as approved by the Board and this committee comprises:
Jan du Preez – Chief Executive Officer;
Bradley Doig – Chief Operating Officer;
Lebo Mogotsi – Deputy Chairman; and
Bruce Tanner – Group Financial Manager (appointed Financial Director on 1 July 2009).

The Executive Committee's remuneration framework has been approved by the Remuneration Committee. The remuneration of Exco is predominantly performance-driven.

The original Petmin Executive Committee Remuneration Scheme was a three-year agreement that ended on 30 June 2008. Management has reached agreement with the Remuneration Committee on a new three-year scheme("New Scheme"), starting on 1 July 2008, with similar terms and conditions. The salient features of this remuneration scheme are:

- guaranteed remuneration of between Rnil and R1.3 million per year for each member of Exco;
- 5% of pre-tax profits payable as an incentive on condition that the headline earnings per share (after taking into account the 5% fee and the management fee) increase by at least 20% on a year-on-year basis; and
- 1.5% management fee for all assets under management as at 30 June 2008 and 1% for any increase in assets under management after 30 June 2008.

As outlined in the June 2008 annual report, the New Scheme provides for a share option incentive scheme (40 million shares at a strike price of R2.40 per share) for which shareholder approval will be requested once the details have been finalised. However, due to the volatility in the world capital markets, the Remuneration Committee decided to postpone the new allocation during the year ended 30 June 2009. The Remuneration Committee will continue to monitor the situation.

Board Committees

The Board has delegated certain of its functions to subcommittees. The following committees have been established: Audit Committee, Remuneration Committee and Transformation Committee. All the committees act within defined terms of references and meet at least twice per year.

Audit Committee

The audit committee fulfilled the prescribed statutory requirements, including those applicable to the external auditor.

The specific responsibilities of the committee which include all the statutory duties required in terms of the Companies Act, as amended by the Corporate Laws Amendment Act, No. 24 of 2006 ("the Act"), include, inter alia, the following:

- **Internal control and management**

  The committee is responsible for the ongoing identification and evaluation of the Group's exposure to risks and the evaluation of the adequacy and appropriateness of the internal control systems used to manage such risks. The committee meets with the external auditors and the executive management at least twice a year to discuss matters pertaining to risk management, internal control and financial reporting. These include the external audit process; interim and annual financial statements; accounting policies; the process for monitoring compliance with laws and regulations and procedures to safeguard the Group's assets.

- **External audit and auditor**

  The committee is responsible for nominating the external auditor (who in its opinion is independent of the Group), approving of its fee and determining its terms of engagement. A policy in respect of the independence and the provision of non-audit services by the external auditors of the Group ensures the maintained independence of the external auditors. During the period under review the external auditors provided the Group with tax advice that is disclosed in the annual financial statements (see page 46).

- **Compliance**

  The composition of the committee complies with the requirements of the Act and consists of only independent non-executive directors. The external auditors have unlimited access to the chairman of the Audit Committee.

  As required in the Act, the committee is satisfied that it has complied with its requirements and performed its functions, and that the external auditor is independent of the Company.

Appointment of financial director

The JSE Listings Requirements were amended with effect from 1 September 2008, requiring all listed companies to have a financial director. Bruce Tanner was appointed as Financial Director on 1 July 2009. His brief CV appears on page 3 of this corporate governance review. The Audit Committee considered this appointment and satisfied itself with respect to the appropriateness of Mr Tanner's expertise and experience.

Corporate governance review for the year ended 30 June 2009

Committee	Committee members	Role of committee	Number of meetings held
Audit	Alwyn Martin* Enrico Greyling Johan Strijdom Bruce Tanner (invitee) Jan du Preez (invitee)	• To assist the Board in its evaluation of the adequacy and efficiency of the internal controls, accounting practices, information systems and auditing processes applied within the group in the day-to-day management of its business. • To facilitate and promote communication regarding the above matters or any other related matter between the board, management and the external auditors. • To introduce such measures as in the committee's opinion may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Group.	Three
Remuneration	Enrico Greyling* Piet Nel Johan Strijdom Jan du Preez (invitee)	• To consider and determine the basis on which the directors are to be paid. • To determine the value and cost of executive remuneration in terms of the salaries, fees, related payments, participation in the group's equity, benefits in kind and pension arrangements. • To evaluate the performance of the Exco and to approve the amount of executive remuneration and the manner in which it is paid. • To disclose directors' total emoluments, including their salary and performance related payments, to shareholders. • To ensure that there is compliance with the Companies Act and any other legislation.	Two
Transformation Committee	Lebo Mogotsi* Piet Nel Johan Strijdom Ngwedi Mabilo Bruce Tanner Johan Gloy Nico Grobbelaar	• To develop framework policies and guidelines for the management of transformation issues, including procurement, employment equity, human resource development and retention, and social development matters. • To ensure the progressive implementation of these throughout the Petmin Group. • To provide a forum for discussing transformation issues and presenting key findings to the Board from the ongoing monitoring and reporting processes. • To develop, implement, monitor and review the Group's progress in terms of transformation and compliance with the Mining Charter and Mineral and Petroleum Resources Development Act (MPRDA). • To ensure that there is a disciplined and co-ordinated approach to all transformation and social issues within the Group. • To manage the Group's human resources function and to facilitate the Group's internal communication processes.	Two

* committee chairman

Code of Ethics

Led by the Board, the Group subscribes to certain values and ethical practices and these apply throughout the organisation. These values and ethical practices are sustained by the directors' belief in free and fair dealings in good faith and with respect for the law and regulations.

Accounting and Auditing

The Board places strong emphasis on achieving the highest level of financial management, accounting and reporting to shareholders. The Board is committed to compliance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), and the requirements of the South African Companies Act. It is the directors' responsibility to prepare financial statements that fairly present:

- the state of affairs as at year-end;
- profit or loss for the year;
- cash flows for the year; and
- non-financial information.

The external auditors observe the highest level of business and professional ethics and their independence is not impaired in any way. The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders and the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors provide an independent assessment of systems of internal financial control to the extent necessary for the audit, and express an independent opinion on whether the financial statements are fairly presented. The external audit function offers an opinion that the annual financial statements fairly present in all material respects the financial position of the Group at 30 June 2009. The audit provides reasonable, but not absolute, assurance as to the accuracy of financial disclosures.

The Board set principles that were considered and accepted by the shareholders for using the external auditors for non-audit services.

Communication with Stakeholders

The Company is committed to a policy of timeous and effective communication with shareholders and other stakeholders through shareholders' meetings, the annual financial report and interim financial report. Matters of both financial and non-financial nature are communicated to shareholders in a timeous and transparent fashion.

Share Dealings by Directors

All dealings by directors are regulated and monitored as required by the listing requirements of the Johannesburg Securities Exchange Limited (JSE) and the London Stock Exchange's Alternative Investment Market (AIM). Details of directors' shareholdings are provided in the directors' report in the audited annual financial statements.

Shareholders' Spread

The information below is extracted from the Computershare report dated 30 June 2009.

Type of shareholder	Number of shares	Percentage	Number of shareholders	Percentage
Total non-public shareholders*	305,956,924	56	24	1
Public shareholders	238,581,264	44	666	99
Total	**544,538,188**	**100**	**690**	**100**

* The non-public shareholders figure includes the following shareholder groupings:
  - directors, who held 135,313,835 ordinary shares; and
  - major shareholders (in excess of 5%), who held 247,159,014 ordinary shares.

Major Shareholders (shareholding in excess of 5%)

Shareholder	Number of shares held	Percentage holding of shares
Axiam Holdings Limited[1]	51,111,111	9
Dark Capital (Pty) Ltd[2]	166,047,903	30
Quarto Nominees (Pty) Limited[3]	30,000,000	6
Total	**247,159,014**	**45**

[1] 100% held by Paladin Capital Limited, an 86.9%-held subsidiary of PSG Group Limited.

[2] Collectively held by Dark Capital (Pty) Limited and its wholly owned subsidiaries.

[3] 100% held by First Rand Bank Limited.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and annual financial statements of Petmin Limited, comprising the balance sheets at 30 June 2009, the income statements, the statements of changes in equity and cash flow statements for the year then ended, as well as the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these 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.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of Group Annual Financial Statements and Annual Financial Statements

The Group annual financial statements and annual financial statements of Petmin Limited, as identified in the first paragraph, were approved by the Board of Directors on 1 December 2009 and signed on its behalf by:

JC du Preez
Chief Executive Officer

PJ Nel
Chairman

Declaration by the Company Secretary for the Year Ended 30 June 2009

In our opinion as Company Secretary, we hereby confirm, in terms of the Companies Act, 1973, that for the year ended 30 June 2009, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are to the best of our knowledge and belief, true, correct and up to date.

River Sponsors (Proprietary) Limited

Independent auditor's report

To the Members of Petmin Limited

We have audited the Group annual financial statements and the annual financial statements of Petmin Limited, which comprise the balance sheets at 30 June 2009, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 10 to 57.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 Petmin Limited at 30 June 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per Nick van Niekerk
Chartered Accountant (SA)
Registered Auditor
Director

1 December 2009

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Directors' report for the year ended 30 June 2009

The directors have pleasure in submitting the consolidated financial statements of the Group for the year ended 30 June 2009.

Business of the Company

Petmin Limited (the Company) is an investment holding company in the 'General Mining' sector of the Johannesburg Securities Exchange Limited. Petmin's vision is to become an international multi-commodity mining company, focusing on high-quality, cash-producing assets; and to create sustainable growth through passion, innovation and discipline.

Significant Events

The following significant events took place during the year under review.

Anthracite Division

Somkhele anthracite mine, Springlake Colliery (sold effective 29 June 2009) and Petmin Logistics

Management is pleased to report that the Anthracite Division produced 1,016,940 tonnes (2008: 1,219,601 tonnes) and sold 960,764 tonnes (2008: 1,199,592 tonnes) of anthracite in the year to 30 June 2009.

As previously reported in the interim results for the six months ended 31 December 2008, there was a significant decline in the international market for metallurgical coal in the latter part of calendar year 2008 and the South African ferrochrome industry reduced production levels in the six months ended 30 June 2009. Somkhele was shielded from the reduced international demand by the sale of coal in terms of its long-term export agreement. Subsequent to 30 June 2009, there has been an increase in demand from the South African ferrochrome market and other metallurgical producers as additional smelters are brought back into production.

Mining at Somkhele is progressing well and sufficient pre-stripping of the overburden in the pits has been done to ensure that reduced levels of development expenditure can be maintained in the year ahead, without reducing the production of coal. Commencement of the extraction of coal from Area 1 has been delayed, pending a visible, sustainable increase in market demand.

The exploration drilling programme at Somkhele has been verified by Snowden Mining Industry Consultants in their report dated June 2009. The drilling programme resulted in 23.97 million tonnes of resources being delineated as follows: 11.9 million tonnes of measured resources; 3.37 million tonnes of indicated resources; and 0.2 million tonnes of inferred resources in the Luhlanga area and an additional 8.5 million tonnes of inferred resources in the Kwaqubuka and Emalahlene areas, all of which are contiguous with current operations. (See pages 36-39 of the Annual Review for the annual reserve/resource statement).

Plant capacity is approximately 1.5 million run-of-mine tonnes per year and, at current rates of production, the life of mine at Somkhele is in excess of 40 years.

The long-term export contract has been renegotiated for the period after 30 June 2009 to accommodate the reduced short-term demand in the international market for anthracite. The terms have been amended to 200,000 tonnes per year over the remaining four years (starting on 1 January 2010 and ending on 31 December 2013) at an average price of $119 per tonne. The original contract was for 350,000 tonnes in 2010 and 400,000 tonnes in 2011.

The Group acquired the remaining 30% interest in Petmin Logistics from the minority shareholders. The Group now holds 100% of Petmin Logistics which has contracted with the South African Port Authorities to provide a dedicated export facility at Richards Bay for a minimum of 600,000 tonnes per year for four years.

Petmin concluded the sale of Springlake Holdings (Pty) Ltd (Springlake) and all outstanding conditions precedent were met on 29 June 2009. As a result of delays in meeting all the conditions precedent, during which period global market conditions dramatically declined, the final sale/purchase consideration was adjusted in line therewith. As a result the company received proceeds of R85 million (included in current receivables at 30 June 2009) on the sale shortly after the 30 June 2009 reporting date, resulting in an IFRS accounting loss on sale of R79 million being recognised at 30 June 2009.

