

**Petmin Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1972/001062/06)

JSE code: PET AIM code: PTMN

ISIN: ZAE000076014

("Petmin" or "the Company" or "the Group")

**Condensed Consolidated Reviewed Financial Statements for the six months ended 31 December 2008 and resignation of director**

**"Developing projects into high-yielding, cash generative assets"**

JSE- and AIM-listed mining and processing company Petmin Limited today (2 March 2009) announced that its operations generated R165 million in cash for the six months ended 31 December 2008, an increase of 195% compared with R56 million during the corresponding period in 2007.

**Highlights**

- Revenue increased 54% to R490 million (6 months to 31 December 2007 R319 million) reflecting a strong operating performance for the period
- Cash from operating activities increased 195% to R165 million (6 months to 31 December 2007: R56 million)
- Headline earnings per share ("HEPS") increased 81% to 11.82 cents from 6.52 cents
- SAMREC compliant report for SamQuarz indicates a life-of-mine in excess of 40 years
- SAMREC compliant report on additional resources at Somkhele expected shortly
- Disposal of Springlake for approximately R150 million on track

Commenting on the results, Bradley Doig, Chief Operating Officer, said:

*"With low gearing, profitable and cash generative assets, the proceeds to be received on the disposal of Springlake and undrawn banking facilities of R160 million, Petmin is in a strong position both to review undercapitalised assets or opportunistic value enhancing propositions to increase shareholder wealth and to weather the current financial crisis facing the world."*

**Commentary**

**(i) Operations**

Revenue for the six months ended 31 December 2008 increased by R171 million or 54% to R490 million compared to the R319 million for the six months ended 31 December 2007. Gross profit was R115 million, an increase of R47 million or 69% compared to the R68 million in 2007. The increased revenue and profitability was as a result of strong performances from all the operations in the six months to 31 December 2008.

The anthracite division's profit before tax for the year ended 30 June 2008 was reduced by impairment charges of R14.7 million. This includes R13.3 million which was provided on the classification of the Springlake Group as an asset held for sale, as the proceeds on the sale of Springlake are not adjusted for profits generated by Springlake after 30 June 2008.

In accordance with accounting rules, the fair value of the investment in Veremo Holdings Limited was reviewed and, after capitalisation of expenses of R15 million, R32 million was recognised as a share of profits of equity accounted investee.

Cash of R165 million (2007: R56 million) was generated by the operations.

Capital expenditure of R170 million was incurred in the six months to 31 December 2008 (2007: R55 million: R106 million was spent on exploration drilling and mine development programmes to expand operations (R79 million related to “pre-stripping” the open pits at Somkhele; R18 million on the construction of the de-stoning plant and workshops at Somkhele Colliery; R4 million was spent on installation of power generators at SamQuarz and; R42 million on plant and mining equipment and capital projects that are work-in-progress.

In the six months ended 31 December 2008, Petmin acquired 4 869 390 of its own shares at an average price of 200 cents per share. Of these shares, 2 000 000 were transferred to the Springlake vendors to settle the contingent consideration payable in terms of the warranty clauses in the Springlake acquisition agreement.

The ratio of interest bearing debt to equity at 31 December 2008 was 7.13% compared to 7.01% at 30 June 2008. An amount of R19 million was drawn on the de-stoning plant finance facility at Somkhele. The Group has debt facilities of approximately R160 million with its bankers that are currently not utilised.

### ***Anthracite division***

#### ***Somkhele anthracite mine, Springlake Colliery and Petmin Logistics***

In the six months to 31 December 2008, the anthracite division increased sales by 85 795 tonnes or 14% compared to the six months ended 31 December 2007 and increased production by 4%.

Profits from the anthracite division increased by 70% compared to the six months ended 31 December 2007, despite the inclusion of impairment charges of R14.7 million mentioned above. The increased profits emanated from improved export sales at Springlake and the ramp up of sales to the inland metallurgical market at Somkhele in the six months to December 2008.

Mining at Somkhele is progressing well and the accelerated exploration programme has outlined additional resources in close proximity to the current plant site. Indications are that the drilling programme will yield additional resources in this new area. A SAMREC compliant report to announce the additional mineral resource has been commissioned and is expected shortly.

