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SAH - South African Coal Mining Holdings Limited - Reviewed provisional annual results for the year ended 31 December 2010 and re-stated results for the years

ended 31 December 2009 and 31 December 2008
 South African Coal Mining Holdings Limited
 (Incorporated in the Republic of South Africa)
 Registration number 1994/009012/06
 Share code : SAH ISIN code: ZAE0000102034
 ("SACMH" or "the company")

REVIEWED PROVISIONAL ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010 AND RE-STATEMENT RESULTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008
 The reviewed condensed annual results for the year ending 31 December 2010 as well as the restated annual results for the years ending 31 December 2009 and 31 December 2008, are presented below.

The re-statement of the 2009 and 2008 results relates to the group having valued the estimated cost of rehabilitation of mining operations based on the estimated value of final closure of operations only. Rehabilitation of existing operations was completed as part of the continuous mining process. The estimated cost of rehabilitation of historical mining operations shortfalls in existence prior to the acquisition of the Umlabu Colliery as well as unrehabilitated operations in 2008 were previously not valued by the group. These shortfalls have now been surveyed to establish the extent of the shortfall and previously reported figures have been restated to include the shortfall which was previously omitted. There has been no impact on the statement of comprehensive income for the 2009 financial year.

The estimated value of outstanding rehabilitation on acquisition of the Umlabu colliery was not accounted for on acquisition of the asset in 2007. The value of the mining rights has been restated to reflect the estimated value of historical rehabilitation as well as the liability.

Re-statement of the value of mineral rights had the following effect on the financial statements:

R`000	31 Dec 09	31 Dec 08	31 Dec 07
Intangible assets as previously reported	419 399	370 370	377 725
At acquisition rehabilitation now valued	8 144	8 144	8 340

Re-stated intangible assets 427 543 378 514 386 065
 Re-statement of the rehabilitation cost had the following effect on the financial statements:

R`000	31 Dec 09	31 Dec 08	31 Dec 07
Non-current provisions as previously reported	34 431	34 431	35 444
Historical rehabilitation now	13 864	13 864	8 388

valued

Re-stated non-current provisions 48 295 48 295 43 832
 Re-statement of the deferred tax liability had the following effect on the financial statements:

R`000	31 Dec 09	31 Dec 08	31 Dec 07
Deferred taxation as previously reported	141 770	113 197	120 452
Timing differences on rehabilitation now valued and amortisation mineral rights	102	102	1 690
Re-stated deferred taxation	141 872	113 299	122 142

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2010	2009	31 December 2008	31 December	31 December
R`000			Reviewed	Audited (Restated)	Audited (Restated)
Assets					
Non-current assets			537 204	546 246	529 974
Property, plant and equipment			111 003	118 703	151 460
Intangible assets			421 666	427 543	378 514
Investments			4 535	-	-
Current assets			67 717	15 915	52 136
Inventories			44 286	-	15 320
Trade and other receivables			17 957	6 850	22 106
Tax receivable				2 083	
Cash and cash equivalents			5 474	6 982	14 710
Total assets			604 921	562 161	582 110
Equity and liabilities					
Capital and reserves			172 942	179 486	192 834
Issued capital and premium			233 885	233 885	227 784
Accumulated loss			(76 189)	(66 006)	(34 950)
Shareholder`s loan (refer to note 3)			15 246	11 607	-
Non-current liabilities			372 644	240 456	268 867
Interest bearing liabilities			176 562	50 289	107 273
Non-interest bearing liabilities			46 600	-	-
Non-current provisions			45 839	48 295	48 295
Deferred taxation			103 643	141 872	113 299
Current liabilities			59 335	142 219	120 409
Trade and other payables			27 066	11 511	46 500
Short term borrowings			7 012	-	32 334
Current portion of non-current liabilities			20 137	130 708	24 856
Current portion of provisions			5 120		
Current tax payable			-	-	16 719
Total equity and liabilities			604 921	562 161	582 110
Number of shares in issue (`000)			452 454	452 454	438 454
Net asset value per share (cents)			38.22	39.67	43.98
Tangible net asset value per share (cents)			(31.83)	(31.99)	(18.70)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 December 31 December 2009

2010

R`000

	Reviewed	Audited
Revenue	18 810	38 520
Cost of sales	(7 444)	(62 248)
Gross profit/ (loss)	11 366	(23 728)
Other (losses) and gains	(1 247)	114 520
Foreign exchange gain	3 780	-
Net impairment of assets	385	(11 781)
Loss on sale/scrapping of assets	(11 150)	(21 170)
Depreciation	(10 877)	(10 717)
Amortisation of mining right	(1 340)	(1 471)
Rehabilitation provision	(296)	-
Operating expenses	(24 984)	(22 771)
Operating (loss)/income before finance costs and taxation	(34 363)	22 882
Finance costs	(11 683)	(25 019)
Loss before taxation	(46 046)	(2 137)
Taxation	35 863	(28 919)
Total comprehensive loss attributable to ordinary shareholders	(10 183)	(31 056)
Weighted average number of shares in issue	452 454	438 454
Basic and diluted loss per share	(2.25)	(7.08)
Gain on group restructure	-	(26.12)
Impairments per share	(0.09)	2.50
Loss on sale/scrapping of non-current assets per share	2.46	4.83
Tax effects thereon	(0.69)	7.31
Headline loss per share	(0.56)	(18.56)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2010