Silica Division

SamQuarz silica mine

SamQuarz produced 1,333,613 tonnes (2008: 1,385,906 tonnes) and sold 1,511,850 tonnes (2008: 1,434,853 tonnes) of silica and chert in the year ended 30 June 2009.

The Silica Division's profit before tax was steady at R48 million (2008: R47 million).

Capital expenditure has been focused on increasing production capacity both in the open pit and the plant to ensure that customers' demand levels can be reliably attained. The installation of an emergency generator was completed in the six months to 31 December 2008. The exploration programme culminated in the production of a SAMREC-compliant Reserve and Resource Statement that confirmed proven and probable reserves of 60.64 million tonnes of quartzite, an increase of 33% from 45.75 million tonnes, and 11.48 million tonnes of chert, a rise of 88% from 6.11 million tonnes, resulting in a life of mine in excess of 40 years. (See pages 36-39 of the Annual Review for the annual reserve/resource statement).

SamQuarz was granted a new order mining right conversion for its mining licence on 30 April 2009.

Pig-iron project division

During the year under review Petmin capitalised its R25 million loan to Veremo Holdings (Pty) Limited. The financial effect of the transaction is that Petmin's interest in Veremo Minerals (Pty) Ltd (a subsidiary of Veremo Holdings Limited) increased to an effective 34.9% (2008: 25%) economic interest in Veremo Minerals (Pty) Ltd. Petmin retains its 25% interest in the remainder of the project that will produce an estimated 700,000 tonnes of pig-iron annually once in production. The resultant fair value on acquisition of the additional interest in Veremo Minerals resulted in a share of profit of equity accounted investee of R78 million (2008: R303 million) being recognised in income.

Renewals of new order prospecting rights for all the Veremo prospecting areas were approved and came into effect on 7 May 2009.

During the period under review the Veremo project feasibility study made solid progress. In view of this, the board of Veremo commissioned a further infill drilling programme of 1,000 metres using triple-tube drilling, and appointed industry consultants to manage the programme.

The scope of the programme is to define the orebody clearly and to delineate the weathered and fresh ore zones from a quantity and quality perspective which, once clearly understood, will determine the ultimate process to be selected. The outcome will be an updated Competent Person's Report with measured, indicated and inferred resources which we anticipate will be released in mid-December 2009.

Concurrently with the drill and sampling programme, extensive metallurgical testing has been undertaken on the representative ore samples taken from both weathered and fresh zones. The conclusion of this test work will lead into the pilot plant testing programme in the early part of 2010. Thereafter it is anticipated the final flow sheets for the process will be determined.

Review of Operations

The review of the Company's business and operations for the year ended 30 June 2009 is contained in the chairman's letter in the Annual Review. The Group's and Company's annual financial statements have been prepared on a going-concern basis and the directors are of the opinion that the assets of the Company and the Group will realise at least the values at which they are stated in the balance sheet.

The consolidated balance sheet as at 30 June 2009 excludes the assets and liabilities of Springlake Colliery whereas the comparatives included these assets and liabilities.

The Group reported a net profit after tax attributable to equity holders of Petmin for the year of R118.4 million (2008: R380.4 million), a decrease of 69%. This was mainly due to the inclusion of R303 million, recognised in income in 2008 on the initial acquisition of the investment in Veremo Holdings (Pty) Ltd.

The directors are not aware of any material breaches of laws and regulations for the year ended 30 June 2009.

Share Capital

Share issues 1 July 2008 – 30 June 2009

Date	Description	Company shares issued
1 July 2008	Issued as at 1 July 2008	535,541,188
26 September 2008	Issued on acquisition of 30% of Petmin Logistics (Pty) Ltd	750,000
11 November 2008	Share options exercised	7,780,000
11 November 2008	Issued to Springlake Vendors in payment of contingent consideration	467,000
30 June 2009	**Total shares in issue**	**544,538,188**

The total authorised number of ordinary shares is 1,000,000,000 (2007: 1,000,000,000) with a par value of 25 cents per share.

On 26 September 2008 the Company issued 750,000 ordinary shares on the acquisition of the remaining 30% of Petmin Logistics (Pty) Ltd for 450 cents per share.

On 11 November 2008 the Company issued 750,000 ordinary shares at 45 cents per share on the exercise of 750,000 share options. An amount of R163,972 was transferred to share premium from the share option reserve on the exercise of these options. These options were granted in 2004.

On 11 November 2008 the Company issued 7,030,000 ordinary shares at 65 cents per share on the exercise of 7,030,000 share options. An amount of R4,035,100 was transferred to share premium from the share option reserve on the exercise of these options. These options were granted in 2006.

On 11 November 2008 the Company issued 467,000 ordinary shares at 60 cents per share and transferred 2,000,000 treasury shares to the Springlake Vendors in settlement of the contingent consideration payable to the Springlake Vendors in terms of the Springlake acquisition agreement. Springlake was acquired in November 2005.

During the year ended 30 June 2009, the Company bought 7,071,209 (2008: 727,222) treasury shares at an average price of 181 (2008: 220) cents per share.

All un-issued shares are placed under the control of the directors until the next annual general meeting in terms of Section 221 of the Companies Act of 1973.

Options issued/exercised from 1 July 2008 – 30 June 2009

Description	Options issued
Issued as at 1 July 2008	51,798,900
Exercised in the year ended 30 June 2009	(7,780,000)
Total options outstanding as at 30 June 2009	**44,018,900**

Subsidiary companies:

Details of the subsidiary companies at 30 June 2009.

Subsidiary	Issued ordinary share capital	Percentage holding	Ordinary shares at cost R'000	Preference shares at cost R'000	Loans receivable R'000
Petmin Logistics (Pty) Ltd	100 of R1.00 each	100% (2008: 70%)	11,294 (2008: 7,919)	–	–
Tendele Coal Mining (Pty) Ltd	100 of R1.00 each	100% (2008: 100% via Springlake Holdings (Pty) Ltd)	3,942 (2008: 3,942)	–	198,612 (2008: 8,120)
SamQuarz (Pty) Ltd	50,100 of R0.01 each	100%	–	–	7,682 (2008: 30,942)
SamQuarz (Pty) Ltd	40,000 of R0.01 each	100%	–	40,000	–

Directorate

The following persons were directors of the Company during the course of the year:
– P Nel
– J Strijdom
– J du Preez
– B Doig
– D Warmenhoven (resigned 28 February 2009)
– L Mogotsi
– E Greyling
– A Martin
– J Taylor
– I Cockerill

In terms of the Company's Articles of Association, J Strijdom, A Martin and J Taylor will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' Emoluments

In compliance with the disclosure requirements of the listing requirements of the JSE, the aggregate remuneration paid to the directors of Petmin for the year ended 30 June 2009 is set out below:

		P Nel†	B Doig	A Martin†	J Strijdom†	D Warmen-hoven	J Mabena†	L Mogotsi	J du Preez	E Greyling†	I Cockerill†	J Taylor†	Total
Directors of Petmin		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
2008 Total emoluments		401	10,205	125	205	6,767	388	6,957	8,479	190	45	100	33,862
2009 Emoluments													
a)	Directors' fees	150	–	120	150	–	–	–	–	125	45	60	650
b)	Salary	–	1,000	–	–	667	–	1,000	–	–		–	2,667
c)	Incentive fee*	–	6,900	–	–	2,933	–	4,900	8,100	–		–	22,833
d)	Incentive fee unallocated/ allocated to group management*	–	–	–	–	–	–	–	–	–		–	15,885
e)	Consulting Fee	189	–	–	–	–	–	–	–	–		–	189
	Subtotal	339	7,900	120	150	3,600	–	5,900	8,100	125	45	60	42,224
Less:													
	Amount capitalised to Somkhele project development												2,289
	Amount capitalised to Veremo cost of acquisition												16,109
	Total												**23,826**

† Non-executive director

* The executive managers of the Company earn management fees as outlined in the corporate governance section of this report and are based on:

- a percentage of the average net assets under management in the year; and
- an additional incentive bonus of 5% of profit, should the sustainable earnings per share increase by more than 20% in the year.

Fifty per cent of the amount earned is allocated at the discretion of the Remuneration Committee, with the remaining 50% being allocated by the members of the Executive Committee.

Directors' Interests

The interests of the directors in the shares of the Company at 30 June 2009 and at the date of this report are as follows:

Director	30 June 2009 Direct	Indirect	Indirect non-beneficial	30 June 2008 Direct	Indirect	Indirect non-beneficial
P Nel	401,422	200,001	–	401,422	200,001	–
J du Preez[1]	2,075,824	–	3,643,141	2,000,000	–	3,643,141
E de V Greyling	3,516,667	–	–	3,266,667	–	–
B Doig	5,202,223	600,000	–	5,202,223	600,000	–
L Mogotsi	4,449,900	–	12,084,837	3,200,000	–	12,084,837
J Strydom	550,000	–	19,082,536	300,000	–	19,182,536
A Martin[2]	–	–	83,023,951	–	–	78,742,642
I Cockerill	–	–	383,333	–	–	383,333
J Taylor	–	–	100,000	100,000	–	–
Total	**16,196,036**	**800,001**	**118,317,798**	**14,470,312**	**800,001**	**114,036,489**

[1] In addition, before Mr Du Preez became a director of the Company, a company wholly owned by a family trust in respect of which the wife and children of Mr Du Preez are the beneficiaries advanced a loan of approximately R6 million to Dark Capital (Pty) Ltd. The relevant agreement provides that in the event that Dark Capital (Pty) Ltd defaults on the repayment of the loan, Dark Capital (Pty) Ltd will transfer 15,000,000 ordinary shares to said company. During the year under review this loan was increased to R26 million and the security was increased to 30 million Petmin shares.

[2] These shares are held by Dark Capital (Pty) Ltd (and the Dark Capital group of companies) which are ultimately wholly owned 50% by Mr Martin's son and 50% by a family trust in respect of which Mr Martin's family are the beneficiaries. At 30 June 2009, Dark Capital held a total of 166,047,903 Petmin shares.

The directors held the following share options:

Ordinary options

Name	Ordinary options as at 30 June 2009	Ordinary options as at 30 June 2008
J du Preez	3,500,000	3,500,000
E Greyling	–	250,000
L Mogotsi	–	250,000
J Strijdom	–	250,000
Subtotal	**3,500,000**	**4,250,000**

The options were exercisable through the relevant director giving notice to Petmin. At any time between 1 July 2005 and 30 June 2006, 50% of the options could have been exercised. The other 50% were exercisable at any time between 1 July 2006 and 31 August 2009. Those options not exercised within the relevant periods automatically lapse and are of no further force or effect. The strike price payable by the director to the Company pursuant to the exercise of the options is 45 cents per share.

During the year under review, Ms L Mogotsi and Messrs E Greyling and J Strijdom each exercised 250,000 of these ordinary options. Subsequent to 30 June 2009, Mr J du Preez exercised 3,500,000 of these options.

Management Options

Name	Management options as at 30 June 2009	Management options as at 30 June 2008
JC du Preez	4,070,000	4,070,000
DH Warmenhoven	6,400,000	6,400,000
L Mogotsi	8,400,000	8,400,000
B Doig	11,765,000	11,765,000
B Tanner	600,000	600,000
Allocated to Group employees	2,494,750	2,494,750
To be allocated*	1,270,250	1,270,250
Subtotal	**35,000,000**	**35,000,000**

The executive directors and members of senior management qualify to participate in the Share Option Scheme.

The options as outlined in the table have all vested and are exercisable.

* The unallocated options have been earned as at 30 June 2008 and have vested and are to be allocated at the discretion of the Executive Committee.

Other Options

On 26 July 2005, Dark Capital (Pty) Ltd was granted an option to acquire seven million ordinary shares in Petmin. The options were exercisable at any time before 31 October 2008. The strike price payable to the Company pursuant to the exercise of the options is 65 cents per share.

During the year under review, Dark Capital exercised the seven million options.

Directors' Interest in Contracts

The directors do not have any direct or indirect interest in any of the transactions entered into by the Group during the current or immediately preceding financial year.

Dividends

No dividends were declared during the current financial year (2008: no dividend was declared).

Auditors

KPMG Incorporated was the appointed auditor to the Company during the previous financial year and will continue in office in accordance with Section 270(2) of the Companies Act, 1973. KPMG's appointment will be tabled for approval at the forthcoming annual general meeting.

