

- AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013
- UPDATED DETAILS RELATING TO THE ACQUISITION OF NAMAQUALAND MINES; AND
- FURTHER CAUTIONARY ANNOUNCEMENT

FINANCIAL HEADLINES

- Sales revenue steady at R751,3 million (2012: R754,5 million).
- South African operations generated a profit before tax of R88,2 million (2012: R114,6 million).
- Group profit after tax from continuing operations was R65,0 million (2012: R80,9 million).
- Profit after tax from discontinued operations amounted to R20,4 million (2012: R127,4 million).
- Group net profit for the year was R85,4 million (2012: R208,3 million).
- Net cash generated during the reporting period was R36,0 million (2012: R79,9 million) resulting in the group's net cash position at the end of the year being R383,4 million (2012: R347,4 million).
- Earnings per share amounted to 79,7 cents (2012: 196,0 cents) and headline earnings per share amounted to 69,9 cents (2012: 195,5 cents).
- Net asset value per share increased to 505,0 cents (2012: 442,0 cents).
- In Angola, Somiluan sales amounted to US\$14,9 million (2012: US\$21,7 million).

SUMMARY CONSOLIDATED INCOME STATEMENT

	Notes	2013 R'000	2012 R'000
Continuing operations			
Sales revenue		751 304	754 484
Cost of goods sold		(605 181)	(563 150)
Gross profit		146 123	191 334
Royalties		(19 832)	(21 447)
Selling and administration costs		(65 377)	(61 948)
Mining profit		60 914	107 939
Exploration costs		(5 213)	(9 225)
Other gains – net	1	22 158	7 795
Finance income		17 566	14 155
Finance costs		(8 403)	(11 496)
Share of results of associated companies		–	117
Profit before income tax		87 022	109 285
Income tax		(22 017)	(28 427)
Profit for the year from continuing operations		65 005	80 858
Discontinued operations			
Profit for the year from discontinued operations	2	20 364	127 438
Profit for the year		85 369	208 296
Attributable to:			
Continuing operations			
• Owners of the parent		63 847	79 676
• Non-controlling interest		1 158	1 182
Discontinued operations			
• Owners of the parent		20 364	127 438
		85 369	208 296
Earnings per share (cents)			
• Continuing operations – Basic and diluted		60,4	75,4
• Discontinued operations – Basic and diluted		19,3	120,6
• Total – Basic and diluted		79,7	196,0
Shares in issue adjusted for treasury shares ('000)		105 699	105 699
Headline earnings			
• Continuing operations		53 485	79 138
• Discontinued operations		20 364	127 438
• Total		73 849	206 576
Headline earnings per share (cents)			
• Continuing operations		50,6	74,9
• Discontinued operations		19,3	120,6
• Total		69,9	195,5
Average US\$ exchange rate		8,62	7,55

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013 R'000	2012 R'000
Profit for the year	85 369	208 296
Other comprehensive income net of tax:		
Translation differences on foreign subsidiaries	(20 220)	(47 201)
• Before-tax amount	(20 220)	(31 333)
• Tax expense	–	(15 868)
Fair value adjustment on available-for-sale financial assets	(116)	(1 178)
• Before-tax amount	(116)	(1 178)
• Tax benefit/(expense)	–	–
Reclassification of fair value adjustment on available-for-sale financial assets on disposal	(82)	(233)
• Before-tax amount	(82)	(233)
• Tax benefit/(expense)	–	–
Total comprehensive income for the year	64 951	159 684
Attributable to:		
• Owners of the parent	63 793	158 502
• Non-controlling interest	1 158	1 182
	64 951	159 684

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2013 R'000	2012 R'000
Assets		
Property, plant and equipment	338 483	384 858
Financial assets	111 327	99 015
Current assets	540 637	466 720
Inventories	133 569	97 776
Trade and other receivables	23 672	21 593
Cash and cash equivalents	383 396	347 351
	990 447	950 593
Equity and liabilities		
Total shareholders' interest	533 904	470 111
Non-controlling interest	124	(1 034)
Borrowings	1 281	24 401
Deferred income tax liabilities	53 583	70 735
Provisions	98 853	91 473
Deferred income	–	4 456
Current liabilities	302 702	290 451
Trade and other payables	231 144	216 325
Current income tax liabilities	2 584	4 787
Borrowings	68 974	69 339
	990 447	950 593
Net asset value per share (cents)	505	442