The Group acquired the remaining 30% interest in Petmin Logistics from the minority shareholders. The Group now holds 100% of Petmin Logistics. Petmin Logistics 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. Negotiations to renew the contract for an additional three years are underway and various opportunities to increase the Group's export capability in Richards Bay are being investigated.

The planned sale of Springlake Colliery is progressing well, and the Competition Commission has approved the transaction. The final remaining condition precedent is the Section 11 approval required in terms of the Mineral and Petroleum Resources Development Act. In terms of the sale agreement, the consideration due for Springlake was amended by the change in the net asset value of Springlake up to 30 June 2008. Any profits or losses generated by the colliery subsequent to 30 June 2008 do not alter the consideration payable by the purchaser. Springlake generated profits in excess of R20 million in the six months to 31 December 2008 and consequently the sale proceeds are now R13 million less than the carrying value of Springlake in the Group accounts. Management has therefore accounted for an impairment charge of R13 million on those assets. The Springlake assets have been disclosed as an “asset held for sale” as at 31 December 2008.

At 31 December 2008, assets held for sale included trade and other receivables of R40 million, inventory of R39 million, property plant and equipment of R102 million, and restricted investments of R12 million. At 31 December 2008 liabilities held for sale included trade payables of R33

million, taxation payable of R5 million, deferred tax of R22 million, interest bearing loans of R6 million and environmental rehabilitation provisions of R17 million.

### ***Silica division***

#### ***SamQuarz silica mine***

SamQuarz produced 815 235 (2007: 615 887) and sold 902 513 (2007: 630 089) tonnes of silica and chert in the six months ended 31 December 2008.

Revenue increased by 47% to R101 million (2007: R69 million) due to improved prices negotiated on key sales contracts and due to improved sales volumes of chert in the construction sector.

Capital expenditure has been focused on increasing production capacity both in the open-pit and the plant to ensure that customers' increased 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 and 11.48 million tonnes of chert, resulting in a life-of-mine in excess of 40 years, as detailed in the company's Annual Report for the year ended 30 June 2008 and distributed to shareholders on 22 December 2008.

#### **(ii) Investment in the Veremo pig-iron project**

As reported in the 30 June 2008 Annual Report, in terms of IFRS, the valuation of a business combination may be reviewed within 12 months of the acquisition date. In the six months ended 31 December 2008, management reviewed the valuation of the project as more certainty has been provided by an independent review of the resource statements and by a better understanding of the metallurgical processes required to treat the ore. The result of the review is that the fair value of the Group's investment in the project was increased by R32 million after expenses of R14 million were capitalised to the cost of the investment.

The required prospecting permit renewals were submitted in the period under review and progress was made on the validation of all historical geological and metallurgical data.

#### **(iii) Prospects**

The results of the Group to 31 December 2008 do not reflect the impact of the current economic crisis and worldwide recession as the reduction in off-takes to the metallurgical sector only commenced towards the end of the period under review. The economic downturn has had a severe impact on the metallurgical sector and we forecast that our sales to this sector will be affected at both the Silica and Anthracite divisions.

#### ***Silica division***

Management expects SamQuarz to maintain current production and slightly lower sales volumes in the six months to 30 June 2009 as the demand for the crusher run material (as a product that is being used in the building and maintenance of roads) remains robust and the glass sector continues to produce at similar levels. Sales to the metallurgical markets are not expected to recover until the latter half of calendar 2009. The metallurgical sector is the least profitable market that SamQuarz sells to, and as a result, the impact of reduced sales to this sector on SamQuarz's profit is not expected to be material.

Capital expenditure is forecast to reduce in the six months to 30 June 2009 as the work on the exploration programme has been completed and the bulk of the expansion of the plant has been completed.

**Anthracite division**

Subsequent to the reporting date of 31 December 2008, the anthracite division has experienced a reduction in demand for its products in the inland metallurgical markets as the local ferrochrome industry has reduced its production by approximately 90%. At the time of writing this report, the Company has seen some demand return, albeit slowly.