Events after 30 June 2009

Issue of shares – exercise of options

On 7 July 2009, the Company announced that it was informed on 30 June 2009 that Lebo Mogotsi and Bradley Doig (both executive directors) directly exercised 4,000,000 options each at an exercise price of 65 cents per share. Dawie Warmenhoven, who resigned as a director of the company on 28 February 2009, indirectly exercised 3,000,000 options at an exercise price of 65 cents per share. Johan Gloy (a director of a subsidiary company) directly exercised 1,050,000 options at an exercise price of 65 cents per share and 500,000 options at an exercise price of 45 cents per share. The options were awarded in terms of a share incentive scheme approved on 12 January 2005.

On 10 September 2009, the Company announced that Jan du Preez (Chief Executive Officer of Petmin) indirectly exercised 3,500,000 options (previously acquired from Dawie Warmenhoven prior to Jan du Preez joining Petmin as a director and CEO in 2006) at an exercise price of 45 cents per share. Mrs M Conradie (a former employee of the Group) exercised 250,000 options at an exercise price of 45 cents per share.

Change in Shareholding

On 10 September 2009, the Company announced that Dark Capital (Pty) Ltd, Petmin's black economic empowerment (BEE) partner and a company of which Alwyn Martin is a director, sold 15,000,000 Petmin shares. Dark Capital placed the shares through a financial institution as it is in the process of rearranging its portfolio and financing structures so as to enable it to participate in an optimal manner in the various projects of its portfolio. It intends to continue being Petmin's major shareholder and an anchor BEE consortium member. This transaction will not materially affect the Company's BEE status.

On 6 October 2009, the Company announced that Jan du Preez (Chief Executive Officer of Petmin) indirectly acquired 45,000 Petmin shares at R2.01 per share.

On 9 October 2009, the Company announced that Jan du Preez (Chief Executive Officer of Petmin) indirectly acquired 2,500,000 Petmin shares at R1.89 per share and that Bradley Doig (Chief Operating Officer of Petmin) indirectly acquired 1,500,000 Petmin shares at R2.00 per share.

Balance sheets

	Note	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
Assets					
Non-current assets		**1,131,688**	1,003,860	**373,809**	426,433
Property, plant and equipment	2.	**629,102**	580,200	**572**	3,465
Intangible assets	3.	**6,925**	15,034	**–**	–
Equity accounted investee	4.	**470,661**	375,888	**89,344**	72,755
Investments	5.	**25,000**	2	**283,893**	328,713
Restricted investments	6.	**–**	11,236	**–**	–
Long-term receivables	4.	**–**	21,500	**–**	21,500
Current assets		**341,642**	338,175	**96,441**	49,754
Inventories	7.	**30,373**	69,261	**–**	–
Trade and other receivables	8.	**214,239**	179,410	**88,511**	4,375
Taxation prepaid		**5,934**	793	**590**	793
Cash and cash equivalents	9.	**91,096**	88,711	**7,340**	44,586
Total assets		**1,473,330**	1,342,035	**470,251**	476,187
Equity and liabilities					
Total equity attributable to equity holders of the Company		**1,119,101**	1,005,424	**428,154**	454,240
Share capital	10.	**134,686**	133,704	**134,686**	133,704
Share premium	10.	**304,745**	304,545	**304,745**	304,545
Share option reserve	11.	**23,741**	27,494	**23,741**	27,494
Contingent consideration reserve	12.	**–**	1,480	**–**	1,480
Hedging reserve		**(636)**	–	**–**	–
Retained earnings		**656,565**	538,201	**(35,018)**	(12,983)
Minority interest		**–**	2,434	**–**	–
Non-current liabilities		**181,192**	178,021	**–**	–
Interest-bearing loans and borrowings	13.	**57,664**	55,067	**–**	–
Deferred taxation	14.	**100,901**	89,146	**–**	–
Environmental rehabilitation provisions	15.	**22,627**	33,808	**–**	–
Current liabilities		**173,037**	156,156	**42,097**	21,947
Trade and other payables	16.	**119,101**	132,292	**42,097**	21,947
Interest-bearing loans and borrowings	13.	**53,936**	15,386	**–**	–
Taxation payable		**–**	8,478	**–**	–
Total equity and liabilities		**1,473,330**	1,342,035	**470,251**	476,187

Income statements

		Group		Company	
		2009	2008	2009	2008
	Note	R'000	R'000	R'000	R'000
Revenue		**788,624**	666,879	**–**	–
Cost of sales		**(578,419)**	(502,753)	**–**	–
Gross profit		**210,205**	164,126	**–**	–
Administration expenses		**(36,311)**	(46,335)	**(10,071)**	(26,591)
Operating profit/(loss) before financing costs	17.	**173,894**	117,791	**(10,071)**	(26,591)
Net finance (expense)/income		**(969)**	(3,773)	**8,600**	2,233
Finance income (interest received)		**11,270**	7,676	**6,596**	3,139
Finance income (dividend received)		**–**	–	**3,943**	–
Finance expenses		**(12,239)**	(11,449)	**(1,939)**	(906)
Profit/(loss) before tax and separately disclosed items		**172,925**	114,017	**(1,471)**	(24,358)
Separately disclosed items:					
Loss on sale of subsidiary	5.1	**(79,170)**	–	**(20,564)**	–
Impairment loss on goodwill acquired		**(1,327)**	–	**–**	–
Share of profit of equity accounted investee (net of income tax)	4.	**78,185**	303,133	**–**	–
Profit/(loss) before tax		**170,613**	417,150	**(22,035)**	(24,358)
Income tax expense	18.	**(52,627)**	(36,736)	**–**	–
Profit/(loss) for the year		**117,986**	380,414	**(22,035)**	(24,358)
Attributable to:					
– equity holders of Petmin Limited		**118,364**	380,353		
– minority interest		**(378)**	61		
Profit for the year		**117,986**	380,414		
Basic earnings per ordinary share (cents)	19.	**21.86**	75.43		
Diluted earnings per ordinary share (cents)	19.	**20.68**	74.15		

Statements of changes in equity

	Equity attributable to equity holders of the Company								
	Share capital R'000	Share premium R'000	Share option reserve R'000	Contingent consideration reserve R'000	Hedging reserve R'000	Retained earnings R'000	Subtotal R'000	Minority interest R'000	Total R'000
Group									
Balance at 1 July 2007	**119,972**	**155,995**	**15,736**	**1,500**	**–**	**157,848**	**451,051**	**–**	**451,051**
Shares issued during the year									
– to acquire 70% of Petmin Logistics (Pty) Ltd	438	7,437	–	–	–	–	7,875	–	7,875
– to acquire 25% of Veremo Holdings Limited	5,538	68,978	–	–	–	–	74,516	–	74,516
– general issue for cash	7,000	72,968	–	–	–	–	79,968	–	79,968
– share options exercised	938	1,566	(820)	–	–	–	1,684	–	1,684
– share options forfeited	–	–	(55)	–	–	–	(55)	–	(55)
Costs capitalised to share premium	–	(982)	–	–	–	–	(982)	–	(982)
Treasury shares acquired during the year	(182)	(1,418)	–	–	–	–	(1,600)	–	(1,600)
Contingent consideration settled in cash during the year	–	–	–	(20)	–	–	(20)	–	(20)
Share options granted	–	–	12,633	–	–	–	12,633	–	12,633
Minority interest recognised on acquisition of Petmin Logistics (Pty) Ltd	–	–	–	–	–	–	–	2,373	2,373
Profit for the year	–	–	–	–	–	380,353	380,353	61	380,414
Balance at 30 June 2008	**133,704**	**304,545**	**27,494**	**1,480**	**–**	**538,201**	**1,005,424**	**2,434**	**1,007,858**
Shares issued during the year									
– to acquire 30%of Petmin Logistics (Pty) Ltd	188	3188	–	–	–	–	3,376	(2,056)	1,320
– share options exercised	1,945	7,161	(4,199)	–	–	–	4,907	–	4,907
– issued to Springlake Vendors	117	163	–	(280)	–	–	–	–	–
Treasury shares acquired during the year	(1,768)	(11,012)	–	–	–	–	(12,780)	–	(12,780)
Treasury shares transferred to Springlake Vendors	500	700	–	(1,200)	–	–	–	–	–
Share options granted	–	–	446	–	–	–	446	–	446
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(636)	–	(636)	–	(636)
Profit for the year	–	–	–	–	–	118,364	118,364	(378)	117,986
Balance at 30 June 2009	**134,686**	**304,745**	**23,741**	**–**	**(636)**	**656,565**	**1,119,101**	**–**	**1,119,101**

Company

	Share capital R'000	Share premium R'000	Share option reserve R'000	Contingent consideration reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 July 2007	**119,972**	**155,995**	**15,736**	**1,500**	**11,375**	**304,578**
Shares issued during the year						
– to acquire 70% of Petmin Logistics (Pty) Ltd	438	7,437	–	–	–	7,875
– to acquire 25% of Veremo Holdings Limited	5,538	68,978	–	–	–	74,516
– general issue for cash	7,000	72,968	–	–	–	79,968
– share options exercised	938	1,566	(820)	–	–	1,684
– share options forfeited	–	–	(55)	–	–	(55)
Costs capitalised to share premium	–	(982)	–	–	–	(982)
Treasury shares acquired during the year	(182)	(1,418)	–	–	–	(1,600)
Contingent consideration settled in cash during the year	–	–	–	(20)	–	(20)
Share options granted	–	–	12,633	–	–	12,633
Loss for the year	–	–	–	–	(24,358)	(24,358)
Balance at 30 June 2008	**133,704**	**304,545**	**27,494**	**1,480**	**(12,983)**	**454,240**
Shares issued during the year						
– to acquire 30% of Petmin Logistics (Pty) Ltd	188	3188	–	–	–	3,376
– share options exercised	1,945	7,161	(4,199)	–	–	4,907
– issued to Springlake Vendors	117	163	–	(280)	–	–
Treasury shares acquired during the year	(1,768)	(11,012)	–	–	–	(12,780)
Treasury shares transferred to Springlake Vendors	500	700	–	(1,200)	–	–
Share options granted	–	–	446	–	–	446
Loss for the year	–	–	–	–	(22,035)	(22,035)
Balance at 30 June 2009	**134,686**	**304,745**	**23,741**	**–**	**(35,018)**	**428,154**

Cash flow statements

		Group		Company	
		2009	2008	2009	2008
	Note	R'000	R'000	R'000	R'000
Cash flows from operating activities					
Cash generated by/(utilised in) operations	20.1	**255,120**	168,096	**(49,928)**	(17,795)
Income tax (paid)/received	20.2	**(28,804)**	(7,169)	**203**	–
Finance income		**11,270**	7,676	**6,596**	3,139
Finance expenses		**(12 238)**	(11 449)	**(1,939)**	(906)
Net cash from/(used in) operating activities		225,348	157,153	**(45,068)**	(15,562)
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		**–**	502	**–**	(35)
Increase in investment in rehabilitation funds		**(5,115)**	(1,064)	**–**	–
Investment in equity accounted investee		**(16,589)**	(11,064)	**(16,589)**	(11,064)
Investment in preference share		**(25,000)**	–	**(25,000)**	–
Acquisition of property, plant and equipment	2	**(290,991)**	(228,767)	**(2,598)**	(3,295)
– to expand operations		**(274,500)**	(216,155)	**(2,289)**	(2,972)
– to maintain operations		**(16,491)**	(12,612)	**(309)**	(323)
Increase in loans to subsidiaries		**–**	–	**(29,384)**	(27,797)
Proceeds from sale of subsidiary net of cash disposed and transaction costs		**77,707**	–	**83,981**	–
Proceeds from sale of property, plant and equipment		**47**	–	**5,286**	–
Net cash (used in)/from investing activities		(259,941)	(240,393)	**15,696**	(42,191)
Cash flows from financing activities					
Proceeds from options exercised, specific and general share issues for cash during the year.		**4,907**	91,896	**4,907**	91,896
Treasury shares acquired		**(8,775)**	–	**(8,775)**	–
Repayment of borrowings		**(16,776)**	(11,509)	**–**	–
Payment of contingent consideration		**(4,005)**	(132)	**(4,005)**	(132)
Increase in borrowings		**61,627**	31,345	**–**	–
Net cash from/(used in) financing activities		**36,978**	111,600	**(7,873)**	91,764
Net increase/(decrease) in cash and cash equivalents		**2,385**	28,361	**(37,245)**	34,012
Cash and cash equivalents at beginning of year		**88,711**	60,350	**44,586**	10,574
Cash and cash equivalents at end of year	9	**91,096**	88,711	**7,340**	44,586

1. Significant accounting policies

Petmin (the Company) is a company domiciled in South Africa. The consolidated financial statements of the Company for the year ended 30 June 2009 comprise the Company and its subsidiaries and the group's interest in associates (together referred to as the Group).

