



CONDENSED CONSOLIDATED INCOME STATEMENT

	31 December 2011 (audited) US\$'000	31 December 2010 (audited) US\$'000
INCOME		
Investment Portfolio		
Unrealised fair value gains	14,533	158,296
Unrealised fair value losses	(150,362)	(22,465)
Unrealised foreign exchange gains	–	11,167
Unrealised foreign exchange losses	(1,395)	(396)
Net (loss)/gain on Platmin Note	(180)	47
Realised foreign exchange gain on Jupiter forward contract	429	–
Realised fair value loss on acquisition of Jupiter shares	(1,478)	–
Net realised gain on Tshipi Jupiter transaction	–	46,005
Net realised gain on POSCO transaction	–	7
	(138,453)	192,660
Investment Portfolio revenue		
Loan interest income	893	1,704
Structuring fee and other income	–	1,549
	893	3,253
Net (losses)/gains on investments and income from operations	(137,560)	195,913
EXPENSES		
Investment Manager's Benefit	(4,628)	(4,626)
Performance incentive accrual reversal/(accrual)	32,512	(32,512)
Operating expenses	(773)	(909)
Net foreign exchange (losses)/gains	(4)	76
	27,108	(37,971)
(Loss)/profit from operations	(110,453)	157,942
Finance income	136	494
Finance costs	–	–
Net finance income	136	494
(Loss)/profit before share in loss of associates	(110,316)	158,436
Share in loss of associates	(4,106)	(292)
(Loss)/profit before tax	(114,422)	158,144
Tax credit/(expense)	42,114	(42,114)
NET (LOSS)/PROFIT FOR THE YEAR	(72,309)	116,030
Basic and diluted (loss)/earnings per ordinary share*	(0.15)	0.24

* Headline earnings per share is equal to earnings per share

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 December 2011 (audited) US\$'000	31 December 2010 (audited) US\$'000
NET (LOSS)/PROFIT FOR THE YEAR	(72,309)	116,030
Other comprehensive income	–	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(72,309)	116,030

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2011 (audited) US\$'000	31 December 2010 (audited) US\$'000
Cash outflows from operations	(5,458)	(5,643)
Additions to investments	(5,569)	(14,731)
Loans extended to investments	(18,500)	(28,845)
Acquisition of Platmin Note	–	(9,136)
Loan repayments from investments	28,822	–
Proceeds from disposal of investment	–	6,868
Finance income received	136	494
Net cash used in operating activities	(568)	(50,993)
Cash flows from investing activities	(23,559)	(30)
Investments in associates	(23,559)	(30)
Net cash used in investing activities	(23,559)	(30)
Cash flows from financing activities	–	–
Cash flows from financing activities	–	–
Net cash from financing activities	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,128)	(51,023)
Cash and cash equivalents at the beginning of the year	29,405	80,406
Exchange (loss)/gain on cash	(4)	22
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,274	29,405

INVESTMENTS

Investment	Opening at 1 January 2011 US\$	Unrealised fair value gains US\$	Unrealised fair value losses US\$	Unrealised foreign exchange losses US\$	Realised foreign exchange gain on Jupiter forward contract US\$	Net realised loss on acquisition of Jupiter shares and loss on Platmin Note US\$	Additions and disposals US\$	Accrued interest and structuring fee US\$	Platmin reclassification US\$	Closing at 31 December 2011 US\$
Listed equity investments										
Platmin Ltd	50,982	–	(5,211)	(1,317)	–	–	9,003	–	(53,456)	–
Gemfields plc	24,931	14,533	–	(29)	–	–	–	–	–	39,436
Jupiter Mines Ltd	226,436	–	(145,151)	(49)	429	(1,478)	5,569	–	–	85,756
	302,349	14,533	(150,363)	(1,395)	429	(1,478)	14,572	–	(53,456)	125,192
Unlisted equity investments										
Fabergé Ltd	87,006	–	–	–	–	–	–	–	–	87,006
Moepi Group (Boynton)	13,373	–	–	–	–	–	–	–	–	13,373
Richtrau No 123 Ltd (Magazynskraal)	36,621	–	–	–	–	–	–	–	–	36,621
Platmin Ltd	–	–	–	–	–	–	–	–	53,456	53,456
	137,001	–	–	–	–	–	–	–	53,456	190,457
Loans and receivables										
Fabergé Ltd	3,387	–	–	–	–	–	18,500	550	–	22,436
Platmin Ltd	28,478	–	–	–	–	–	(28,822)	344	–	–
	31,865	–	–	–	–	–	(10,322)	893	–	22,436
Platmin Note										
Platmin Note	9,183	–	–	–	–	(180)	(9,003)	–	–	–
	9,183	–	–	–	–	(180)	(9,003)	–	–	–
Total Investment Portfolio	480,397	14,533	(150,363)	(1,395)	429	(1,658)	(4,753)	893	–	338,084