This reduction in revenues from the inland market will be offset by the increased revenues emanating from the commencement of sales with an average selling price well in excess of the \$62.50 per tonne received in the six months to 31 December 2008. These expected sales are in terms of the three year export contract for 1.05 million tonnes concluded in the period under review. In terms of this contract, we expect to sell 145 000 tonnes at \$118 per tonne in the six months to 30 June 2009 and approximately 325 000 tonnes and 375 000 tonnes in the years ending 30 June 2010 and 2011 respectively at similar prices. We have hedged our sales in the six months to 30 June 2009 at an average Rand/Dollar exchange rate of R9.55/\$1.00.

The construction of the de-stoning plant at Somkhele is progressing well and it is expected to be commissioned and fully operational in the six months ending 30 June 2009. Management plans to maintain the current production levels at Somkhele, but will reduce the rate of development expenditure as the investment in the past eighteen months has ensured that there is a sufficient pit-room to support the current production profile for at least 12 months ahead. The current exploration drilling programme has been completed and a SAMREC compliant reserve and resource statement is being compiled. Planned capital expenditure to 30 June 2009 will be approximately R30 million and Somkhele expects to have a tax shield from unredeemed capital allowances of approximately R240 million at 30 June 2009.

The Springlake Colliery disposal awaits ministerial approval and the sale proceeds of approximately R150 million will boost the group's cash resources. We expect the transaction to be concluded by 30 June 2009.

**Veremo**

In the ensuing period, management will focus on ensuring that:

- the renewal of the prospecting permits are secured;
- the geological validation programme is completed and;
- the magnetic separation flow sheet required for the production of pig iron is finalised.

Management is in negotiations regarding the conversion of the loan of R21.5 million made to Veremo Holdings Limited into an increased equity stake in Veremo.

By order of the Board

P J Nel  
Chairman

J C du Preez  
Chief Executive Officer

Johannesburg  
26 February 2009

**Reviewed Condensed Consolidated Income Statement**

for the six months ended 31 December 2008

<b>GROUP</b>	<b>Reviewed Six months ended 31 December 2008 R'000</b>	<b>Reviewed Six months ended 31 December 2007 R'000</b>	<b>Audited Year ended 30 June 2008 R'000</b>
	Note		
<b>Revenue</b>	<b>490 359</b>	318 637	672 997
Cost of sales	<b>(375 569)</b>	(250 654)	(502 753)
<b>Gross Profit</b>	<b>114 790</b>	67 983	170 244
Administration expenses	<b>(21 440)</b>	(18 597)	(52 453)
Impairment loss on assets classified as held for sale	<b>(13 392)</b>	–	–
Impairment loss on goodwill acquired	<b>(1 327)</b>	–	–
<b>Results from operating activities</b>	<b>78 631</b>	49 386	117 791
Net finance expense	<b>(3 773)</b>	(1 573)	(3 773)
– Finance income	<b>5 460</b>	1 560	7 676
– Finance expenses	<b>(9 233)</b>	(3 133)	(11 449)
Share of profit of equity accounted investee	(ii) <b>32 635</b>	61 706	303 133
<b>Profit before income tax</b>	<b>107 493</b>	109 519	417 150
Income tax expense	<b>(26 346)</b>	(16 358)	(36 736)
<b>Profit for the period</b>	<b>81 147</b>	93 161	380 414
<i>Attributable to:</i>			
– Equity holders of Petmin Limited	<b>81 525</b>	93 100	380 353
– Minority interest	<b>(378)</b>	61	61
<b>Profit for the period</b>	<b>81 147</b>	93 161	380 414
Basic earnings per ordinary share (cents)	6 <b>15.15</b>	19.30	75.43
Diluted earnings per ordinary share (cents)	6 <b>14.72</b>	18.89	74.15