The financial statements were authorised for issue by the directors on 1 December 2009.

1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act.

1.2 Basis of preparation

The financial statements are prepared on the historical cost basis, except for financial instruments which are stated at fair value, where applicable, in terms of IAS 39 – *Financial instruments: Recognition and Measurement*. The Group measures derivative instruments at fair value (see accounting policy 1.19).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 11 – share option reserve;
- note 15 – environmental rehabilitation provisions; and
- note 1.6 – fair value of net assets acquired in a business combination.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

1.3 Functional and presentation currency

These financial statements are presented in rands, which is the functional currency of the Group.

1.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control starts until the date that control ceases.

1. Significant accounting policies (continued)

1.4 Basis of consolidation (continued)

Associates (equity accounted investee)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost which includes capitalised, non-incremental internal costs. The Group's investment includes negative goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees from the date that significant influence starts until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to rands at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to rands at foreign exchange rates ruling at the dates the fair value was determined.

	Average rand/US dollar for the year ended		Rand/US dollar as at	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	9.0900	7.0538	7.5255	7.6715

1.6 Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and associates. In respect of business acquisitions that have occurred since 1 January 2003, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Where the difference is negative, it is recognised directly and immediately in profit or loss.

Goodwill is stated at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite lives, are measured at cost less accumulated amortisation and impairment losses (see accounting policy 1.9).

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

- purchased brand – Springlake brand – ten years; and
- export facility – four years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

1.7 Property, plant and equipment

Owned assets

Items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1.9). The cost of self-constructed assets includes the cost of materials, direct labour and the costs directly attributable to the acquisition of the asset or to bringing the asset to a working condition for its intended use; the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located; and an appropriate proportion of production overheads. When parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

Subsequent costs

The Group recognises, in the carrying amount of an item of PPE, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the part replaced is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line or units-of-production basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Property	N/A
Buildings foundations and civils	10 – 30 years
Mineral assets and mine development costs	10 – 30 years
Plant and mining equipment	5 – 30 years
Office machines, computers and furniture and fittings	3 – 6 years
Vehicles	5 years
Capital work in progress	N/A

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

1.8 Mine development costs and exploration expenditure (mineral assets)

The costs of acquiring mineral reserves and resources are capitalised on the balance sheet as incurred. Capitalised costs (development expenditure) include expenditure incurred to expand the capacity of a mine and to maintain production. Qualifying, directly attributable exploration expenditure is capitalised when incurred. Capitalised development expenditure and capitalised exploration expenditure (mineral assets) are stated at cost less accumulated amortisation and impairment losses. Capitalised development expenditure and exploration expenditure (mineral assets) are amortised over their useful lives on a units-of-production basis.

1. Significant accounting policies (continued)

1.9 Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see note 1.11) and deferred tax assets (see note 1.16), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of assets or cash-generating units is the greatest of their 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the assets belong. Goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Financial assets that are individually significant are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

1.10 Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

1.11 Inventories

Inventory of finished products is stated at the lower of its production cost and net realisable value. Production costs include mining, processing and materials handling costs as well as an appropriate share of overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventory is based on a monthly moving average and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In-progress inventory consists of stock-in-pit and run-of-mine (ROM) inventory. Stock-in-pit inventory is valued at the cost of mining (drilling and blasting costs). ROM inventory is valued at the cost of mining (drilling and blasting costs) and loading and hauling costs ex mine.

Consumable stores are valued at acquisition cost calculated at the weighted moving average price. Due allowances are made for slow moving or redundant items.

1.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method, less impairment losses (see accounting policy 1.9).

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

1.14 Share capital

Ordinary shares

Ordinary share capital is classified as equity. 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.

Incremental costs for the acquisition of a business are included in the cost of acquisition as part of the purchase consideration.

Preference shares

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividends are not discretionary. Dividends thereon are recognised as an expense in profit or loss.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

1.15 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

1. Significant accounting policies (continued)

1.16 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of the previous year.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

1.17 Revenue

Goods sold

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or continuing management involvement with the goods.

1.18 Expenses

Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Finance costs

Net finance costs comprise interest payable on borrowings and unwinding of the discount on provisions. All borrowing costs, excluding those directly attributable to the acquisition or construction of qualifying assets, are recognised in profit or loss.

Finance income

Net finance income comprises dividends on redeemable preference shares, interest receivable on funds invested and dividend income.

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

1.19 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Environmental insurance policy

Environmental insurance policy is measured at the fair value, which represents the present value of the guaranteed funds after the deduction of fees and finance costs.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, then the hedge accounting is discontinued prospectively. The cumulative gain or loss at that point remains in equity and is recognised in accordance with above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

1.20 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employees and the obligation can be reliably estimated.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred. The funds are subject to the Pension Funds Act, 1956.

For the year ended 30 June 2009 an average of 82% (2008: 82%) of the Group's employees were covered by pension plans.

1. Significant accounting policies (continued)

1.20 Employee benefits (continued)

Share-based payment transactions

The Share Option Programme allows Group employees to acquire shares of the Company. The grant-date fair value of options is recognised as an employee expense, with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to the options. The grant-date fair value of the options granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

1.21 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Environmental rehabilitation

Estimated rehabilitation costs, which are based on the Group's interpretation of current environmental and regulatory requirements, represent the present value of the expected future costs to rehabilitate the mine properties at termination of mining operations. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

Provision is made for the Group's legal and constructive obligations to dismantle, remove and restore items of property, plant and equipment and remediation of disturbed areas in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the reporting date. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is included in interest expense. At the time of establishing the provision, a corresponding asset is capitalised, where it gives rise to a future benefit, and depreciated over its useful life on a units-of-production basis.

Based on current environmental regulations and known rehabilitation requirements, management has included its best estimate of these obligations in its rehabilitation provision. However, it is reasonably possible that the company's estimates of its ultimate rehabilitation liabilities could change as a result of changes in regulations or cost estimates.

Rehabilitation trust funds holding monies committed for use in satisfying environmental obligations are included in financial assets on the balance sheet.

1.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business segments, which are the primary basis of segment reporting. Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segment reporting format reflects the Group's management and internal reporting structure. The Group has three reportable business segments: Veremo Holdings Limited, SamQuarz (Pty) Ltd (SamQuarz)and the Anthracite Division, consisting of Tendele Coal Mining (Pty) Ltd, which houses Somkhele anthracite mine, and Springlake Holdings (Pty) Ltd (Springlake), which was disposed of in the year under review and houses Springlake Colliery. Veremo and SamQuarz are both situated in South Africa's Mpumalanga Province while Somkhele and Springlake are based in KwaZulu-Natal Province. Veremo is a large-scale iron-ore mining and beneficiation development project, SamQuarz mines and markets metallurgical and flat-glass grades of silica, and Somkhele and Springlake mine and market anthracite.

1.23 Earnings per share

Earnings per share (EPS) are based on the Group's profit for the year, divided by the weighted average number of shares in issue during the year. Diluted EPS are determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise contingent share issues and share options granted.

1.24 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2009 and have not been applied in preparing these financial statements. The Group has not yet determined the potential effect of the following standards and interpretations.

Standard/interpretation		Effective for annual period commencing
Amendments to IFRS 7 (AC 144)	Improving Disclosures about Financial Instruments	Annual periods commencing on or after 1 January 2009
AC 503 revised	Accounting For Black Economic Empowerment (BEE) Transactions	Annual periods commencing on or after 1 January 2009
AC 504	IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	Annual periods commencing on or after 1 April 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Annual periods commencing on or after 1 October 2008
IFRIC 17 (AC 450)	Distribution of Non-cash Assets to Owners	Annual periods commencing on or after 1 July 2009
There are 24 individual amendments to 15 standards	Improvements to IFRS 2008 (excluding IFRS 5 amendments)	Annual periods commencing on or after 1 January 2009
IFRS 2 (AC 139) Amendment	IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	Annual periods commencing on or after 1 January 2009
IFRS 8 (AC 145)	Operating Segments	Annual periods commencing on or after 1 January 2009
IAS 1 (AC 101)	Presentation of Financial Statements	Annual periods commencing on or after 1 January 2009
IAS 23 (AC 114)	Borrowing Costs	Annual periods commencing on or after 1 January 2009
IAS 27 (AC 132) & IFRS 1 (AC 138) Amendment	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Annual periods commencing on or after 1 January 2009
IAS 32 (AC 125) & IAS 1 (AC 101) Amendment	IAS 32 (AC 125) Financial Instruments: Presentation and IAS 1 (AC101) Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	Annual periods commencing on or after 1 January 2009
IFRS 3 (AC 140)	Business Combinations	Annual periods commencing on or after 1 July 2009
IAS 27 (AC 132) Amendment	Consolidated and Separate Financial Statements	Annual periods commencing on or after 1 July 2009
IAS 39 (AC 133) Amendment	Eligible hedged items	Annual periods commencing on or after 1 July 2009
IFRS 5 (AC 142) Amendment	Improvements to IFRS	Annual periods commencing on or after 1 July 2009
Circular 3/2009	Headline Earnings	Annual periods commencing on or after 1 September 2008

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000
2. Property, plant and equipment				
At cost				
Mineral assets and mine development costs	**416,232**	302,673	**–**	–
Property	**338**	3,033	**–**	–
Buildings, foundations and civils	**7,287**	4,225	**–**	–
Plant and mining equipment	**452,022**	451,609	**–**	–
Office machines, computers and furniture and fittings	**5,523**	6,285	**871**	646
Vehicles	**2,069**	1,483	**–**	–
Capital work in progress	**–**	16,591	**–**	2,972
	883,472	785,899	**871**	3,618
Accumulated depreciation				
Mineral assets and mine development costs	**172,008**	81,213	**–**	–
Property	**–**	–	**–**	–
Buildings, foundations and civils	**1,001**	702	**–**	–
Plant and mining equipment	**71,159**	113,282	**–**	–
Office machines, computers and furniture and fittings	**3,754**	4,360	**299**	153
Vehicles	**1,039**	733	**–**	–
	248,961	200,290	**299**	153
Accumulated impairment losses				
Plant and mining equipment	**5,409**	5,409	**–**	–
Carrying amount	**629,102**	580,200	**572**	3,465

	Carrying amount 1 July 2007	Additions	Disposals	Depreciation	Carrying amount 30 June 2008
	R'000	R'000	R'000	R'000	R'000
Group					
Mineral assets and mine development costs	162,729	133,487	–	(74,756)	221,460
Property	2,324	709	–	–	3,033
Buildings, foundations and civils	2,892	808	–	(177)	3,523
Plant and mining equipment	279,236	79,612	(195)	(25,735)	332,918
Office machines, computers, furniture and fittings	1,428	1,153	(19)	(637)	1,925
Vehicles	368	552	–	(170)	750
Capital work in progress	4,145	12,446	–	–	16,591
	453,122	228,767	(214)	(101,475)	580,200

2. Property, plant and equipment (continued)

	Carrying amount 1 July 2008 R'000	Additions R'000	Transfers R'000	Disposals R'000	Depreciation R'000	Disposal of subsidiary R'000	Carrying amount 30 June 2009 R'000
Group							
Mineral assets and mine development costs	221,460	195,259	(61,184)	–	(98,934)	(12,378)	**244,223**
Property	3,033	–	–	–	–	(2,695)	**338**
Buildings, foundations and civils	3,523	3,061	–	–	(299)	–	**6,285**
Plant and mining equipment	332,918	91,211	77,775	(304)	(30,887)	(95,259)	**375,454**
Office machines, computers, furniture and fittings	1,925	874	–	(52)	(788)	(189)	**1,770**
Vehicles	750	586	–	–	(305)	–	**1,031**
Capital work in progress	16,591	–	(16,591)	–	–	–	**–**
	580,200	290,991	–	(356)	(131,213)	(110,521)	**629,102**

	Carrying amount 1 July 2007 R'000	Additions R'000	Transfers R'000	Disposals R'000	Depreciation R'000	Carrying amount 30 June 2008 R'000
Company						
Office machines, computers, furniture and fittings	289	323	–	(11)	(108)	493
Capital work in progress	–	2,972	–	–	–	2,972
	289	3,295	–	(11)	(108)	3,465

	Carrying amount 1 July 2008 R'000	Additions R'000	Transfers R'000	Disposals R'000	Depreciation R'000	Carrying amount 30 June 2009 R'000
Company						
Office machines, computers, furniture and fittings	493	309	–	(53)	(177)	**572**
Capital work in progress	2,972	2,289	–	(5,261)	–	**–**
	3,465	2,598	–	(5,314)	(177)	**572**

The moveable assets of SamQuarz (Pty) Ltd are encumbered in terms of a general notarial bond (refer to note 13). The coal processing plant and rotary breaker plant of Tendele Coal Mining (Pty) Ltd is held under an instalment sale agreement (refer to note 13).