Investment	Opening at 1 January 2010 US\$	Unrealised fair value gains US\$	Unrealised fair value losses US\$	Unrealised foreign exchange gains US\$	Unrealised foreign exchange losses US\$	Net realised gains on Tshipi Jupiter and POSCO transactions US\$	Additions and disposals US\$	Accrued interest and structuring fee US\$	Closing at 31 December 2010 US\$	
Listed equity investments										
Platmin Ltd	58,776	–	(22,465)	3,156	–	–	–	11,514	50,982	
Gemfields plc	8,330	16,621	–	–	(349)	–	–	329	24,931	
Jupiter Mines Ltd	15,845	129,177	–	8,011	–	–	74,886	(1,483)	226,436	
	82,952	145,798	(22,465)	11,167	(349)	–	74,886	10,360	302,349	
Unlisted equity investments										
Fabergé Ltd	86,633	–	–	–	–	–	–	373	87,006	
Moepi Group (Boynton)	10,030	3,343	–	–	–	–	–	–	13,373	
Richtrau No 123 Ltd (Magazynskraal)	27,466	9,155	–	–	–	–	–	–	36,621	
Tshipi	29,940	–	–	–	–	–	(28,933)	(7)	–	
	154,069	12,499	–	–	–	–	(28,933)	366	137,001	
Loans and receivables										
Fabergé Ltd	–	–	–	–	–	–	–	3,000	3,387	
Tshipi	1,321	–	–	–	(48)	–	1,058	(2,431)	100	
Platmin Ltd	–	–	–	–	–	–	–	25,845	26,633	
	1,321	–	–	–	(48)	–	1,058	26,415	31,865	
Platmin Note										
Platmin Note	–	47	–	–	–	–	–	9,136	–	9,183
	–	47	–	–	–	–	–	9,136	–	9,183
Total Investment Portfolio	238,342	158,343	(22,465)	11,167	(396)	46,012	46,276	3,119	480,397	

All figures in the above tables are rounded to US\$000s, meaning some casting differences may be in evidence.

CONDENSED CONSOLIDATED BALANCE SHEET

	31 December 2011 (audited) US\$'000	31 December 2010 (audited) US\$'000
Non-current assets		
Investments in associates	21,068	1,614
Investment Portfolio		
Listed investments	125,192	302,349
Unlisted investments	190,457	137,001
Loans and receivables	22,436	31,865
Platmin Note	–	9,183
	338,084	480,397
Total non-current assets	359,152	482,012
Current assets		
Trade and other receivables	1,180	1,213
Cash and cash equivalents	5,274	29,405
Total current assets	6,454	30,618
Total assets	365,606	512,630
Non-current liabilities		
Deferred tax liability	–	42,114
Current liabilities		
Performance incentive accrual	–	32,512
Trade and other payables	204	294
Total current liabilities	204	32,806
Total liabilities	204	74,919
Net assets	365,402	437,711
Share capital	5	5
Share premium	300,226	300,226
Retained earnings	65,171	137,480
Equity	365,402	437,711
NAV and tangible NAV per share	0.77	0.92

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (audited) US\$'000	Share premium (audited) US\$'000	Retained earnings (audited) US\$'000	Total equity (audited) US\$'000
Balance at 1 January 2010	5	300,226	21,450	321,681
Total Comprehensive Income for the year	–	–	116,030	116,030
Balance at 31 December 2010	5	300,226	137,480	437,711
Total Comprehensive Loss for the year	–	–	(72,309)	(72,309)
Balance at 31 December 2011	5	300,226	65,171	365,402