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2013 R'000	2012 R'000
Balance at 1 April	469 077	309 393
Total comprehensive income for the year	64 951	159 684
Balance at end of year	534 028	469 077

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	2013 R'000	2012 R'000
Cash available from operating activities	155 222	199 815
Movements in working capital	(17 521)	12 770
Income tax paid	(41 372)	(50 539)
Cash generated from operations	96 329	162 046
Cash employed	(60 284)	(82 165)
Property, plant and equipment		
• Proceeds from disposal	13 561	672
• Replacement	(26 561)	(33 087)
• Additional	(17 828)	(17 056)
Borrowings repaid	(29 456)	(32 694)
Net increase in cash and cash equivalents	36 045	79 881
Cash and cash equivalents at beginning of year	347 351	267 470
Cash and cash equivalents at end of year	383 396	347 351

NOTES

	2013 R'000	2012 R'000
1. Other gains – net		
Other gains – net consists of the following categories:		
• Net foreign exchange gains	11 719	7 795
• Profit on sale of assets and investments (Profit on sale of assets and investments (immaterial) was previously included under cost of goods sold)	10 439	–
	22 158	7 795

2. Discontinued operations

On 5 October 2011 the Angolan Ministry of Geology, Mines and Industry revoked the mining rights of the Luarica and Fucaúma joint ventures as no mining activities had been performed at the sites for a period of three years as a result of the projects being placed under care and maintenance.

Trans Hex currently has a legally enforceable right to set off a portion of the amounts owed by the other joint venture parties to Trans Hex against its pro rata share of certain of the joint ventures' liabilities. Due to the set-off, this portion of the liabilities owed by the other joint venture parties to Trans Hex became recoverable which resulted in a reversal of impairment of R84,6 million during the 2012 financial year.

Other gains during the reporting period relate to the prescription of unclaimed debts of R22,2 million (31/3/2012: prescription of unclaimed debts of R38,2 million and a change in estimate of provisions of R20,9 million).

Revenue	–	–
Other operating expenses: Luarica and Fucaúma care and maintenance costs	(1 866)	(12 301)
Other gains – net	22 230	59 079
Finance costs	–	(3 965)
Reversal of impairment of assets	–	84 625
Profit before income tax	20 364	127 438
Taxation	–	–
Profit for the year	20 364	127 438

3. Reconciliation of headline earnings

Continuing operations

Profit for the year	63 847	79 676
• Profit on sale of assets	(10 357)	(423)
• Taxation impact	77	118
• Profit on sale of listed investment	(82)	(233)
• Taxation impact	–	–
Headline earnings	53 485	79 138

Discontinued operations

Profit for the year	20 364	127 438
Headline earnings	20 364	127 438

	2013 R'000	2012 R'000
4. Inventories		
Diamonds	113 302	76 123
Consumables	20 267	21 653
	<u>133 569</u>	<u>97 776</u>
5. Capital commitments (including amounts authorised, but not yet contracted)	77 430	52 979
These commitments will be financed from the group's own resources or with borrowed funds.		

6. Segment information

Operating segments	Continuing			Discontinued Angola
	South Africa	Angola	Total	
Twelve months ending 31 March 2013				
Carats sold	65 339	–	65 339	–
	R'000	R'000	R'000	R'000
Revenue	751 304	–	751 304	–
Cost of goods sold	(605 181)	–	(605 181)	–
Gross profit	146 123	–	146 123	–
Other operating expenses	–	–	–	(1 866)
Royalties	(19 832)	–	(19 832)	–
Selling and administration costs	(58 961)	(6 416)	(65 377)	–
Mining profit/(loss)	67 330	(6 416)	60 914	(1 866)
Exploration costs	(5 213)	–	(5 213)	–
Other gains – net	16 937	5 221	22 158	22 230
Finance income	17 566	–	17 566	–
Finance costs	(8 403)	–	(8 403)	–
Profit before income tax	88 217	(1 195)	87 022	20 364
Depreciation included in the above	(89 247)	(469)	(89 716)	–
Assets	915 667	74 759	990 426	21
Liabilities	(318 816)	(2 786)	(321 602)	(134 817)
Capital expenditure	44 386	3	44 389	–
Net asset value per share (cents)	565	68	633	(128)
Twelve months ending 31 March 2012				
Carats sold	83 324	–	83 324	–
	R'000	R'000	R'000	R'000
Revenue	754 484	–	754 484	–
Cost of goods sold	(562 345)	(805)	(563 150)	–
Gross profit/(loss)	192 139	(805)	191 334	–
Other operating expenses	–	–	–	(12 301)
Royalties	(21 447)	–	(21 447)	–
Selling and administration costs	(57 396)	(4 552)	(61 948)	–
Mining profit/(loss)	113 296	(5 357)	107 939	(12 301)
Exploration costs	(9 225)	–	(9 225)	–
Other gains – net	7 795	–	7 795	59 079
Finance income	14 155	–	14 155	–
Finance costs	(11 496)	–	(11 496)	(3 965)
Reversal of impairment of assets	–	–	–	84 625
Share of results of associated companies	117	–	117	–
Profit/(loss) before income tax	114 642	(5 357)	109 285	127 438
Depreciation included in the above	(81 082)	(805)	(81 887)	–
Assets	886 745	63 673	950 418	175
Liabilities	(347 003)	(3 160)	(350 163)	(131 353)
Capital expenditure	57 041	–	57 041	–
Net asset value per share (cents)	509	57	566	(124)