The Group leases vehicles with a carrying value of R237,857 (2008: R283,729) under finance lease agreements. At the end of these leases the Group has the option to purchase the vehicles at a beneficial price. The leased vehicles secure lease obligations (see note 13).

A register of the properties held is available for inspection at the company's registered offices.

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

3. Intangible assets

Purchased intangible assets – Springlake brand and export facility

At cost				
Export facility	**11,610**	10,282	**–**	–
Springlake brand	**–**	6,943	**–**	–
	10,283	17,225	**–**	–
Accumulated amortisation				
Export facility	**3,358**	839	**–**	–
Springlake brand	**–**	1,352	**–**	–
	3,358	2,191	**–**	–
Accumulated impairment losses				
Export facility	**1,327**	–	**–**	–
Carrying amount	**6,925**	15,034	**–**	–
Carrying amount at beginning of year	**15,034**	6,222		
Cost at acquisition of subsidiary	**1,327**	10,282	**–**	–
Amortisation for the year	**(2,995)**	(1,470)	**–**	–
Impairment loss for the year	**(1,327)**	–	**–**	–
Disposal of subsidiary – Springlake brand	**(5,114)**	–		
Carrying amount	**6,925**	15,034	**–**	–

4. Equity accounted investee

The Group has the following investments in associates				
Veremo Holdings (Pty) Ltd	**420,829**	375,888	**88,030**	72,755
Clidet 591 (Pty) Ltd	**49,832**	–	**1,314**	–
Total	**470,661**	375,888	**89,344**	72,755

During the year under review, Petmin capitalised its R25 million (2008: R21.5 million) loan to Veremo Holdings (Pty) Ltd whereby its interest in Veremo Minerals (Pty) Ltd increased to an effective 34.9% (2008: 25%) through an investment in Clidet 591 (Pty) Ltd, the investment vehicle in which the BEE investors hold their stake in Veremo Minerals. The fair value on acquisition of the additional interest in Veremo Minerals resulted in a share of profit of the equity accounted investee of R78 million (2008: R303 million) being recognised in profit.

The key assumptions used in the calculation of the fair value of 30 June 2009 were as follows.

- Pig Iron Price in US$/(t): $300/(t)
- Rand/US$: inflation differential: 4%
- Life of mine modelled: 20 years
- Rand/US$ exchange rate: R8.10/$1.00
- Discount rate used in discounted cash flow models: Veremo Holdings (Pty) Ltd: 40% Veremo Minerals (Pty) Ltd: 25%

	Clidet 591 (Pty) Ltd	Veremo Combined	Veremo Holdings (Pty) Ltd	Veremo Minerals (Pty)Ltd

4. Equity accounted investee

(continued)

Carrying amount of investment at 30 June 2008	**–**	**375,888**	**153,408**	**222,480**
Fair value adjustment at 31 December 2008	–	32,278	–	32,278
Costs capitalised to investment in the year ended 30 June 2009	–	15,352	–	15,352
Costs capitalised to initial investment in Clidet 591 (Pty) Ltd	1,236	–	–	–
Fair value on acquisition of investment in Clidet 591 (Pty) Ltd	48,596	–	–	–
Impairment of fair value at 31 December 2009	–	(2,689)	–	(2,689)
Carrying amount at 30 June 2009	**49,832**	**420,892**	**153,408**	**267,421**

Summary of unaudited financial information of Veremo as at and for the 16 months ended 30 June 2009.

	Assets R'000	Liabilities R'000	Equity R'000	Revenue R'000	Profit R'000
2009					
Veremo Holdings (Pty) Ltd	**78,124**	**2,126**	**75,998**	**–**	**538**
2008					
Veremo Holdings (Pty) Ltd	52,517	4,159	48,358	–	1,243

The 2008 comparative figures of Veremo are as at and for the 12 months ended 29 February 2008.

Veremo's financial year ends on the last day of June each year.

	Issued ordinary share capital		Percentage holding	
	2009 R	2008 R	2009 %	2008 %

5. Investments

5.1 Investment in subsidiaries

Petmin Logistics (Proprietary) Limited	**100**	100	**100**	70
SamQuarz (Proprietary) Limited	**501**	501	**100**	100
Springlake Holdings (Proprietary) Limited	**–**	100	**–**	100
Tendele Coal Mining (Proprietary) Limited	**100**	100	**100**	100

	Issued preference share capital		Percentage holding	
SamQuarz (Proprietary) Limited	**400**	400	**100**	100

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000
5. Investments (continued)				
Ordinary shares at cost	–	–	**15,236**	50,593
Impairment	–	–	**(2,637)**	(659)
Preference shares at cost	–	–	**40,000**	40,000
Loans receivable from subsidiary	–	–	**206,294**	238,779
– senior loan at fair value	–	–	**20,000**	20,000
– unsecured loans at fair value	–	–	**186,294**	218,779
Total	–	–	**258,893**	328,713
Directors' valuation of unlisted investment – Petmin Logistics (Proprietary) Limited			**6,925**	7,251
Directors' valuation of unlisted investment – SamQuarz (Proprietary) Limited	–	–	**300,000**	205,000
Directors' valuation of unlisted investment – Tendele Coal Mining (Proprietary) Limited	–	–	**1,200,000**	1,400,000
Directors' valuation of unlisted investment – Springlake Holdings (Proprietary) Limited	–	–	**–**	150,000

The loans to subsidiaries have no fixed terms of repayment and are interest-free.

The company concluded the sale of Springlake Holdings (Pty) Ltd (Springlake) and all outstanding conditions precedent were met on 29 June 2009. As a result of delays in meeting all the conditions precedent, during which period global market conditions dramatically declined, the final sale/purchase consideration was adjusted in line therewith and as a result the company received proceeds of R85 million (included in current receivables at 30 June 2009) on the sale shortly after the 30 June 2009 reporting date, resulting in an IFRS accounting loss on sale of R79 million being recognised in the Group consolidated results at 30 June 2009.

Effect of the sale of Springlake Holdings (Pty) Ltd on the financial position of the group

	R million
Property, plant and equipment	(111)
Intangible assets	(5)
Restricted investments	(16)
Inventory	(79)
Trade and other receivables	(16)
Cash and cash equivalents	(6)
Deferred tax liabilities	26
Environmental Rehabilitation Provisions	17
Interest bearing borrowings	4
Trade and other payables	23
Carrying amount of net assets sold	**(163)**
Consideration received in cash	85
Selling expenses	(1)
Loss on sale	**(79)**

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

5. Investments (continued)

5.2 Unlisted shares

Unlisted shares at cost				
Colliery Training College (Proprietary) Limited (1,870 ordinary shares)	–	2	–	–
Rand Mutual Assurance Company Limited (15 ordinary shares)	–	0	–	–
Total unlisted share investments	–	2	–	–
Directors' valuation of unlisted investments	–	2	–	–

5.3 Preference share

Veremo Holdings (Pty) Limited	**25,000**	–	**25,000**	–
Total investments	**25,000**	2	**283,893**	328,713

The Preference Share is one zero coupon non-redeemable participating Preference Share of R1.00 in the share capital of Veremo Holdings (Pty) Ltd.

The Preference Share confers the right to receive from Veremo Holdings (Pty) Ltd distributions on the same day, in the same amount and of the same nature as all distributions received by Veremo Holdings (Pty) Ltd in respect of the Preference Share held by Veremo Holdings in Clidet 591 (Pty) Ltd ("BEE Preference Share").

The BEE Preference Share is one zero coupon, non-redeemable participating preference share of R1.00: the share capital of Clidet 591 (Pty) Ltd.

The BEE Preference Share confers the right to receive out of the profits of Clidet 591 (Pty) Ltd available for distribution such distributions as are equal to 40% of all distributions which would have been payable in respect of the ordinary shares in the issued share capital of Clidet 591 (Pty) Ltd.

The terms of the BEE Preference Share define "Distribution" as any distribution whatsoever to shareholders, including distributions by way of dividends (including dividends "in specie") capital reductions, share repurchases, fees, interest payments, royalties, repayment of loan accounts and the like.

At 30 June 2009, Clidet 591 (Pty) Ltd holds 30% of the ordinary share capital of Veremo Minerals (Pty) Ltd. (2008: nil).

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

6. Restricted investments

6.1 Environmental insurance policy

Balance at beginning of year	**6,456**	5 ,842	–	–
Insurance premiums paid	**193**	193	–	–
Policy costs	**(30)**	(30)	–	–
Notional interest earned	**653**	451	–	–
Disposal of subsidiary	**(7,272)**	–	–	–
Balance at end of year	–	6,456	–	–

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
6. Restricted investments (continued)				
6.2 Funds in Rehabilitation Trust Fund				
Interest-bearing investment	–	4,780	–	–
The funds were held in the Springlake Rehabilitation Trust Fund and are restricted for use in the environmental rehabilitation of the Springlake Colliery. The trust and the environmental insurance policy were disposed of in the sale of Springlake Holdings (Pty) Ltd.				
Total restricted investments	–	11,236	–	–
7. Inventories				
Consumable stores	**10,251**	18,358	–	–
Work-in-progress	**3,961**	7,297	–	–
Finished goods	**16,161**	43,606	–	–
	30,373	69,261	–	–
Inventories held at fair value less costs to sell included in finished goods.	–	19,938		
8. Trade and other receivables				
Trade receivables	**115,553**	133,165	–	–
Other	**88,524**	46,245	**88,511**	4,375
Fair value derivatives	**10,162**	–	–	–
	214,239	179,410	**88,511**	4,375
The book debts of SamQuarz (Pty) Ltd have been ceded to Standard Bank of South Africa Limited as security for loan facilities of R40 million (2008: R40 million) (refer to note 13).				
Trade receivables are shown net of impairment losses amounting to R115,028 (2008: R75,000) recognised in the current year.				
Other receivables are shown net of impairment losses amounting to Rnil (2008: R4,733,633)				
The book debts of Tendele Coal Mining (Pty) Ltd have been ceded to Standard Bank of South Africa Limited as security for overdraft facilities of R6 million (2008: R6 million) (refer to note 13).				

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

9. Cash and cash equivalents

Bank balances	**56,139**	26,122	**7,320**	4,394
Call deposits	**34,957**	32,589	**20**	10,192
Notice deposits	**–**	30,000	**–**	30,000
Cash and cash equivalents	**91,096**	88,711	**7,340**	44,586

10. Share capital and share premium group and company

At 1 July 2007	479,890,000	119,972	155,995	275,967
Issue of shares	55,651,188	13,914	149,968	163,882
At 30 June 2008	**535,541,188**	**133,886**	**305,963**	**439,849**
Issue of shares	8,997,000	2,250	10,512	12,762
Total issued ordinary shares at 30 June 2009	**544,538,188**	**136,136**	**316,475**	**452,611**
Less treasury shares acquired in the year ended 30 June 2008	(727,222)	(182)	(1,418)	(1,600)
Less treasury shares acquired in the year ended 30 June 2009	(7,071,209)	(1,768)	(11,012)	(12,780)
Treasury shares transferred to Springlake Vendors	2,000,000	500	700	1,200
At 30 June 2009	**538,739,757**	**134,686**	**304,745**	**439,431**

The total authorised number of ordinary shares is 1,000,000,000 (2008: 1,000,000,000) with a par value of 25 cents per share. All issued shares are fully paid up.