R`000	Share Capital R`000	Share Premium loan R`000	Shareholders R`000	Revaluation Reserve R`000	Accumulated loss	Total R`000
Restated 316	41 181	83 292	-	-	67 843*	192
balance at 1 January 2008						
Issue of 500 ordinary shares under general authority	688	26 812	-	-	-	27
Issue of 078 ordinary shares under rights issue	1 977	77 101	-	-	-	79
Share issue costs (267)	-	(3 267)	-	-	-	(3)
Restated net	-	-	-	-	(102 793)	(102)

loss for the year						793)
As previously reported	-	-	-	-	(98 710)	(98 710)
Amortisation of mineral right	-	-	-	-	(141)	(141)
Rehabilitation valued	-	-	-	-	(3 942)	(3 942)
Restated 834	43 846	183 938	-	-	(34 950)	192
balance at 31 December 2008						
Issue of ordinary shares	1 400	4 758	-	-	-	6 158
Share issue costs	-	(57)	-	-	-	(57)
Increase in equity loans	-	-	11 607	-	-	11 607
Net loss for the year	-	-	-	-	(31 056)	(31 056)
Restated 486	45 246	188 639	11 607	-	(66 006)	179
balance as at 31 December 2009						
Increase in equity loans	-	-	3 639	-	-	3 639
Net loss for the year	-	-	-	-	(10 183)	(10 183)
Balance at 31 December 2010	45 246	188 639	15 246	-	(76 189)	172

*Retained earnings at 1 January 2008 previously reported as R69 582, have been

restated to account for the change to rehabilitation provisions.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

R`000	31 December 2010 (Reviewed)	31 December 2009 (Audited)
Cash flows from operations	(50 947)	3 801
Net finance charges paid	(11 683)	(25 019)
Taxation refunded/(paid)	2 083	(9 497)
Net cash flow from operating activities	(60 547)	(30 715)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13 172)	(10 083)
Increase in investments	(4 535)	
Proceeds on disposal of property, plant and equipment	13	-
Net cash used in investing activities	(17 694)	(10 083)
Cash from financing activities	-	(57)
Share issue expenses		

Net liabilities raised	76 733	33 127
Net cash from financing activities	76 733	33 070
Net decrease in cash and cash equivalents	(1 508)	(7 728)
Cash and cash equivalents at beginning of year	6 982	14 710
Cash and cash equivalents at end of year	5 474	6 982

CONDENSED SEGMENTAL ANALYSIS

R`000	Coal Mining		Equipment Leasing		Total	
	2010	2009	2010	2009	2010	2009
Continuing operations	-					
External sales	-	33 136	18 810	5 384	18 810	38 520
External revenue	-	33 136	18 810	5 384	18 810	38 520
Other gains and losses	(1 247)	111 168	-	3 352	(1 247)	114 520
Operating profit	(48 621)	(68 068)	15 505	(23 570)	(33 116)	(91 638)
Net finance charges	(11 509)	(21 519)	(174)	(3 500)	(11 683)	(25 019)
Profit/(loss) before tax	(61 377)	21 581	15 331	(23 718)	(46 046)	(2 137)
Income tax (expense) credit	35 863	(29 556)	-	637	35 863	(28 919)
Loss for the year from continuing operations	(25 514)	(7 975)	15 331	(23 081)	(10 183)	(31 056)

Assets and liabilities

Assets	542	483 320	62 660	78	604	562 161
261			841 921			
Total assets	542 261	483 320	62 660	78 841	604 921	562 161
Liabilities	(325 089)	(223 112)	(3 247)	(17 803)	(328)	(240)
Deferred tax liabilities	(103 643)	(141 872)	-	-	(103 643)	(141 872)
Total liabilities	(428 731)	(364 984)	(3 247)	(17 691)	(431 979)	(382 675)

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the measurement and recognition criteria of the International Financial Reporting Standards (IFRS), the Companies Act of South Africa, the AC 500 standards as issued by the Accounting Practices Board or its successor and the Listings Requirements of the JSE Limited. The financial statements are in accordance with IAS34 Interim Financial Reporting, using accounting policies that have been consistently applied to the prior periods. These financial results have been reviewed by the company's auditors, Deloitte & Touche.

Without qualifying their report, the auditors have reported an "emphasis of matter" that highlights that the Group's going concern is dependent on JSW Energy Limited, (a company listed on the Mumbai stock exchange) and operating through its subsidiary JSW Natural Resources South Africa (Proprietary) Limited ("JSW") supporting SACMH. JSW have confirmed their firm intention to continue their financial support to SACMH, in writing.

COMMENTARY

Following the investment in the group by JSW and the financial support received, mining operations were resumed at Umlabu Colliery with effect from 1 October

2010. Operations remain at an early stage with additional plant being commissioned during the last quarter of the financial year.

