



UNAUDITED INTERIM FINANCIAL STATEMENTS

TRANS HEX

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

FINANCIAL HEADLINES

- Sales revenue amounted to R259,7 million (September 2012: R330,7 million).
- Group loss after tax from continuing operations was R69,0 million (September 2012: profit of R24,9 million).
- Profit after tax from discontinued operations amounted to R15,2 million (September 2012: profit of R8,0 million).
- Group net loss for the period was R53,9 million (September 2012: profit of R32,9 million).
- The Group's net cash position at the end of the period was R294,6 million (September 2012: R351,7 million).
- Loss per share amounted to 51,0 cents (September 2012: earnings per share of 31,6 cents) and headline loss per share amounted to 51,0 cents (September 2012: headline earnings of 21,5 cents).
- Net asset value per share was 450,0 cents at 30 September 2013 (September 2012: 466,0 cents).
- In Angola, Somiluauna sales amounted to US\$16,9 million (September 2012: US\$7,9 million) and profit of US\$5,9 million was generated (September 2012: loss of US\$0,9 million).

SUMMARY CONSOLIDATED INCOME STATEMENT

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
Continuing operations			
Sales revenue	259 747	330 647	751 304
Cost of goods sold	(320 285)	(267 594)	(605 181)
Gross (loss)/profit	(60 538)	63 053	146 123
Royalties	(3 069)	(9 225)	(19 832)
Selling and administration costs	(37 787)	(33 843)	(65 377)
Mining (loss)/profit	(101 394)	19 985	60 914
Exploration costs	(2 104)	(3 237)	(5 213)
Other gains – net	6 795	15 164	22 158
Finance income	8 040	8 599	17 566
Finance costs	(3 612)	(4 878)	(8 403)
(Loss)/profit before income tax	(92 275)	35 633	87 022
Income tax	23 232	(10 701)	(22 017)
(Loss)/profit for the year from continuing operations	(69 043)	24 932	65 005
Discontinued operations			
Profit for the year from discontinued operations	15 186	7 994	20 364
(Loss)/profit for the period	(53 857)	32 926	85 369
Attributable to:			
Continuing operations	(69 043)	24 932	65 005
• Owners of the parent	(69 090)	24 312	63 847
• Non-controlling interest	47	620	1 158
Discontinued operations	15 186	7 994	20 364
• Owners of the parent	(53 857)	32 926	85 369
(Loss)/earnings per share (cents)			
• Continuing operations – Basic and diluted	(65,4)	23,0	60,4
• Discontinued operations – Basic and diluted	14,4	7,6	19,3
• Total – Basic and diluted	(51,0)	31,6	79,7
Shares in issue adjusted for treasury shares ('000)	105 699	105 699	105 699
Headline (loss)/earnings			
• Continuing operations	(69 138)	14 679	53 485
• Discontinued operations	15 186	7 994	20 364
• Total	(53 952)	22 673	73 849
Headline (loss)/earnings per share (cents)			
• Continuing operations	(65,4)	13,9	50,6
• Discontinued operations	14,4	7,6	19,3
• Total	(51,0)	21,5	69,9
Average US\$ exchange rate	9,69	8,29	8,62

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
(Loss)/profit for the period	(53 857)	32 926	85 369
Other comprehensive income net of tax:			
Translation differences on foreign subsidiaries	(4 871)	(7 482)	(20 220)
• Before-tax amount	(4 871)	(7 482)	(20 220)
• Tax benefit	–	–	–
Fair value adjustment on available-for-sale financial assets	(37)	(192)	(116)
• Before-tax amount	(37)	(192)	(116)
• Tax benefit	–	–	–
Reclassification of fair value adjustment on available-for-sale financial assets on disposal	–	–	(82)
• Before-tax amount	–	–	(82)
• Tax benefit	–	–	–
Total comprehensive (loss)/income for the period	(58 765)	25 252	64 951
Attributable to:			
• Owners of the parent	(58 812)	24 632	63 793
• Non-controlling interest	47	620	1 158
	(58 765)	25 252	64 951

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
Assets			
Property, plant and equipment	319 984	354 751	338 483
Financial assets	112 396	106 029	111 327
Current assets	437 426	509 964	540 637
Inventories	121 774	140 901	133 569
Trade and other receivables	21 020	17 364	23 672
Current income tax	58	–	–
Cash and cash equivalents	294 574	351 699	383 396
	869 806	970 744	990 447
Equity and liabilities			
Total shareholders' interest	475 092	494 743	533 904
Non-controlling interest	171	(414)	124
Borrowings	438	8 074	1 281
Deferred income tax liabilities	30 325	60 451	53 583
Provisions	102 730	95 206	98 853
Deferred income	–	1 114	–
Current liabilities	261 050	311 570	302 702
Trade and other payables	206 176	223 721	231 144
Current income tax liabilities	–	15 499	2 584
Borrowings	54 874	72 350	68 974
	869 806	970 744	990 447
Net asset value per share (cents)	450	466	504

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
Balance at 1 April	534 028	469 077	469 077
Total comprehensive (loss)/income for the period	(58 765)	25 252	64 951
Balance at end of period	475 263	494 329	534 028