On 26 September 2008 the Company issued 750,000 shares at R4.50 per share for the acquisition of 30% of the ordinary shares in Petmin Logistics (Pty) Ltd.

On 11 November 2008 Johan Strijdom, Enrico Greyling and Lebo Mogotsi, all directors of the company, were issued 250,000 Petmin shares each upon their exercising of options, granted in 2005, to acquire shares at 45 cents each. An amount of R163,972 was transferred to share premium from the share option reserve on the exercise of these options.

On 11 November 2008 Dark Capital (Pty) Ltd, Petmin's anchor black economic empowerment shareholder, was issued with 7,000,000 shares at 65 cents per share upon exercising its share options. An amount of R4,018,000 was transferred to share premium from the share option reserve on the exercise of these options.

On 11 November 2008 the Company issued 30,000 shares at 65 cents to an employee of the group upon exercising his options. An amount of R17,100 was transferred to share premium from the share option reserve on the exercise of these options.

In terms of a resolution approved by shareholders on 30 November 2005, the Company issued 467,000 shares at 60 cents per share and transferred 2,000,000 shares at 60 cents per share from treasury shares to the Springlake Vendors for the finalisation of the acquisition of Springlake Holdings (Pty) Ltd shares on 11 November 2008. The shares were issued in final settlement and were subject to the achievement of certain milestones. Petmin has no further obligations to issue shares pursuant to the Springlake transaction. An amount of R1,480,000 was transferred to share premium from the contingent consideration reserve on the issue and transfer of these shares.

All un-issued shares are placed under the control of the directors until the next annual general meeting in terms of Section 221 of the Companies Act of 1973.

	Note	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
11. Share option reserve					
Balance at beginning of year		**27,494**	15,736	**27,494**	15,736
Share-based payment expense		**446**	12,633	**446**	12,633
Exercised/forfeited in the year		**(4,199)**	(875)	**(4,199)**	(875)
Balance at end of year		**23,741**	27,494	**23,741**	27,494
Consists of:					
Management share option reserve	11.1	**929**	1,093	**929**	1,093
Specific issue of share options to Dark Capital (Pty) Ltd	11.2	**–**	3,572	**–**	3,572
Management share option scheme	11.3	**19,933**	19,950	**19,933**	19,950
Numis Securities Limited	11.4	**2,879**	2,879	**2,879**	2,879
		23,741	27,494	**23,741**	27,494

The weighted average share price at the date of exercise for share options exercised in 2009 was 190 cents per share (2008: 325 cents per share)

11.1 Management Share Option Reserve

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
Fair value of share options granted	**929**	1,093	**929**	1,093

The fair value of the options granted is estimated at the date of the grant using the Black-Scholes Option Pricing Model and is included in compensation cost by amortising this fair value over the vesting period of the options. Fifty percent of the options vested on 1 July 2005 and 50% vested on 1 July 2006. The options were granted to management under a service condition and there were no market conditions associated with the share options.

The option pricing model assumed the following key inputs:

- price of stock at date of grant – 52 cents;
- strike price of option – 45 cents;
- expected volatility – 24% (The average volatility for the 30 trading days preceding the option grant-date for the 'Other Mineral Extractors and Mines' sector of the JSE Limited was used as the company had recently changed the nature of its business and had transferred from the 'Specialty and other finance' sector at that time); and
- risk-free rate – 7.7%.

	Number of options outstanding '000	Strike price of option cents	Expiry date of option
Balance at 30 June 2008	5,000	45	31 August 2009
Exercised during the year	750	45	–
Balance at 30 June 2009	**4,250**	**45**	

The options were fully expensed in the prior years.

Mr E Greyling, Mr J Strijdom and Ms L Mogotsi each exercised 250,000 options during the year. An amount of R163,972 was transferred to share premium on the exercise of these options.

11. Share option reserve (continued)

11.2 Share Option Reserve – Specific issue of share options to Dark Capital (Pty) Ltd

	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Fair value of share options granted	–	3,572	–	3,572

During the year ended 30 June 2005, Dark Capital (Pty) Ltd ("Dark Capital") was the owner of 8,000,000 options in Petmin. Each option allowed Dark Capital to subscribe for one new Petmin share at the higher of 45 cents per new share or a 10% discount to the 30-day volume weighted average price of Petmin calculated at the day of exercise. The options had a maturity date of 30 June 2005.

On 23 March 2005 Dark Capital gave notice in writing to Petmin to exercise its options. Petmin, Dark Capital and NAMF, one of Petmin's material shareholders which also owned 16.8 million similar options, then entered into discussions regarding the restructuring of these options. The outcome was that Dark Capital withdrew its notice of exercise and allowed its options to lapse provided that:

- Dark Capital was granted an option to acquire 7 million Petmin shares at 65 cents per share. This option was valid for a three-year period ending 31 October 2008; and
- NAMF agreed not to exercise its 16.8 million options and allowed all of its options to lapse.

In order to advance Petmin's black economic empowerment status and in compliance with its stated goals, Petmin, Dark Capital and NAMF reached agreement in principle on this matter in June 2005 and a definitive agreement was signed on 26 July 2005.

The fair value of the options granted was estimated at the date of the grant using the Black-Scholes Option Pricing Model and was included in compensation cost by amortising this fair value over the vesting period of the options.

The option pricing model assumed the following key inputs:

- price of stock at date of grant – 85 cents;
- strike price of option – 65 cents;
- expected volatility – 92% (calculated on the standard deviation of the Company's stock price for the 30 trading days preceding the share option grant date); and
- risk-free rate – 7.7%.

	Number of options outstanding '000	Strike price of option cents	Expiry date of option
Balance at 30 June 2008	7,000	65	31 October 2008
Exercised during the year	(7,000)	65	–
Balance at 30 June 2009	–	–	–

The effect on the income statement and balance sheet for the year ended 30 June 2009 is a charge of R0.446 million (2008: R1.340 million) to the income statement, and a credit in equity of R0.446 million (2008: R1.340 million).

Dark Capital exercised 7,000,000 options during the year. An amount of R4,018,000 was transferred to share premium on the exercise of these options.

11. Share option reserve (continued)

11.3 Share Option Reserve – Management Share Option Scheme

	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Fair value of share options granted	19,933	19,950	19,933	19,950

In order to incentivise the executive and senior management of the Company, it was agreed in principle on 19 July 2005 that a share incentive scheme would be entered into with the Executive Committee of the Company. In terms of the incentive scheme, the number of options that were available to be issued was limited to 35 million, the strike price of the options was 65 cents and the options were earned over a three-year period commencing on 1 July 2005 and ending on 30 June 2008. The options are earned by virtue of a right to participate in a maximum of 10% growth in the net asset value (NAV) per share of the company's ordinary shares measured at 30 June each year.

The Petmin Executive Committee's Remuneration Scheme was a three-year agreement which terminated on 30 June 2008. Management has reached agreement with the Remuneration Committee on a new three-year scheme with similar terms and conditions. The new remuneration scheme provides for a share option incentive scheme for which shareholder approval will be requested once the details have been finalised.

As the new share option scheme was not in place in the year under review, the Executive Committee accrued no options for the year ended 30 June 2009 (2008: 11,374,422).

The fair value of the options granted was estimated at the date of the grant using the Black-Scholes Option Pricing Model and was included in compensation cost by amortising this fair value over the vesting period of the options. The options were granted to management with no market conditions associated with the share options.

The option pricing model assumed the following key inputs:

- price of stock at date of grant – 85 cents;
- strike price of option – 65 cents;
- expected volatility – 92% (calculated on the standard deviation of the Company's stock price for the 30 trading days preceding the share option grant date); and
- risk-free rate – 7.7%.

	Number of options outstanding '000	Strike price of option cents	Expiry date of option
Balance at 30 June 2008	35,000	65	30 June 2010
Exercised during the year	(30)	65	–
Balance at 30 June 2009	**34,970**	**65**	**30 June 2010**

The effect on the income statement and balance sheet for the year ended 30 June 2009 is a charge of Rnil (2008: R11.293 million) to the income statement, and a credit in equity of Rnil (2008: R11.293 million).

During the year under review, R17,100 was transferred to share premium upon the exercise of 30,000 options by an employee of the Group.

11. Share option reserve (continued)

11.4 Share Option Reserve – Numis Securities Limited

	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Fair value of share options granted	2,879	2,879	2,879	2,879

Pursuant to the placing agreement on Petmin's admission to AIM, the Company agreed to grant an option over 4,798,900 ordinary shares of the Company immediately following admission.

The option pricing model assumed the following key inputs:

- price of stock at date of grant – 9 pence;
- strike price of option – 9 pence;
- expected volatility – 38% (calculated on the standard deviation of the Company's stock price for the 30 trading days preceding the share option grant date); and
- risk-free rate – 7.7%.

	Number of options outstanding '000	Strike price of option cents	Expiry date of option
Balance at 30 June 2008	4,799	9	20 December 2009
Issued during the year	–	–	–
Balance at 30 June 2009	**4 799**	**9**	**20 December 2009**

The options were fully expensed in prior years. Subsequent to 30 June 2009, these options were exercised by Numis (see note 26.2).

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000

12. Contingent consideration reserve

Balance at 1 July 2008	1,480	1,500	1,480	1,500
Settled in cash in the year	–	(20)	–	(20)
Transferred to share capital and share premium	(1,480)	–	(1,480)	–
Balance at 30 June 2009	**–**	1,480	**–**	1,480

On 30 November 2005, the Group acquired the entire issued capital of, and all claims on loan account against, Springlake Holdings (Pty) Limited (Springlake) for an acquisition cost of R116.735 million.

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

12. Contingent consideration reserve (continued)

The purchase price payable to the vendors was settled by the issue of 129,890,000 of the 175,810,000 consideration shares at an issue price of 60 cents per share, and by the payment of R2,750,000 in cash to Umsobomvu Coal (Pty) Ltd, one of the vendors. The balance of the consideration shares amounting to R27.552 million was shown as a contingent consideration on the balance sheet and was withheld until such time as the profit warranty and warranties made relating to the development of the Somkhele Anthracite Project and to the conversion of old order mining rights were achieved.

The profit warranty was not met and the balance owing at 30 June 2008 concerned warranties made relating to the development of the Somkhele Anthracite Project and to the conversion of the old order mineral rights held by Springlake to new order rights. During the year ended 30 June 2009, the remaining warranties were met and the Company issued 467,000 new shares and transferred 2,000,000 treasury shares in full and final settlement of the amounts owing to the Springlake Vendors.

13. Interest-bearing loans and borrowings

Total borrowings	**111,600**	70,453	**–**	–
Less: current portion	**(53,936)**	(15,386)	**–**	–
Long-term portion	**57,664**	55,067	**–**	–

13.1 Standard Bank of South Africa Limited (secured)

	2,000	3,000	–	–
Less: current portion	**(2,000)**	(3,000)	**–**	–
	–	–	**–**	–

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

13. Interest-bearing loans and borrowings (continued)

The loan is secured by limited suretyship for R40 million by Petmin Limited, a general notarial bond of R52 million secured by the moveable assets of SamQuarz (Pty) Ltd, and the cession of the book debts of SamQuarz (Pty) Ltd. Petmin has subordinated its shareholder's loan in SamQuarz (Pty) Ltd in favour of the Standard Bank of South Africa. At 30 June, 2009, the un-drawn facility available to SamQuarz was R38 million.

The loan bears interest at the bank's prime rate and is repayable in 72 monthly instalments of R0.556 million each, commencing on 31 January 2005.

13.2 Rand Asia (secured)

	37,480	–	–	–
Less: current portion	(37,480)	–	–	–
	–	–	–	–

The loan is denominated in US dollars and is secured by a guarantee from Petmin Limited and Tendele Coal Mining (Pty) Ltd and the cession of certain US dollar-denominated book debts of Tendele Coal Mining (Pty) Ltd with a value of $5 197 000.

The loan bears interest at libor plus 2.5% and is repayable on 30 September 2009.

13.3 Industrial Development Corporation of South Africa Limited (secured)

	–	8,149	–	–
Less: current portion	–	(4,444)	–	–
	–	3,705	–	–

The loan bore interest at the prime overdraft rate and was repayable in 53 equal monthly instalments (excluding interest) of R370,370 each and a final instalment (excluding interest) of R370,390.The first payment was made on 1 November 2005. The loan was secured by a cession of Springlake Holdings (Pty) Ltd loan account to Tweewaters Fuel (Pty) Ltd, a pledge of the shares the Company held in Springlake Mining South Africa Limited and a joint and several suretyship for R26 million by Springlake Mining South Africa Limited and its subsidiary companies.

