



# 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 2006

• **HEADLINE EARNINGS PER SHARE ▲ 49% TO 69.3 CENTS • FINAL DIVIDEND OF 7 CENTS PER SHARE • CASHFLOW FROM OPERATIONS ▲ 24% TO R272,3 MILLION • TOTAL VOLUME EARTH MOVED ▲ 19% TO 73,9 MILLION CUBIC METRES**

### Abridged Consolidated Balance Sheet as at 31 March 2006

	Audited at 31 March 2006 R000	Audited restated at 31 March 2005 R000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	766 969	613 274
	<b>766 969</b>	<b>613 274</b>
<b>Current assets</b>		
Inventories	29 140	9 887
Trade and other receivables	66 636	57 188
Bank balance and cash	23 640	28 885
	<b>119 416</b>	<b>95 960</b>
	<b>886 385</b>	<b>709 234</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and premium</b>		
Reserves	93 032	92 378
	<b>237 054</b>	<b>159 974</b>
Total shareholders funds	<b>330 086</b>	<b>252 352</b>
<b>Non-current liabilities</b>		
Long-term borrowings	178 169	146 326
Deferred taxation	121 255	88 149
	<b>299 424</b>	<b>234 475</b>
<b>Current liabilities</b>		
Trade and other payables	73 679	53 673
Current portion of long-term borrowings	183 175	168 259
Taxation	21	475
	<b>256 875</b>	<b>222 407</b>
	<b>886 385</b>	<b>709 234</b>
Net asset value per share (cents)	240	184

### Abridged Consolidated Income Statement for the year ended 31 March 2006

	Audited year ended 31 March 2006 R000	Audited restated year ended 31 March 2005 R000
Revenue	616 468	567 571
Operating profit before finance charges	151 869	115 979
Finance charges	27 448	33 472
Net profit before taxation	124 421	82 507
Taxation	35 159	24 666
Net profit after taxation	89 262	57 841
Earnings attributable to ordinary shareholders	89 262	57 841
Attributable earnings per share (cents)	69.3	46.6
Headline earnings per share (cents)	69.3	46.6
Dividend per share (cents)	5.00	3.50
Interim (Declared)	7.00	4.00
Final (Proposed)	12.00	7.50
Shares in issue (000)	137 431	137 431
– at end of year	137 431	137 431
– weighted average for the year	128 814	124 141

### Statement of Changes in Equity for the year ended 31 March 2006

	Share Capital R000	Share Premium R000	Capital Reserve R000	Treasury share trust R000	Retained earnings Profit R000	Non- distri- butable Reserve R000	Total R000
Restated balance at 31 March 2004	1 227	84 380		(950)	89 693	13 866	188 216
Share issued	92	15 675		(9 520)			6 247
Profit for the year ended 31 March 2005					57 841		57 841
Recognition of share based payments			6 076				6 076
Dividend paid					57	(7 502)	(7 445)
Share options exercised				1 417			1 417
Balance at 31 March 2005	1 319	100 055	6 076	(8 996)	140 032	13 866	252 352
Profit for the year ended 31 March 2006					89 262		89 262
Share options exercised				369			369
Dividend paid				285	(12 182)		(11 897)
Balance at 31 March 2006	1 319	100 055	6 076	(8 342)	217 112	13 866	330 086

### Abridged Consolidated Cash Flow Statement for the year ended 31 March 2006

	Audited year ended 31 March 2006 R000	Audited restated year ended 31 March 2005 R000
Cash generated from operations	272 343	220 251
Interest paid	(27 448)	(33 472)
Dividends paid	(12 182)	(7 502)
Taxation paid	(2 507)	(54)
Cash flows from operating activities	230 206	179 223
Cash flows from investing activities	(282 864)	(254 355)
Cash flows from financing activities	47 413	87 095
Net increase in cash and cash equivalents	(5 245)	11 963
Cash and cash equivalents at the beginning of year	28 885	16 922
Cash and cash equivalents at the end of year	23 640	28 885

### Segmental Analysis for the year ended 31 March 2006

	2006		2005	
	Turnover R000	Net profit before taxation R000	Turnover R000	Net profit before taxation R000
Coal Mining	612 197	126 821	562 803	86 270
Second-hand equipment trading and services	4 271	(2 400)	4 768	(3 763)
	<b>616 468</b>	<b>124 421</b>	<b>567 571</b>	<b>82 507</b>

	Audited year ended 31 March 2006 R000	Audited restated year ended 31 March 2005 R000
Coal Mining	612 197	562 803
Second-hand equipment trading and services	4 271	(3 763)
	<b>616 468</b>	<b>567 571</b>

	2006	2005
Earnings attributed to ordinary shareholders	89 262	57 841
Headline earnings attributed to ordinary shareholders	89 262	57 841

### Reconciliation between IFRS and SA GAAP

	IFRS restated year ended 31 March 2005 R000
<b>IFRS equity impact</b>	
As previously reported SA GAAP	258 084
Change in accounting policy – IAS 16 Restatement of accumulated depreciation to reflect plant and equipment's useful lives	2 912
IFRS 2 Share based payments	(7 800)
Deferred tax adjustment on the restatements	(844)
Restated – IFRS compliance	252 352
<b>IFRS income statement impact</b>	
Net income after tax as previously reported SA GAAP	63 573
Change in accounting policy – IAS 16 Restatement of accumulated depreciation to reflect plant and equipment's useful lives	2 912
IFRS 2 Share based payments	(7 800)
Deferred tax adjustments on the restatements	(844)
Net income after tax – IFRS compliance	57 841

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### Scharrig Drill and Blast

Schamin has been approached to provide drilling and blasting services to its client base. To meet this demand Schamin will invest approximately R42 million in drilling equipment in the first quarter of the 2007 financial year. Schamin has recruited the appropriate personnel to operate and manage the drill and blast operations and expects the drill and blast operations to contribute to profits in the 2007 financial year.

