



SCHARRIG MINING LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1992/01973/06)
Share Code: SCN ISIN Code: ZAE000006474
("Schamin" or "the Company")

Audited Results for the year ended 31 March 2005

- **HEADLINE EARNINGS PER SHARE UP 101%**
- **CASH GENERATED FROM OPERATIONS OF R219.5 MILLION**
- **DIVIDEND UP BY 67%**
- **STRONG ORDER BOOK FOR 2006 FINANCIAL YEAR**

Abridged Consolidated Balance Sheet as at 31 March 2005

	Audited at 31 March 2005 R000	Audited at 31 March 2004 R000
ASSETS		
Non-current assets		
Property plant and equipment	610 362	450 175
	610 362	450 175
Current assets		
Inventories	9 887	6 614
Trade and other receivables	57 186	72 163
Bank balance and cash	28 887	16 922
	95 960	95 699
TOTAL ASSETS	706 322	545 874
EQUITY AND LIABILITIES		
Share capital and premium		
Share capital and premium	92 378	84 657
Reserves	158 713	108 411
Ordinary shareholders funds	251 091	193 068
Non-current liabilities		
Long-term borrowings	146 326	110 048
Deferred taxation	86 498	59 276
	232 824	169 324
Current liabilities		
Trade and other payables	53 673	57 792
Current portion of long-term borrowings	168 259	125 161
Taxation	475	529
	222 407	183 482
TOTAL EQUITY AND LIABILITIES	706 322	545 874
Net asset value per share (cents)	183	151

Abridged Consolidated Cash Flow Statement for the twelve months ended 31 March 2005

	Audited year ended 31 March 2005 R000	Audited year ended 31 March 2004 R000
Cash generated from operations	219 458	160 986
Interest paid	(33 472)	(24 876)
Interest received	793	1 626
Dividends paid	(7 502)	(4 808)
Taxation paid	(54)	
Cash flows from operating activities	179 223	132 928
Cash flows from investing activities	(254 355)	(184 407)
Cash flows from financing activities	87 097	68 001
Net increase in cash and cash equivalents	11 965	16 522
Cash and equivalents at the beginning of year	16 922	400
Cash and equivalents at the end of year	28 887	16 922

Segmental Analysis for the twelve months ended 31 March 2005

	2005		2004	
	Turnover R000	Net profit before taxation R000	Turnover R000	Net profit before taxation R000
Coal Mining	550 993	89 434	544 530	41 436
Diamond Mining				(675)
Second hand equipment trading and services	16 578	(3 763)	4 768	(4 304)

Abridged Consolidated Income Statement for the twelve months ended 31 March 2005

	Audited year ended 31 March 2005 R000	Audited year ended 31 March 2004 R000
Revenue	567 571	549 298
Operating profit before finance charges	119 143	61 333
Finance charges	33 472	24 876
Net profit before taxation	85 671	36 457
Taxation	27 867	8 091
Net profit after taxation	57 804	28 366
Attributable earnings per share (cents)	46.6	23.2
Headline earnings per share (cents)	46.6	23.2
Dividend per share (cents)		
– interim (declared)	3.50	2.00
– final (proposed)	4.00	2.50
Total	7.50	4.50
Number of shares in issue		
– at end of period (000)	137 431	128 225
– weighted average for the year (000)	124 141	122 026

Statement of Changes in Equity for the twelve months ended 31 March 2005

	Share Capital R000	Share Premium R000	Treasury share trust R000	Accumu- lated Profit R000	Non-distri- butable Reserve R000	Total R000
Balance at 31 March 2003	1 269	87 300	(1 166)	69 098	15 755	172 256
Share buyback	(42)	(2 920)				(2 962)
Profit for the year ended 31 March 2004				28 366		28 366
Dividend paid			83	(4 808)		(4 725)
Share options exercised			133			133
Balance at 31 March 2004	1 227	84 380	(950)	92 656	15 755	193 068
Shares issued	92	15 675	(9 520)			6 247
Profit for the year ended 31 March 2005				57 804		57 804
Share options exercised			1 417			1 417
Dividend paid			57	(7 502)		(7 445)
Balance at 31 March 2005	1 319	100 055	(8 996)	142 958	15 755	251 091

COMMENTS

Nature of operations

Schamin is listed on the "Other Mineral Extractors and Mines" sector of the main board of the JSE Securities Exchange South Africa (JSE). Schamin was established in 1972 and was listed on the JSE in 1993. Schamin is one of the major providers of opencast mining and mine rehabilitation services to the South African coal mining industry. Schamin's client base includes a number of blue chip international and local mining companies.

Results

Turnover increased by 3.3% over the corresponding period in 2004 to R567.5 million. In May 2004 the method of invoicing customers changed from a "wet-rate", which includes the cost of diesel to a "dry-rate", which excludes the cost of diesel. On a like-for-like basis, turnover increased by 23% over the 2004 financial year aided by strong underlying demand for the group's services from the South African coal mining industry. The group's operating profit margin increased to 20.9% from 11.1% in the prior year (12.9% in the prior year on a "dry-rate" basis).