**Reviewed Condensed Consolidated Cash Flow Statement**  
for the six months ended 31 December 2008

<b>GROUP</b>	<b>Reviewed Six months ended 31 December 2008 R'000</b>	Reviewed Six months ended 31 December 2007 R'000	Audited Year ended 30 June 2008 R'000
<b>Net cash flow from operating activities</b>	<b>165 059</b>	56 316	157 153
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired	-	-	502
Increase in investment in rehabilitation funds	<b>(622)</b>	(188)	(1 064)
Investment in equity accounted investee	<b>(15 352)</b>	(20 346)	(11 064)
Acquisition of property, plant and equipment	<b>(170 113)</b>	(55 138)	(228 767)
– to expand operations	<b>(160 273)</b>	(55 138)	(216 155)
– to maintain operations	<b>(9 840)</b>	-	(12 612)
<b>Net cash flow from investing activities</b>	<b>(186 087)</b>	(75 672)	(240 393)
Cash flows from financing activities			
Proceeds from specific and general share issues for cash during the period	<b>4 907</b>	32 578	91 896
Treasury shares acquired	<b>(5 748)</b>	-	-
Repayment of contingent consideration	<b>(3 991)</b>	-	(132)
Repayment of borrowings	<b>(6 342)</b>	(6 259)	(11 509)
Increase in borrowings	<b>18 781</b>	-	31 345
<b>Net cash flows from financing activities</b>	<b>7 607</b>	26 319	111 600
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(13 421)</b>	6 963	28 361
Cash and cash equivalents at beginning of period	<b>88 711</b>	60 350	60 350
<b>Cash and cash equivalents at end of period</b>	<b>75 290</b>	67 313	88 711

**Reviewed Condensed Consolidated Balance Sheet**

as at 31 December 2008

<b>GROUP</b>	<b>Reviewed Six months ended 31 December 2008 R'000</b>	<b>Reviewed Six months ended 31 December 2007 R'000</b>	<b>Audited Year ended 30 June 2008 R'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 038 661</b>	639 741	1 003 860
Property, plant and equipment	<b>585 102</b>	491 620	580 200
Intangible assets	<b>8 184</b>	5 963	15 034
Investment in equity accounted investee	<b>423 875</b>	131 796	375 888
Investments	-	2	2
Restricted investments	-	10 360	11 236
Long term receivables	<b>21 500</b>	-	21 500
<b>Current assets</b>	<b>409 774</b>	227 981	338 175
Inventories	<b>32 829</b>	65 584	69 261
Trade and other receivables	<b>105 831</b>	95 084	179 410
Current tax assets	<b>3 128</b>	-	793
Cash and cash equivalents	<b>75 290</b>	67 313	88 711
Assets classified as held for sale (i)	<b>192 696</b>	-	-
<b>Total assets</b>	<b>1 448 435</b>	867 722	1 342 035
<b>EQUITY AND LIABILITIES</b>			
<b>Ordinary share capital and reserves</b>	<b>1 085 049</b>	632 795	1 005 424
Share capital	<b>135 236</b>	126 991	133 704
Share premium	<b>307 223</b>	231 297	304 545
Share option reserve	<b>23 741</b>	21 998	27 494
Contingent consideration reserve	-	1 500	1 480
Hedging reserve	<b>(877)</b>	-	-
Retained earnings	<b>619 726</b>	251 009	538 201
<b>Minority interest</b>	-	-	2 434
<b>Total equity</b>	<b>1 085 049</b>	632 795	1 007 858
<b>Non-current liabilities</b>	<b>164 336</b>	131 557	178 021
Interest bearing loans and borrowings	<b>66 394</b>	31 566	55 067
Deferred taxation	<b>78 999</b>	76 661	89 146
Environmental rehabilitation provision	<b>18 943</b>	23 330	33 808
<b>Current liabilities</b>	<b>199 050</b>	103 370	156 156
Trade and other payables	<b>104 375</b>	90 517	132 292
Current portion of non-current liabilities	<b>10 942</b>	12 792	15 386
Current tax liabilities	<b>474</b>	61	8 478
Liabilities classified as held for sale (i)	<b>83 259</b>	-	-
<b>Total equity and liabilities</b>	<b>1 448 435</b>	867 722	1 342 035
Net asset value ("NAV") per share (cents)	7	124.57	187.74
Fully diluted NAV per share (cents)	7	113.63	170.46