### Capital expenditure

The company invested a net amount of R282 million in capital equipment of which R96 million was of replacement in nature. In March, a package of 12 new articulated dump trucks, four dozers and one excavator became available. Given the worldwide shortage of excavating equipment the company took the decision to acquire the package, at a cost of R60 million.

The continued worldwide demand for mineral resources will continue to limit the number of plant items that are available on the open market. Schamin believes that by expanding its fleet it will continue to be well positioned to meet the expected increased demand for its services.

### Prospects

Although the company's focus in the short term is to bed down the acquisitions it has or will shortly conclude, it will continue to look at opportunities that are consistent with its growth strategy. All of its operations and proposed acquisitions are trading well and are budgeting for improved operating performances in the 2007 financial year.

### Basis of presentation

The abridged financial statements have been prepared in terms of IFRS applicable at 31 March 2006. In preparing these abridged financial statements for the year ended 31 March 2006, certain accounting policy changes were applied to comply with IFRS. The comparative year ended 31 March 2005 was restated to reflect these adjustments. Reconciliations and descriptions of the effect of the transition from SA GAAP to IFRS on the group's equity and net profit are provided below.

### Transitional arrangements

The group's annual financial statements for the year ended 31 March 2006 will be the first set of annual financial statements that comply with IFRS. The group has applied IFRS 1 (First-time adoption of International Financial Reporting Standards) in preparing these abridged financial statements. The group's transition date is 1 April 2004. The group's opening balance sheet at that date has been restated to reflect all existing IFRS statements expected to be applicable on 31 March 2006.

### The following new accounting policies were applied for IFRS reporting:

#### IAS 16 – Revaluation of residual values in plant and equipment

In calculating the depreciation charge, an entity reduces the total depreciable amount of an asset by that asset's residual value. Previously, under SA GAAP the estimated residual value was fixed on recognition of the asset and was not subject to reassessment. IAS 16 requires that the residual value of the asset should be reassessed at each balance sheet date, with a resultant effect on the depreciation charge already recognized. Annual increases in asset values result in an annual upward adjustment of residual values.

#### IFRS2 – Share based payments

The adoption of IFRS 2 (Share based payments) requires that equity – settled share based payment transactions be measured at fair value and the cost be recognised as an expense in the income statement over the vesting period. In accordance with the transitional provisions of IFRS 2, the group has applied the standard retrospectively to all share options granted after 7 November 2002 that were unvested as at 1 January 2005. The share options granted are valued with reference to the market value of the share price and are expensed in the income statement, with a corresponding amount being taken to an equity reserve. The effect on previously reported retained earnings is disclosed in the statement of changes in equity.

### Directorate

During the 12 months ended 31 March 2006 the following changes took place to the board of directors .

### Appointments

Messrs D C M Gihwala, R K Jonah, A Joffe and E H J Stoyell were appointed to the board as non-executive directors.

Mr T Scharrighuisen retired as non-executive chairman and was replaced by Mr D C M Gihwala as non-executive chairman.

### Dividend

A final dividend of 7 cents (2005: 4 cents) per share has been declared by the board in respect of the year ended 31 March 2006, payable on Monday, 28 August 2006 to those shareholders recorded in the register of the company at the close of business on Friday, 25 August 2006.

The salient dates of the final dividend are as follows:

Last date to trade "cum" dividend	Friday, 18 August 2006
Shares trade "ex" dividend	Monday, 21 August 2006
Record date	Friday, 25 August 2006
Payment date	Monday, 28 August 2006

No dematerialisation or rematerialisation of shares may take place between Monday, 21 August 2006 and Friday, 25 August 2006, both dates inclusive.

### Audit opinion

Our auditors, Siyabala Inc, have issued their opinion on Schamin's statements for the year ended 31 March 2006. They have issued an unmodified audit opinion. A copy of their report is available for inspection at the company's registered office. These summarised financial statements have been derived from Schamin's financial statements and are consistent in all material respects with Schamin's financial statements.

On behalf of the board

**D C M Gihwala**  
 Non-executive Chairman

**C Scharrighuisen**  
 Managing Director

Boksburg  
 29 June 2006

**Directors:** D C M Gihwala\* (Chairman), C Scharrighuisen (Managing), J Holland (Financial), T R Hendry\*, Dr P Huysamer\*, A Joffe\*, R K Jonah\*, C Moorcroft, T Scharrighuisen\*, E H J Stoyell\*  
 \*Non-Executive