Revenues from transactions with certain customers amount to ten percent or more of total revenue. During the period under review total revenue from these customers amounted to R0,0 million (31/03/2012: R82,5 million).

7. Mineral resources and mineral reserves

There have been no material changes to the mineral resources and mineral reserves previously reported in the annual report.

8. Contingent liabilities

There have been no material changes to contingent liabilities previously reported in the annual report.

9. Accounting policies

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and must also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

10. Preparation of financial statements

The preparation of the summary consolidated financial statements was supervised by the financial director, IP Hestermann CA(SA).

11. Report of independent auditor

The external auditors, PricewaterhouseCoopers Inc. have audited the group's financial statements and the summary financial statements contained herein for the year ended 31 March 2013. Copies of their unqualified audit reports are available on request at the company's registered office.

OVERVIEW

In this commentary, results are compared with the 12 months of the 2011/2012 financial year (in brackets).

South African operations showed a profit before tax of R88,2 million (2012: R114,6 million). Total US\$ sales attributable to the South African operations decreased to US\$87,2 million (2012: US\$100,0 million), at an average price of US\$1 334 per carat (2012: US\$1 200). In rand terms, revenue was steady at R751,3 million (2012: R754,5 million).

South African production during the reporting period amounted to 67 115 carats (2012: 84 409 carats). The total volume of gravels treated at the land operations increased by 10,9% and the average grade was 1,05 carats/100 m³ (2012: 1,57 carats/100 m³). The unit cost of production increased by 4,4%.

The cost of goods sold increased to R605,2 million (2012: R563,2 million) due to the higher volumes of gravel treated, together with above-inflation increases in the costs of labour, fuel and electricity.

In Angola, production at Somilua, in which Trans Hex holds a 33% stake, amounted to 41 313 carats during the period (2012: 45 869 carats). Total sales amounted to US\$14,9 million at an average price of US\$352 per carat (2012: sales amounted to US\$21,7 million at an average price of US\$446 per carat).

The loss from Angolan continuing operations amounted to R1,2 million, mainly offset by the profit of R5,2 million on the sale of assets by Trans Hex Angola to Somilua.

The group reports an after-tax profit for the year from continuing operations of R65,0 million (2012: R80,9 million).

Profit from the discontinued Luarica and Fucaúma operations in Angola amounted to R20,4 million, due to the prescription of unclaimed debts compared to a profit of R127,4 million in 2012.

The group therefore reports a profit for the year of R85,4 million (2012: R208,3 million).

Net cash generated during the reporting period was R36,0 million (2012: R79,9 million) resulting in the group's net cash position at the end of the year being R383,4 million (2012: R347,4 million).

OPERATING PERFORMANCE

Detailed project information (Unaudited)	Twelve months ended 31 March 2013				Twelve months ended 31 March 2012			
	Average grade per 100 m ³	Carats produced	Average carats per stone	Average price per carat achieved (US\$)	Average grade per 100 m ³	Carats produced	Average carats per stone	Average price per carat achieved (US\$)
South Africa								
Baken – total	1,03	44 465	1,11	1 313	1,72	63 869	0,98	1 112
Richtersveld Operations	1,13	13 491	1,97	1 940	1,10	13 839	1,49	1 871
Shallow water	–	9 159	0,31	515	–	6 701	0,31	590
Total South Africa	1,05	67 115	0,88	1 334	1,57	84 409	0,88	1 200
Angola								
Somiluana	16,60	41 313	0,42	352	19,16	45 869	0,45	446

Note: Average grade in South Africa is calculated excluding Shallow water production.