SEGMENTAL INFORMATION

	Steel Making PGMs US\$'000	Materials US\$'000	Coloured gemstones US\$'000	Fabergé US\$'000	Total US\$'000
31 December 2011					
Investment Portfolio					
Listed investments	–	85,756	39,436	–	125,192
Unlisted investments	103,450	–	–	87,006	190,457
Loans and receivables	–	–	–	22,436	22,436
Total segmental assets	103,450	85,756	39,436	109,442	338,084
Investments in associates, current assets and liabilities	–	–	–	–	27,318
Net assets	–	–	–	–	365,402
31 December 2010					
Investment Portfolio					
Listed investments	50,982	226,436	24,931	–	302,349
Unlisted investments	49,995	–	–	87,006	137,001
Loans and receivables	28,478	–	–	3,387	31,865
Platmin Note	9,183	–	–	–	9,183
Total segmental assets	138,637	226,436	24,931	90,393	480,397
Investments in associates, current assets and liabilities	–	–	–	–	(42,686)
Net assets	–	–	–	–	437,711

CHAIRMAN'S STATEMENT

Few could have predicted the turbulence of 2011. Extraordinary events affecting global markets included the devastating tsunami in Japan and the political and military uprisings across much of North Africa and the Middle East. The period also saw further crises in the banking sector, sovereign debt default and downgrades in the credit ratings of many countries. These events had a significantly negative impact on equity market performance and business confidence in general. Pallin Hurst and its portfolio companies have not been immune to these events, with the reversal of a substantial portion of the gains in Jupiter's valuation achieved during 2010.

However, I am pleased to report that significant progress has been made in each of the four investment platforms during the past year. Most recently, agreement was reached for the regional consolidation of the three contiguous PGM properties acquired over the past few years. We also welcomed the Industrial Development Corporation as a key partner in the consolidated PGM initiative, with the IDC agreeing to make an equity investment of ZAR3.24 billion. These are important steps in the creation and crystallisation of value for the Company's single largest investment.

Jupiter successfully raised AUD150 million and approved its portion of the funding required to build South Africa's newest open pit manganese mine at Tshipi Borwa. With construction well underway, Tshipi Borwa is on track to commence production by the end of 2012, with a sizeable resource capable of sustaining more than 60 years of production.

Gemfields has again delivered record breaking auction results, earning higher revenues and prices per carat than previously seen. A significant milestone on the road to becoming the world's leading coloured gemstones producer was reached with the acquisition of a controlling interest in a large ruby deposit in Mozambique. Since the year end, Gemfields' share price has climbed significantly as the market has begun to recognise its potential.

For the first time in almost a century, Fabergé has returned to London, with the opening of its Mayfair boutique. New collections were launched successfully, putting Fabergé in a position to unlock the significant value inherent in its name.

It has given me pride to witness the transformation of our portfolio companies from what we identified as "unloved assets" upon acquisition, into what is now a portfolio of attractive and valuable investments, well positioned to realise superior investment returns.

The Company has achieved a modest increase in its Rand denominated net asset value, but in US dollar terms, due to the significant drop in the Jupiter share price, the Company recorded a loss for the year. Also, there has been a further widening of the gap between the Company's net asset value and its market capitalisation. To address this, the Board is continuing to explore a number of initiatives, including an additional listing. However, our key focus is on supporting our portfolio companies in making the right decisions in order to maximise their inherent value.

Despite the volatile economic situation, I am confident that each investment platform will grow, develop and generate significant value for the Company.

Brian Gilbertson
Chairman

CHIEF EXECUTIVE'S STATEMENT

Dear fellow shareholders,
On the road-show for the Company's IPO in September 2007, we told all prospective shareholders that, for that the first round of capital, we should allow for a ten year realisation period. Simply put, during the first five years we would plough the fields, sow the grain and attend to the green shoots. During the following five years we would aim at timing the harvest in a way which would maximise the returns to shareholders. We