The loan was disposed of in the sale of Springlake Holdings (Pty) Ltd.

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000
13. Interest-bearing loans and borrowings (continued)				
13.4 Standard Bank of South Africa Limited – asset finance lease (secured)	**220**	280	–	–
Less: current portion	**(77)**	(77)	–	–
	143	203	–	–

The asset lease financing is for two vehicles. Both leases are repaid over a period of 60 months at an interest rate of prime less 2% (see note 2).

13.5 Standard Bank of South Africa Limited – instalment sale agreement (secured)	**71,899**	59,024	–	–
Less: current portion	**(14,379)**	(7,865)	–	–
	57,520	51,159	–	–

The instalment sale agreement is secured by a limited omnibus suretyship for R98 million (2008: R98 million) by Petmin Limited, Tendele Coal Mining (Pty) Ltd, SamQuarz (Pty) Ltd and Petmin Logistics (Pty) Ltd. The instalment sale agreement is for the Somkhele Anthracite Project's coal processing plant and rotary-breaker plant (see note 2).The instalments are repaid over a period of 72 months starting 31 October 2006, at an interest rate of prime less 1%.

In the year ended 30 June 2009, the Group borrowed an additional R 24.147 million (2008: R31.345 million) against the instalment sale facility.

Borrowing powers

The articles of Petmin Limited, SamQuarz (Pty) Ltd and Tendele Coal Mining (Pty) Ltd provide no limitation on the borrowing powers of the directors, accordingly the borrowings set out above comply with the Articles of Association of the respective companies.

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

14. Deferred taxation

Balance at beginning of year	**89,146**	61,612	**–**	–
Prior year adjustment	**5,803**	(22)	**–**	–
Reduction in tax rate	**–**	(2,184)	**–**	–
Current – temporary differences	**31,670**	29,740	**–**	–
Disposal of subsidiary	**(25,718)**	–	**–**	–
Balance at end of year	**100,901**	89,146	**–**	–
Comprising:				
Property, plant and equipment	**166,992**	151,244	**–**	–
Rehabilitation funds	**–**	3,146	**–**	–
Environmental rehabilitation provision	**(6,336)**	(9,466)	**–**	–
Assessed loss/unredeemed capital expenditure	**(59,755)**	(55,778)	**–**	–
	100,901	89,146	**–**	–

15. Environmental rehabilitation provisions

Environmental rehabilitation provision at beginning of year	**33,808**	20,579	**–**	–
Charged to profit or loss during the year – notional interest	**1,539**	4,759	**–**	–
Adjusted to decommissioning assets during the year:				
– New mining areas	**1,788**	8,470	**–**	–
– Change in estimate	**2,855**	–	**–**	–
Disposal of subsidiary	**(17,363)**	–	**–**	–
Environmental rehabilitation at end of year	**22,627**	33,808	**–**	

The environmental provisions are based on management's best estimate of all known obligations. It is, however, reasonable to expect changes in the ultimate rehabilitation costs as a result of changes in regulations or cost estimates. Cost estimates are not reduced by potential proceeds from the sale of assets and from future clean-up in view of the uncertainty in estimating those proceeds. Other environmental liabilities not directly relating to rehabilitation are expensed as incurred. The liability is secured by bank guarantees of R12.5 million (2008: R12.7 million) (see note 23). In 2008, the liability relating to Springlake Colliery was secured by guarantees from Guardrisk Limited of R7.7 million and by cash held in the Springlake Rehabilitation Trust Fund of R4.8 million. In 2009 the base cost of rehabilitation was re-estimated, resulting in an increase in the base cost of rehabilitation at Somkhele being increased by 44%.

The rehabilitation provision consists of :				
Decommissioning asset	**18,366**	14 801	**–**	–
Restoration cost	**4,261**	19 007	**–**	–
	22,627	33 808	**–**	–
Annual inflation rate used	**7.00%**	7.00%		
Pre-tax risk-free rate for discounting	**9.50%**	9.50%		
Discount periods	**30 years**	11 to 30 years		

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
16. Trade and other payables				
Trade payables	**119,101**	132,292	**42,097**	21,947
	119,101	132,292	**42,097**	21,947
17 Operating profit/(loss) before financing costs				
Operating profit/(loss) before financing costs is arrived at after (charging)/crediting the following items:				
Depreciation	**(131,214)**	(101,475)	**(177)**	(108)
Amortisation of intangible asset	**(2,995)**	(1,470)	**–**	–
Foreign exchange gain	**15,650**	7,891	**–**	–
Management fee income from subsidiaries	**–**	–	**41,691**	18,201
Operating leases	**(1,045)**	(1,138)	**–**	–
Secretarial fees paid – River Sponsors (Pty) Ltd	**120**	120	**120**	120
Environmental provision – notional interest	**(1,539)**	(4,759)	**–**	–
Auditor's remuneration				
– Audit fees	**(1,574)**	(1,391)	**(874)**	(974)
– Tax advice	**(67)**	(386)	**(15)**	(196)
Directors' emoluments	**(23,826)**	(23,748)	**(23,826)**	(23,748)
– for services as a director	**(650)**	(800)	**(650)**	(800)
– salaries	**(2,667)**	(2,000)	**(2,667)**	(2,000)
– incentive fees	**(22,833)**	(21,000)	**(22,833)**	(21,000)
– incentive fees unallocated/allocated to Group management	**(15,884)**	(2,057)	**(15,884)**	(2,057)
– for consulting fees (to companies controlled by the director)	**(189)**	(121)	**(189)**	(121)
– share options expensed	**–**	(10,498)	**–**	(10,498)
– directly attributable costs capitalised to:				
– cost on acquisition of Veremo	**16,108**	8,919	**16,108**	8 919
– cost of Somkhele project development	**2,289**	2,972	**2 ,289**	2,972
– cost written off against share premium	**–**	837	**–**	837
Subsidiary company directors' emoluments	**(13,357)**	(8,368)	**(5,029)**	(1 588)
– salaries	**(7,608)**	(5,675)	**(1,459)**	–
– retirement fund contributions	**(312)**	(301)	**–**	–
– incentive fees	**(5,437)**	(1,817)	**(3,570)**	(1,013)
– share options expensed	**–**	(575)	**–**	(575)
Gain/(loss) on disposal of property, plant and equipment	**15**	(217)	**(7)**	(14)
Impairment loss on other receivables	**3,211**	4,734	**–**	4,734
Employee costs				
– Salaries and wages	**(80,464)**	(65,129)	**(3,679)**	(3,399)
– Defined contribution fund expenses	**(3,254)**	(2,878)	**–**	–

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

18. Income tax expense

Recognised in profit or loss				
South African taxation				
Normal tax expense	15,154	9,202	–	_
Current year	18,483	9,202	–	_
Prior year adjustment	(3,329)	_	–	_
Deferred tax expense	37,473	27,534	–	_
Temporary differences	31,670	29,740	–	_
Change in tax rate	–	(2,184)	–	_
Prior year adjustment	5,803	(22)	–	_
Total income tax expense in profit or loss	52,627	36 736	–	_
Reconciliation of tax rate	%	%	%	%
Tax as a percentage of profit/(loss) before tax	30.9	8.8	–	–
Non-deductible expenses	(13.5)	(1.4)	29.4	21.3
Tax asset not recognised	(0.8)	(0.4)	3.6	6.7
Change in tax rates	–	0.6	–	–
Prior year under provision	(1.5)	–	–	–
Tax exempt revenues	12.9	20.4	(5.0)	–
Standard tax rate	28.0	28.0	28.0	28.0

19. Basic/diluted earnings per ordinary share

	2009			2008		
	Net income R'000	Number of share in '000	Per shares in cents	Net income R'000	Number of shares in '000	Per share in cents
Basic EPS	118,364	541,354	21.86	380,353	504,280	75.43
Share options and contingent consideration	–	31,035	(1.18)	–	8,701	(1.28)
Diluted EPS	118,364	572,389	20.68	380,353	512,980	74.15
Headline earnings per share						
Headline earnings per share are based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.						
Reconciliation between earnings and headline earnings						
Basic EPS	118,364	541,354	21.86	380,353	504,280	75.43
Adjustments:						
– impairment of goodwill	1,327	–	0.25	–	–	–
– loss on sale of subsidiary	79,170	–	14.62	–	–	–
– fair value gain on acquisition of equity accounted investee	(78,185)	–	(14.44)	(303,133)	–	(60.12)
Headline EPS	120,676	541,354	22.29	77,220	504,280	15.31
Share options and contingent consideration	–	31,035	(1.21)	–	8,701	(0.26)
Diluted headline EPS	120,676	572,389	21.08	77,220	512,981	15.05

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
20. Notes to the cash flow statement				
20.1 Cash generated by/(utilised in) operations				
Profit/(loss) from operations before net financing costs	**173,894**	117,791	**(10,071)**	(26,591)
Adjustments for				
– depreciation/amortisation	**134,209**	102,945	**177**	108
– fair value of derivatives included in payables/receivables	**(636)**	–	**–**	–
– impairment charges	**3,211**	5,393	**1,977**	5,393
– notional interest	**1,539**	4,759	**–**	–
– (profit)/loss on disposal of property, plant and equipment	**(12)**	217	**29**	14
– decommissioning asset – new mining areas	**4,642**	8,470	**–**	–
– management share options granted	**446**	12,687	**446**	12,687
Operating cash flow before changes in working capital	**317,293**	252,262	**(7,442)**	(8,389)
Increase in trade and other receivables	**(32,733)**	(122,590)	**(84,136)**	(24,663)
Increase in inventories	**(39,757)**	(6,216)	**21,500**	–
Increase/(decrease) in trade and other payables	**10,317**	44,640	**20,150**	15,257
	255,120	168,096	**(49,928)**	(17,795)
20.2 Income taxation paid (received)				
Amount outstanding at beginning of year	**7,685**	5,652	**(793)**	(793)
Sale of subsidiary	**31**	–	**–**	–
Income statement charge	**15,154**	9,202	**–**	–
Amount outstanding at end of year	**5,934**	(7,685)	**590**	793
	28,804	7,169	**(203)**	–

21. Financial instruments and risk management

This note presents information about the Group's exposure to risks emanating from the use of financial instruments. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Executive Committee is responsible for developing and monitoring the Group's risk management policies. The Executive Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and to analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

21.1 Foreign currency risk management

Foreign currency risk for the group represents the risk of adverse changes in foreign currency exchange rates due to the variability of the foreign currency exchange rates of mainly the US dollar or euro and the South African rand which will affect the value of the group's assets, liabilities and forecast transactions. The Board of Directors is responsible for setting the foreign currency risk management strategies and the chief executive officer is responsible for managing the foreign currency risk of the group within set parameters.

At 30 June 2009, the Group held the following US dollar denominated assets and liabilities.

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
US dollar denominated financial assets				
Trade debtors	**8,577**	9,665	**–**	–
Cash	**1,430**	645	**–**	–
	10,007	10,310	**–**	–
US dollar denominated financial liabilities				
Borrowings	**4,678**	–	**–**	–

At 30 June 2009, the Group held forward exchange contracts to sell US dollars for $2,350,000 (2008: $4,500,000) at an average rand/US dollar exchange rate of 9.73 (2008: 7.36), and zero cost collar and cap currency option contracts to sell US dollars for $3,464,000 (2008: $5,625,000) with collars of R9.50 (2008: R7.10) and a caps of R9.97 (2008: caps ranging from R8.62 to R8.94). Petmin has entered into cash flow hedges to manage the volatility of the rand/US dollar exchange rate and the Board of Directors will deal with any future exposure of Petmin to foreign currency risk on an ad hoc basis.

21. Financial instruments and risk management (continued)

21.1 Foreign currency risk management (continued)

The following table shows the effect on profit and equity of a 10% change in the South African rand to the US dollar. The analysis assumes that all other variables remain constant and is performed on the same basis for 2008. There would be no impact on the individual results of the Company.