South Africa

South African operations produced 67 115 carats compared to 84 409 carats in the corresponding previous reporting period.

The total volume of gravels treated at the land operations increased by 10,9% and the average grade decreased to 1,05 carats/100 m³ compared to 1,57 carats/100 m³ in the corresponding previous reporting period.

Total sales attributable to the South African operations amounted to US\$87,2 million at an average price of US\$1 334 per carat (2012: US\$100,0 million at US\$1 200 per carat).

Angola

Production at Somiluana, in which Trans Hex holds a 33% stake, decreased to 41 313 carats compared to 45 869 carats in the corresponding previous reporting period. The average grade achieved was 16,60 carats/100 m³, compared to 19,16 carats/100 m³.

Total sales attributable to the mine during the year amounted to US\$14,9 million, at an average price of US\$352 per carat. No repayment was made to Trans Hex against the outstanding investment amount as cash was retained to develop the mine.

Projects Luarica and Fucaúma remained under care and maintenance throughout the year and are disclosed as discontinued operations as the mining licenses have been formally revoked by the Angolan State.

UPDATED DETAILS RELATING TO THE ACQUISITION OF NAMAQUALAND MINES AND FURTHER CAUTIONARY ANNOUNCEMENT

As reported previously on SENS, an agreement with De Beers Consolidated Mines Limited (“DBCM”) was signed on 6 May 2011, in terms of which Trans Hex’s 50% held company, Emerald Panther Investments 78 (Pty) Limited (“EPI”), will acquire assets and liabilities relating to Namaqualand Mines. The terms of the agreement were subsequently amended in that DBCM will retain in excess of 50% of the Namaqualand Mines environmental rehabilitation liability. The revised transaction is now valued at R166 million.

The Department of Mineral Resources has formally approved the transfer of the applicable prospecting and mining rights in respect of Namaqualand Mines from DBCM to EPI. All necessary statutory and regulatory approvals required for entering into and implementing the transaction have therefore now been obtained.

The only issue that remains outstanding is for DBCM and the State to reach agreement in respect of the State’s 20% interest in Namaqualand Mines, after which the necessary shareholders processes will be completed.

Further cautionary

Shareholders are advised to continue to exercise caution when dealing in the company’s securities until a further announcement is released.

OUTLOOK

Improved economic conditions allowed the recommencement of stripping operations in the Baken central channel during the reporting period. Work is now continuing to confirm the potential of higher grades and better stone sizes. South African production for the 2014 financial year is expected to be 70 000 carats.

In Angola, Somiluana is making progress to secure third party funding for the capital required to increase production capacity. Internal cash flow is being used to increase the production capacity and carat production for the 2014 financial year is therefore expected to surpass the 41 300 carats achieved in 2013.

Trans Hex is continuing with the appropriate course of action to exit from the discontinued Luarica and Fucaúma projects in Angola.

Tight controls over cash and costs will continue to be exercised in all areas of the group's business.

Rough diamond prices are expected to remain stable during the 2014 financial year. Interest and strong demand for Trans Hex production is expected to continue.

In respect of new business opportunities, the group continues to evaluate potential new ventures on an ongoing basis.

DIVIDEND

In order to maintain cash resources given the pending transaction in respect of Namaqualand Mines, the absence of any short-term credit facilities and the still volatile nature of the global economy, the directors deem it prudent not to declare a final dividend.

SHAREHOLDERS' DIARY

The annual report will be mailed before 30 June 2013 and the annual general meeting is scheduled for 8 August 2013.

By order of the board

BR van Rooyen
Chairman

L Delport
Chief Executive Officer

Parow
30 May 2013

REGISTERED OFFICE

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PO Box 723, Parow 7499

JSE share code: TSX

ISIN: ZAE000018552

Registration number: 1963/007579/06

Incorporated in the Republic of South Africa

("Trans Hex" or "the company" or "the group")

JSE SPONSOR

Sasfin Capital (a division of Sasfin Bank Limited)

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

PO Box 61051, Marshalltown 2107

DIRECTORATE

BR van Rooyen (Chairman), L Delport (Chief Executive Officer), IP Hestermann (Financial Director), T de Bruyn, AR Martin,

GM van Heerden (Company Secretary)