Stock of product has been established at Richards Bay Coal Terminal ("RBCT")

utilising the group's rail allocation which will allow for the export product in

the new financial year.

FINANCIAL REVIEW

1 Performance for the year ended 31 December 2010

Turnover for the year is represented by rental income received from the sidings owned by the group as well as the leasing of rail allocation.

SACMH

made use of the rail entitlement with effect from 1 October 2010 to establish a stockpile of product at the RBCT. Subsequent to the year end

this product was sold profitably at an average price of \$116.29 per ton.

51 951 tonnes of coal produced and acquired during the re-commencement of operations have been valued at cost including overheads.

Costs incurred while the group was under care and maintenance have been included in operating costs together with costs incurred as part of the start-up of operations. Fixed assets at Ilanga which were vandalised

and

destroyed during the period that operations were suspended, have been scrapped.

Due to the losses incurred by the group, no tax liability has been incurred. The deferred tax liability previously reflected at R32

million on

the group restructure has been reversed as it has been established that no liability exists.

2 Asset Management

Capital expenditure of R13.1 million was incurred during the year for the re-establishment of mining operations at the Umlabu Colliery.

RBCT Phase V allocation entitlement was increased to 70 000 tonnes a year with effect from October 2010.

Mining rights have been amortised based on production volumes. The necessary rehabilitation costs have been provided for and includes full mine closure and rehabilitation costs of all previous operations.

3 Financing Activities

JSW:

\$ 19 million was advanced to the group by JSW to fund the start-up of operations. This loan is repayable after seven years and bears interest at

2.75% above the monthly USD LIBOR rate. The loan has also been sub-

ordinated by JSW in favour of The Standard Bank of South Africa Limited.

Standard Bank of South Africa:

The loan from Standard Bank of South Africa has been restructured with R70.0 million having been repaid. The balance of the loan is interest free

and is repayable in annual instalments over five years.

Conversion of Shareholder Loan:

Mainsail agreed to advance working capital to fund the care and maintenance

of the mine. The loan attracts interest at variable rates linked to prime

and will convert into ordinary shares at the 30-day weighted average share

price, 90 days after the share suspension is lifted. As the suspension of

the listing on the JSE was only lifted on 25 March 2011, a calculation in

respect of this contingency cannot be made as yet.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The existing wash plant is being upgraded at an estimated cost of R18.9 million

which will increase capacity to 200 tons per hour. The plant is expected to be

fully commissioned by May 2011. Funding will be provided by JSW.

Mining operations have been started on the Vlakfontein reserve and have also

been resumed on the Mooifontein underground reserve.

The group's suspension on the JSE was lifted on 25 March 2011.

CAPITAL EXPENDITURE COMMITMENTS

Over and above the R18.9 million committed to for the upgrade of the wash plant,

a further R13.9 million has been authorised. Funding of the expenditure will be

made available by JSW.

CONTINGENCIES AND COMMITMENTS

There are no changes to previously reported contingencies and commitments other

than as detailed below:

Rehabilitation Provisions:

Historical as well as the estimated final cost of rehabilitation have now been

provided against in full.

PROSPECTS

SACMH operations will allow for the full utilisation of all rail allocation which amounts to an annual capacity of 277,000 tonnes to RBCT during the next

financial year. Additional export capacity is currently being investigated, which would allow the group to achieve a more sustainable operation.

The API-4 index price of RBCT coal has risen steadily since 2010.

Indications

are that it will remain above \$100 per ton for the greater part of 2011.

CHANGES TO DIRECTORATE

Messrs P J Kotze and K J Gribnitz resigned from the board on 26 February and 25

March 2010, respectively, to pursue personal interests.

Mr V P Garg, a representative of JSW Energy Limited, India which had purchased a

49% shareholding in Royal Bafokeng Capital (Pty) Limited, a major shareholder of

the company was appointed to the board on 10 June 2010.

Mr G M Scrutton resigned as CEO of the company on 31 August 2010 and as a non-executive director on 1 February 2011.

Mr D G A Miller was appointed CFO of the company with effect from 1 October 2010.

Mr A J L Rayment was appointed CEO of the company with effect from 1 December 2010.

Mr W N Gardyne, non-executive director of the company and who represented New

Africa Mining Fund which has accepted the JSW offer to shareholders to acquire

their shares, resigned as a director on 10 January 2011.

For and on behalf of the board

TV MOKGATLHA

AJL RAYMENT

Chairman

Chief Executive

Officer

1 April 2011

Johannesburg

Directors : TV Mokgatlha (Non-Executive Chairman), AJL Rayment (CEO), DGA Miller

(CFO) VP Garg (Non-Executive), Dr V Lickfold (Independent Non-Executive) LM Ndala

(Non-Executive)

Registered Office : 2nd Floor, 198 Oxford Road, Illovo, Sandton

Transfer Secretary : Computershare Investor Services (Pty) Ltd

Sponsor : Exchange Sponsors (2008) (Pty) Ltd

Auditors : Deloitte & Touche

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