	Post tax profit Higher/(Lower)		Equity Higher/(Lower)	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000
Group				
R/$ plus 10%	44,336	27,205	64	–
R/($) less 10%	(44,336)	(27,205)	(64)	–

21.2 Interest rate risk management

Interest rate risk for the Group represents the risk of changes in earnings due to variability of interest rates. In accordance with the hedge policy, the Group is allowed to transact in financial instruments to mitigate the associated interest rate risk. The Board is responsible for setting the interest rate risk management strategies and the managing director is responsible for managing the interest rate risk of the Company within the set parameters. The Group has cash and short-term deposit balances, with interest rates set for periods of between one day and one year. At this reporting date, Petmin had no material exposure to interest rate risk other than as disclosed in note 13 and has no interest rate derivative contracts.

		Group		Company	
		2009	2008	2009	2008
	Note	R'000	R'000	R'000	R'000
At the balance sheet date the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:					
Financial assets					
Cash and cash equivalents	9	91,096	88,711	7,340	44,586
Restricted investments	6	–	11,236	–	–
		91,096	99,947	7,340	44,586
Financial liabilities					
Borrowings	13	111,600	70,453	–	–
		111,600	70,453	–	–

21. Financial instruments and risk management (continued)

21.2 Interest rate risk management (continued)

The analysis assumes that all other variables remain constant and is performed on the same basis for 2008.

	Post tax profit Higher/(Lower)		Equity Higher/(Lower)	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000
Group				
Interest rates plus 0.5%	**249**	108	**–**	–
Interest rates less 0.5%	**(249)**	(108)	**–**	–
Company				
Interest rates plus 0.5%	**212**	138	**–**	–
Interest rates less 0.5%	**(212)**	(138)	**–**	–

21.3 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The Group has established a credit policy in terms of which each new customer is analysed individually for creditworthiness before the Group offers credit facilities. Trade receivables for the top three customers represent 78% (2008: 58%) of total trade receivables. Long-term relationships are built with these customers, who have a history of reliable debt settlement. Credit guarantee insurance has been taken out for 37% of the total trade receivables and 65% of the total trade receivables are secured by the cession of the product by the customer.

The Group's cash, cash-equivalents, short-term investments and derivative financial instruments are held with any one of the major South African financial institutions only.

		Group		Company	
		2009	2008	2009	2008
	Note	R'000	R'000	R'000	R'000
At the reporting date the Group had the following mix of financial assets exposed to credit risk:					
Cash and cash equivalents	9	**91,096**	88,711	**7,340**	44,586
Trade and other receivables	8	**214,239**	179,410	**88,511**	4,375
Non-current receivable		**–**	21,500	**–**	21,500
		305,335	289,621	**95,851**	70,461

21. Financial instruments and risk management (continued)

21.4 Liquidity risk and capital management

The Group's cash is managed in such a way that surplus funds achieve maximum returns, while ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions and taking into account the liquidity requirements of the Group's growth strategy. Budgets and forecasts are prepared regularly and monitored by management to ensure sufficient funds are available to support ongoing operations. The Group also maintains un-drawn banking facilities, currently amounting to R150 million.

For an analysis of the maturity dates of financial liabilities see note 13.

21.5 Commodity price risk

The Group's major commodity price exposure is to the price of anthracite and to a lesser extent the price of silica sand. The Veremo project will expose the group to iron-ore and pig-iron commodity price risk once in production. The Group has not hedged against the movement in commodity prices but has entered into sales contracts with durations of up to three years for approximately one-third of the forecast anthracite production to mitigate this risk.

Profit after tax for the Group would increase/decrease by approximately R34 million (2008: R37 million) with a 10% increase/decrease in the anthracite price. There would be no impact on the individual results of the Company.

21.6 Fair values

The fair values of all financial instruments held by the group approximate the carrying amounts reflected in the balance sheet.

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

22. Commitments

Capital commitments – authorised				
– contracted for	500	21,363	–	–
– not contracted for	42,091	77,461	–	–
	42,591	98,824	–	–

At the reporting date, the Group had unutilised banking facilities of R150 million at its disposal and R91 million in cash.

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

23. Contingent liabilities and guarantees

Guarantees

– Guarantees for the environmental rehabilitation made to the Department of Mineral Resources by Standard Bank of South Africa Limited on behalf of Group companies.	**12,500**	12,737	**–**	–
– Guarantee for minimum payments on electricity supply agreements made to Eskom Holdings Limited by Standard Bank of South Africa Limited on behalf of Group companies.	**1,095**	1,487	**–**	–
– Guarantee for credit facilities with the South African Ports Authorities.	**175**	175	**–**	–
– Guarantee for minimum payments on port service agreements made to Richards Bay Coal Terminal Limited by Standard Bank of South Africa Limited on behalf of Tweewaters Fuel (Pty) Limited.	**–**	1,300	**–**	–
Contingent liability				
– Possible future water management obligations.	**–**	15,000	**–**	–
	13,770	30,699	**–**	–

24. Segment reporting

Business segments

The Group comprises the following main business segments:

– Silica mining and marketing (silica)
– Anthracite mining and marketing (anthracite)
– Iron ore mining and beneficiation (iron ore). This segment has been designated as a reportable segment in order to achieve fairer presentation due to its significance.

		Silica Year ended 30 June		Anthracite Year ended 30 June	
	Unit	2009	2008	2009	2008
Saleable tonnes produced	tonnes	**1,333,613**	1,385,906	**1,016,940**	1,219,601
Tonnes sold	tonnes	**1,511,850**	1,434,853	**960,764**	1,188,519
Segment revenue	R'000	**180,796**	153,034	**607,829**	513,845
Segment profit/(loss) before tax					
– segment result	R'000	**47,524**	46,742	**128,840**	90,973
– impairment loss on goodwill acquired	R'000	**–**	–	**(1,327)**	–
– loss on sale of subsidiary	R'000	**–**	–	**–**	–
– share of profit of equity accounted investee	R'000	**–**	–	**–**	–
Segment profit/(loss) before tax	R'000	**47,524**	46,742	**127,513**	90,973
Segment capital expenditure	R'000	**16,327**	27,362	**277,327**	198,110
Segment depreciation	R'000	**10,335**	7,688	**120,702**	93,680
Share option costs included in segment profit/(loss) before tax	R'000	**–**	190	**–**	–
Segment assets	R'000	**228,612**	228,076	**653,148**	663,356
Segment liabilities	R'000	**66,931**	100,288	**451,964**	449,750

Iron Ore		Other (corporate office)		Eliminations		Consolidated	
Year ended		Year ended		Year ended		Year ended	
30 June		30 June		30 June		30 June	
2009	2008	2009	2008	2009	2008	2009	2008
–	–	–	–	–	–	2,350,553	2 605 507
–	–	–	–	–	–	2,472,614	2,623,372
–	–	–	–	–	–	788,625	666,879
–	–	504	(23,698)	(3,943)	–	172,925	114,017
–	–	–	–	–	–	(1,327)	–
–	–	(79,170)	–	–	–	(79,170)	–
78,185	303,133	–	–	–	–	78,185	303,133
78,185	303,133	(78,666)	(23,698)	(3,943)	–	170,613	417,150
–	–	2,598	3,295	(2,289)	–	293,964	228,767
–	–	177	108	–	–	131,214	101,476
–	–	446	12,443	–	–	446	12,633
495,661	375,888	355,908	401,566	(259,999)	(326,851)	1,473,330	1,342,035
–	–	42,497	21,947	(207,163)	(237,808)	354,229	334,177

	Group		Company	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000

25. Lease commitments

25.1 Operating lease commitments

12 months	**238**	641	–	–
2 – 5 years	**1,105**	1,090	–	–
5 years+	**8,993**	9,294	–	–
Total operating lease commitments	**10,336**	11,025	–	–

The operating lease commitments reflect non-cancellable operating lease rentals.

Tendele Coal Mining (Pty) Ltd leases property on which the Somkhele washing plant is erected. The lease is valid until the project has obtained a certificate of mine closure from the Department of Mineral Resources. The lease payments are escalated annually at the consumer price index for KwaZulu-Natal.

25.2 Finance lease/instalment sale commitments

12 months	**14 ,456**	7,942	–	–
2 – 5 years	**57,663**	51,362	–	–
5 years+	**–**	–	–	–
Total finance lease/instalment sale commitments	**72,119**	59,304	–	–

26. Post balance sheet events

26.1 Appointment of Director

On 7 July 2009, Petmin announced the appointment of Bruce Tanner as Financial Director of Petmin with effect from 1 July 2009. Bruce joined Petmin in 2005 as Group Financial Manager and Chief Financial Officer and has served on the Executive Committee since joining the Group.

26.2 Exercise of options

On 30 June 2009, the Company was informed that Lebo Mogotsi and Bradley Doig (both executive directors) directly exercised 4,000,000 options each at an exercise price of 65 cents per share. Dawie Warmenhoven, who resigned as a director of the company on 28 February 2009, indirectly exercised 3,000,000 options at an exercise price of 65 cents per share. Johan Gloy (a director of a subsidiary company) directly exercised 1,050,000 options each at an exercise price of 65 cents per share and 500,000 options each at an exercise price of 45 cents per share. The shares were issued in July 2009 after receiving the requisite regulatory approvals.

The options were awarded in terms of a share incentive scheme approved by shareholders on 19 July 2005.

On 30 June 2009, the Company was informed that Numis Securities Limited exercised 4,798,900 options at an exercise price of 9 British pence per share. These options were granted pursuant to the placement agreement on Petmin's admission to AIM in December 2006. The shares were issued in July 2009.

On 31 August 2009, the Company was informed that Marita Conradie (a former employee of the Group) would exercise 250,000 options and an investment vehicle in which Jan du Preez has an indirect non-beneficial interest would exercise 3,500,000 options (acquired as an investment before he was employed as CEO of Petmin).These options had an exercise price of 45 cents per share. Please refer to separate SENS announcement for more information on these share issues.

26. Post balance sheet events (continued)

26.3 Loan to related party

Subsequent to 30 June 2009, after the receipt of an independent fairness opinion on the transaction, the Company advanced a loan of R11 million to Dark Capital (Pty) Ltd. The loan bears interest at prime plus 10% and is secured by the cession of the shareholders claim held by Dark Trust in Dark Capital (Pty) Ltd. The loan is repayable on or before 18 July 2010.

27. Related parties

Dark Capital (Pty) Limited (Dark Capital), Petmin's anchor black economic empowerment shareholder, increased its shareholding in Petmin by acquiring 7 million Petmin shares on exercising share options in October 2008. Dark Capital is a material shareholder in Petmin and is therefore a related party as defined by Section 10 of the Listings Requirements.

27. 1 Transactions with group entities

The Company earned management and marketing fee income of R19.806 million (2008: R5.286 million) from SamQuarz, R6.899 million (2008: R6.248 million) from Tweewaters Fuel (Pty) Ltd, R7.192 million (2008: R6.648 million) from Tendele Coal Mining (Pty) Ltd and Rnil million (2008: R0.020 million) from Springlake Holdings (Pty) Ltd. The Company was charged with a management fee of R0.840 million (2008: R0.840 million) by Springlake Holdings (Pty) Ltd. These companies are wholly owned subsidiaries of Petmin Limited and are therefore related parties. The Company earned management fee income from Veremo Holdings (Pty) Ltd of R3.668 million (2008: Rnil).

27.2 Petmin Executive Committee Remuneration Scheme and Share Option Scheme

The Petmin Executive Committee Remuneration Scheme and Share Option Scheme affect the executive directors of the Company and constitute a related party transaction. Amounts due to the executive directors are included in the table of compensation to directors below. Amounts payable to the directors of subsidiaries are disclosed in note 17.

	Year ended 30 June	
	2009 R'000	2008 R'000
Directors and key management emoluments		
Short-term emoluments	39,662	25,057
– incentive fee – 1.5%/1% of assets managed*	15,737	10,913
– incentive fee – 6%/5% of profit*	9,715	10,394
– incentive fee – Veremo acquisition*	11,543	–
– other	2,667	3,750
Share-based payments	–	10,498
– management option scheme issued 2008**	–	4,311
– management option scheme issued 2007**	–	4,097
– management option scheme issued 2006**	–	2,090
	39,662	35,555
Amounts payable to directors and key management included in 'trade and other payables'	39,669	21,265

* The executive management of the Company earns management fees based on profitability and assets under management in the year. Refer to page 5 of the Annual Financial Statements.

** The executive management of the Company earns share options based on the growth in net asset value per share in the year. Refer to page 5 of the Annual Financial Statements.

27.3 Other transactions with related parties

No other related party transactions were entered into.

petmin

www.petmin.co.za