Headline earnings per share of 46.6 cents were 101% higher than in 2004. A final dividend of 4 cents per share has been declared (2.5 cents in 2004) to bring the total dividends for the year to 7.5 cents (4.5 cents in 2004) which represents an increase of 66.6% over the prior year.

Directors: T. Scharrighuisen* (Chairman), C. Scharrighuisen (Managing), J. Holland (Financial), T.R. Hendry*, C. Moorcroft
*Non-Executive

Cash generated from operations for the year was R219.5 million (2004: R161.0 million) which equates to 176.8 cents per share (2004:131.9 cents per share).

Despite strong operating cash flow generation, Schamin's debt to equity ratio increased marginally to 114% from 113% in 2004 due to significant capital expenditure on maintaining and expanding the group's fleet. Schamin's fleet replacement program is now substantially complete and consequently the debt to equity ratio should improve during the 2006 financial year.

Capital expenditure

The net investment during the year on capital expenditure was R254.4 million (2004: R184.4 million). Of this, R100.4 million was maintenance in nature while the balance of R153.7 million was invested in expanding and improving the production capacity of the fleet. Capital expenditure for the 2006 financial year is budgeted at R75 million. However, should new projects be secured, capital expenditure in excess of this amount may be incurred.

Black economic empowerment

Shareholders are referred to the announcement published by Schamin on the 22 April 2005 relating to a black economic empowerment (BEE) transaction in terms of which a BEE consortium acquired an interest in Schamin.

Prospects

Schamin will continue to look at new projects that add value to the current operations.

Based on the current order book and the existing fleet of plant and equipment, management is targeting an increase in turnover during the 2006 financial year with improved operating efficiencies. Accordingly, improved operating results should be achieved in the 2006 financial year.

Dividend

A final dividend of 4.0 cents per share has been declared subsequent to year end and will be payable on the pay date being 25 July 2005 to shareholders recorded in the register as such at the close of business on Friday, 22 July 2005 being the record date in order to participate in such dividend.

The last day to trade cum-dividend is Friday, 15 July 2005. The share will trade ex-dividend from Monday, 18 July 2005.

Share certificates may not be rematerialised or dematerialised from Monday, 18 July 2005 to Friday, 22 July 2005 both days inclusive.

Accounting policies

These financial results are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The Accounting Policies are consistent with those applied in the preparation of the audited financial results for the 2004 financial year.

Audit opinion

The group's Auditors, BDO Spencer Steward have issued their audit opinion on the Group's financial statements for the year ended 31 March 2005. A copy of their unqualified report is available for inspection at the company's registered office.

On behalf of the board

C Scharrighuisen
Managing Director

J Holland
Financial Director

Boksburg
27 June 2005

Transfer Secretaries
Ultra Registrars (Pty) Limited
5th Floor
11 Diagonal Street
Johannesburg
2001
(PO Box 4844
Johannesburg 2000)
Tel (011) 832-2652

Sponsor

sasfin
CORPORATE FINANCE
A DIVISION OF SASFIN BANK LIMITED

Auditor

BDO
BDO Spencer Steward (KZN) Inc
Chartered Accountants and
Business Advisers

Registered Address
28 Patrick Road
Jet Park
Boksburg
1459
(PO Box 30194
Jet Park 1469)
Tel (011) 397-3870

PRESS RELEASE

Strong demand for Schamin's services from coal mining industry boosts headline earnings

Cas Scharrighuisen, MD of Scharrig Mining Limited voiced his satisfaction at the demand for the company's services, from the coal mining industry.

"The demand for our services set the stage for a 23% increase in turnover in the current year on a like-for-like basis. Our significant investment in state-of-the-art plant and machinery over the past few years has had a positive effect on the group's operating efficiencies. The group's operating profit margin increased from the prior year's 11,1% to 20,9%, while headline earnings per share showed a 101% increase on last year," Scharrighuisen said.

Jason Holland, Schamin's financial director stated that "even though cash generated from operations exceeded R219 million, Schamin's debt to equity ratio was virtually unchanged at 114% due to the large investment the group made in plant and equipment". The net investment in capital expenditure for the year was R254 million of which approximately R100 million was maintenance in nature and the balance of R154 million increased the production capacity of the fleet. "The debt to equity position should improve during the 2006 financial year," Holland stated, "as the company's fleet replacement programme is now substantially complete." Capital expenditure for the 2006 financial year is budgeted at R75 million.

The BEE transaction announced during April 2005, culminated in a BEE consortium acquiring an interest in Schamin.

According to Cas Scharrighuisen improved operating efficiencies and a stronger set of results should be achieved in the 2006 financial year.

Ends

For further information contact Jason Holland at 397-3870