**Reviewed Condensed Consolidated Statement of Changes in Equity**

for the six months ended 31 December 2008

**GROUP**

	Attributable to equity holders of the Company								
	Share capital	Share premium	Share reserve	Contingent		Retained earnings	Total	Minority interest	Total equity
				consideration reserve	Hedging reserve				
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Balance at 1 July 2007</b>	<b>119 972</b>	<b>155 995</b>	<b>15 736</b>	<b>1 500</b>	<b>-</b>	<b>157 848</b>	<b>451 051</b>	<b>-</b>	<b>451 051</b>
Shares issued during the year									
– To acquire Petmin Logistics (Pty) Ltd	438	7 437	-	-	-	-	7 875	-	7 875
– To acquire 25% of Veremo Holdings (Pty) Ltd	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 in 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
<b>Balance at 30 June 2008</b>	<b>133 704</b>	<b>304 545</b>	<b>27 494</b>	<b>1 480</b>	<b>-</b>	<b>538 201</b>	<b>1 005 424</b>	<b>2 434</b>	<b>1 007 858</b>
Shares issued during the period									
– To acquire 30% of Petmin Logistics (Pty) Ltd	187	3 189	-	-	-	-	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 period	(1 217)	(8 535)	-	-	-	-	(9 752)	-	(9 752)
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	-	-	-	-	(877)	-	(877)	-	(877)
Profit for the period	-	-	-	-	-	81 525	81 525	(378)	81 147
<b>Balance at 31 December 2008</b>	<b>135 236</b>	<b>307 223</b>	<b>23 741</b>	<b>-</b>	<b>(877)</b>	<b>619 726</b>	<b>1 085 049</b>	<b>-</b>	<b>1 085 049</b>

**Segment reporting**

Segment information is presented in the reviewed condensed consolidated financial statements in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structures.

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.

**Business segments**

The Group comprises the following main business segments:

- Silica mining and marketing (“Silica”)
- Iron ore mining and beneficiation (“Iron Ore”)
- Anthracite mining and marketing (“Anthracite”)

**Reviewed Condensed Consolidated Financial Statements  
for the six months ended 31 December 2008**

	Silica			Anthracite			Iron Ore			Other (corporate office)			Eliminations			Consolidated		
	Reviewed six months ended 31 December 2008 R'000	Reviewed six months ended 31 December 2007 R'000	Audited year ended 30 June 2008 R'000	Reviewed six months ended 31 December 2008 R'000	Reviewed six months ended 31 December 2007 R'000	Audited year ended 30 June 2008 R'000	Reviewed six months ended 31 December 2008 R'000	Reviewed six months ended 31 December 2007 R'000	Audited year ended 30 June 2008 R'000	Reviewed six months ended 31 December 2008 R'000	Reviewed six months ended 31 December 2007 R'000	Audited year ended 30 June 2008 R'000	Reviewed six months ended 31 December 2008 R'000	Reviewed six months ended 31 December 2007 R'000	Audited year ended 30 June 2008 R'000	Reviewed six months ended 31 December 2008 R'000	Reviewed six months ended 31 December 2007 R'000	Audited year ended 30 June 2008 R'000
Saleable tonnes produced	815 235	615 887	1 385 906	637 325	615 360	1 219 601	–	–	–	–	–	–	–	–	–	1 452 560	1 231 247	2 605 507
Tonnes sold	902 513	630 089	1 434 853	682 879	597 084	1 188 519	–	–	–	–	–	–	–	–	–	1 585 392	1 227 173	2 623 372
Segment revenue	101 139	68 653	153 034	389 220	249 984	519 963	–	–	–	–	–	–	–	–	–	490 359	318 637	672 997
Segment profit/(loss) before tax	25 759	19 975	46 742	66 584	30 565	90 973	–	–	–	1 178	(2 727)	(23 698)	(3 943)	–	–	89 578	47 813	114 017
– Impairment loss on assets classified as held for sale	–	–	–	(13 392)	–	–	–	–	–	–	–	–	–	–	–	(13 392)	–	–
– Impairment loss on goodwill acquired	–	–	–	(1 327)	–	–	–	–	–	–	–	–	–	–	–	(1 327)	–	–
– share of profit of equity accounted investee	–	–	–	–	–	–	32 635	61 706	303 133	–	–	–	–	–	–	32 635	61 706	303 133
Segment profit/(loss) before tax	25 759	19 975	46 742	51 865	30 565	90 973	32 635	61 706	303 133	1 178	(2 727)	(23 698)	(3 943)	–	–	107 494	109 519	417 150
Segment capital expenditure	10 128	11 500	27 362	160 592	43 499	198 110	–	–	–	2 365	139	3 295	(2 972)	–	–	170 113	55 138	228 767
Segment depreciation and amortisation	4 105	3 715	7 688	53 212	12 985	93 680	–	–	–	84	46	108	–	–	–	57 401	16 746	101 476
Share option costs included in segment profit/(loss) before tax	–	95	190	–	–	–	–	–	–	446	6 112	12 443	–	–	–	446	6 207	12 633
Segment assets	217 368	194 301	228 076	805 186	517 394	663 356	423 875	131 796	375 888	394 631	341 978	401 566	(392 625)	(317 747)	(326 851)	1 448 435	867 722	1 342 035
Segment liabilities	71 529	78 498	100 288	556 781	359 611	449 750	–	–	–	29 332	23 479	21 947	(294 256)	(226 661)	(237 808)	363 386	234 927	334 177

The capital expenditure of R161 million and amortisation of R53 million in the six months to 31 December 2008 for the anthracite division include R80 million and R36 million for “pre-stripping” of the open pits at Somkhele respectively (Six months ended 31 December 2007: R31 million and R27 million). The open pit mining profile requires that waste overburden be removed from the pit before coal may be extracted. This overburden removal is capitalised to the development cost of the open pit (so called “pre-stripping”) and is then expensed on a units-of-production basis as the coal is extracted from the open pits.

## Notes to the Reviewed Condensed Consolidated Financial Statements

for the six months ended 31 December 2008

### 1. Reporting entity

Petmin is a company domiciled in South Africa. The reviewed condensed consolidated financial statements of the Company for the six months ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The reviewed condensed consolidated financial statements were authorised for issue by the directors on 26 February 2009.

### 2. Statement of compliance

The reviewed condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRSs) and the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting and the South African Companies Act. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2008.

### 3. Significant accounting policies

The reviewed condensed consolidated 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 32 – Financial Instruments: Disclosure and Presentation and IAS 39 – Financial instruments: Recognition and Measurement.

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

Functional and presentation currency:

The consolidated financial statements are presented in Rands, which is the Company's functional currency. All financial information presented in Rands has been rounded to the nearest thousand.

### 4. Estimates and judgements

The preparation of interim financial statements in conformity with IAS 34 – Interim Financial Reporting 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 under the circumstances, the results of which form the basis for 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2008, with the exception of the re-estimation of the fair value of the acquisition of the 25% investment in Veremo Holdings Limited (See management commentary).

**5. Review of results**

The results of the Group as set out above have been reviewed by the Group's auditors, KPMG Inc. The unqualified review report is available for inspection at the Group's registered offices.

**6. Earnings per ordinary share**

Earnings per ordinary share ("EPS") are based on the Group's profit for the period, divided by the weighted average number of shares in issue during the year.

	Reviewed six months ended 31 December 2008			Reviewed six months ended 31 December 2007		
	Profit for the period R'000	Number of shares in thousands	Per share in cents	Profit for the period R'000	Number of shares in thousands	Per share in cents
<b>Basic earnings per share</b>	<b>81 525</b>	<b>538 244</b>	<b>15.15</b>	93 161	482 659	19.30
Share options and contingent consideration	–	15 629	(0.43)	–	10 484	(0.41)
Diluted EPS	81 525	553 873	14.72	93 161	493 143	18.89
<b>Headline earnings per share</b>	Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the period.					
<b>Reconciliation between earnings and headline earnings per share:</b>						
Basic EPS	81 525	538 244	15.15	93 161	482 659	19.30
<i>Adjustments:</i>						
– Impairment of goodwill	1 327	–	0.25	–	–	–
– Fair value impairment on assets held for sale	13 392	–	2.49	–	–	–
– Share of profit of equity accounted investee	(32 635)	–	(6.06)	(61 706)	–	(12.78)
Headline EPS	63 609	538 244	11.82	31 455	482 659	6.52
Share options and contingent consideration	–	15 629	(0.33)	–	10 484	(0.14)
Diluted headline EPS	63 609	553 873	11.48	31 455	493 143	6.38

**7. Net Asset Value ("NAV") Per Share**

	Reviewed six months ended 31 December 2008	Reviewed six months ended 31 December 2007	Audited Year ended 30 June 2008
Ordinary share capital and reserves (R'000)	1 085 049	632 795	1 005 424
Total number of shares in issue ('000)	544 538	507 964	535 541
NAV per share (cents)	199.26	124.57	187.74
Ordinary share capital and reserves (R'000)	1 085 049	632 795	1 005 424
Total number of shares in issue ('000)	544 538	507 964	535 541
Share options and contingent consideration ('000)	44 019	48 923	54 299
Fully diluted number of shares ('000)	588 557	556 887	589 840
Fully diluted NAV per share (cents)	184.36	113.63	170.46

NAV per share increased 11.52 cents or 6% compared to 30 June 2008. Fully diluted NAV per share increased 13.90 cents or 8% compared to 30 June 2008.

The NAV above includes the value of assets on an historical cost and fair value at acquisition basis. The directors' valuation of the investments in the various subsidiaries amounts to 387.90 fully diluted cents per share.

**8. 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 their 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.

**8.1 Petmin executive committee remuneration scheme and share option trust**

As disclosed in the annual financial statements for the year ended 30 June 2008, the Petmin executive committee remuneration scheme and share option scheme affects the executive directors of the Company and constitutes a related party transaction. The Petmin executive committee remuneration scheme was a three-year agreement that terminated on 30 June 2008. As reported in the Annual Report for the year ended 30 June 2008, management has reached agreement with the Remuneration Committee on a new three year scheme with similar terms and conditions. The new scheme also includes a new option scheme for which shareholder approval will be sought in due course.

**8.2 Other transactions with related parties**

Johan Strijdom, Enrico Greyling and Lebo Mogotsi, all directors of the company, were issued with 250 000 Petmin shares each upon their exercising of options, granted in 2004, to acquire shares at 45 cents each. At the time of the grant, Ms. Mogotsi was a non-executive director.

The Springlake Vendors, all of whom are employed by Petmin, were issued with 2 467 000 Petmin shares in final settlement of the warranty shares due in terms of the Springlake acquisition that was concluded in November 2005.

**9. Subsequent events**

Mr. DH Warmenhoven announced his resignation as a director of Petmin with effect from 28 February 2009. Mr. Warmenhoven will remain a significant shareholder of Petmin and will provide Petmin with consulting services to June 2009. The Board of Directors express their gratitude to Mr. Warmenhoven for his valuable contribution during the formative years of Petmin.

There have been no events that have occurred subsequent to the balance sheet date which require adjustment of, or disclosure in the financial statements or notes thereto in accordance with IAS 10 Events After the Balance Sheet Date.

**Directors**

P J Nel\* (Chairman), L Mogotsi (Deputy Chairman), J C du Preez (Chief Executive Officer),  
B B Doig (Chief Operating Officer),  
I Cockerill\*#, E de V Greyling\*, A Martin\*, J A Strijdom\*, D H Warmenhoven\*\*, J Taylor\*  
\*Non-executive #British \*\*Resignation effective from 28 February 2009

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Tel: +27 12 346 8540

**Nominated Adviser– AIM**

Numis Securities Limited  
John Harrison / Stuart Skinner  
Tel: +44 (0) 207 260 1000

**Transfer Secretaries**

JSE: Computershare Investor Services (Proprietary) Limited  
AIM: Computershare Investor Services PLC

**Auditors**

KPMG Inc.

Johannesburg  
2 March 2009

A PDF version of these results is available on our website: [www.petmin.co.za](http://www.petmin.co.za)