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
Cash available from operating activities	(36 569)	66 902	155 222
Movements in working capital	(15 568)	(32 015)	(17 521)
Income tax paid	(2 666)	(10 283)	(41 372)
Cash (utilised in)/generated from operations	(54 803)	24 604	96 329
Cash employed	(34 019)	(20 256)	(60 284)
Property, plant and equipment			
• Proceeds from disposal	80	13 368	13 561
• Replacement	(15 940)	(13 120)	(26 561)
• Additional	(8 725)	(4 356)	(17 828)
Investments and loans	7 584	–	–
Borrowings repaid	(17 018)	(16 148)	(29 456)
Net (decrease)/increase in cash and cash equivalents	(88 822)	4 348	36 045
Cash and cash equivalents at beginning of period	383 396	347 351	347 351
Cash and cash equivalents at end of period	294 574	351 699	383 396

NOTES TO THE SUMMARY CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
1. Other gains – net			
Other gains – net consists of the following categories:			
• Net foreign exchange gains	6 729	4 853	11 719
• Profit on sale of assets and investments	66	10 311	10 439
	6 795	15 164	22 158

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
2. Discontinued operations			
On 5 October 2011 the Angolan Ministry of Geology, Mines and Industry revoked the mining rights of the Luarca and Fucáuma 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.			
Other gains during the reporting period relate to the prescription of unclaimed debts of R15,2 million (31/3/2013: R22,2 million; 30/9/2012: R9,7 million).			
Revenue	–	–	–
Other operating expenses: Luarca and Fucáuma care and maintenance costs	–	(1 754)	(1 866)
Other gains – net	15 186	9 748	22 230
Profit before income tax	15 186	7 994	20 364
Taxation	–	–	–
Profit for the period	15 186	7 994	20 364

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
3. Reconciliation of headline earnings			
Continuing operations			
(Loss)/profit for the period	(69 090)	24 312	63 847
• Profit on sale of assets	(66)	(10 231)	(10 357)
• Taxation impact	18	678	77
• Profit on sale of listed investment	–	(80)	(82)
• Taxation impact	–	–	–
Headline (loss)/earnings	(69 138)	14 679	53 485
Discontinued operations			
Profit for the period	15 186	7 994	20 364
Headline earnings	15 186	7 994	20 364

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000
4. Capital commitments			
(including amounts authorised, but not yet contracted)	46 524	35 397	77 430
These commitments will be financed from the group's own resources or with borrowed funds.			

	Continuing			Discontinued
	South Africa	Angola	Total	
Six months ending 30 September 2013				Angola
Carats sold	26 076	–	26 076	–
	R'000	R'000	R'000	R'000
Revenue	259 747	–	259 747	–
Cost of goods sold	(320 285)	–	(320 285)	–
Gross loss	(60 538)	–	(60 538)	–
Royalties	(3 069)	–	(3 069)	–
Selling and administration costs	(34 150)	(3 637)	(37 787)	–
Mining loss	(97 757)	(3 637)	(101 394)	–
Exploration costs	(2 104)	–	(2 104)	–
Other gains – net	6 795	–	6 795	15 186
Finance income	8 040	–	8 040	–
Finance costs	(3 612)	–	(3 612)	–
Loss before income tax	(88 638)	(3 637)	(92 275)	15 186
Depreciation included in the above	(44 096)	(220)	(44 316)	–
Assets	788 284	81 522	869 806	–
Liabilities	(254 977)	(7 866)	(262 843)	(131 700)
Capital expenditure	24 665	–	24 665	–
Net asset value per share (cents)	505	70	574	(125)
Six months ending 30 September 2012				
Carats sold	33 093	–	33 093	–
	R'000	R'000	R'000	R'000
Revenue	330 647	–	330 647	–
Cost of goods sold	(267 170)	(424)	(267 594)	–
Gross profit	63 477	(424)	63 053	–
Other operating expenses	–	–	–	(1 754)
Royalties	(9 225)	–	(9 225)	–
Selling and administration costs	(30 640)	(3 203)	(33 843)	–
Mining profit/(loss)	23 612	(3 627)	19 985	(1 754)
Exploration costs	(3 237)	–	(3 237)	–
Other gains – net	10 069	5 095	15 164	9 748
Finance income	8 599	–	8 599	–
Finance costs	(4 878)	–	(4 878)	–
Profit before income tax	34 165	1 468	35 633	7 994
Depreciation included in the above	(45 054)	(280)	(45 334)	–
Assets	900 550	70 194	970 744	–
Liabilities	(339 436)	(3 640)	(343 076)	(133 339)
Capital expenditure	17 473	3	17 476	–
Net asset value per share (cents)	529	63	592	(126)

	30/09/13 Unaudited R'000	30/09/12 Unaudited R'000	31/03/13 Audited R'000				
South Africa							
Baken	0,79	14 157	1,17	1 100			
Richtersveld Operations	0,72	3 626	1,85	1 778			
Shallow water	–	4 066	0,29	379			
Total SA	0,78	21 849	0,78	1 028			
Angola							
Somiluauna	21,37	35 779	0,56	484			
				18,06	22 600	0,40	337

6. Mineral resources and mineral reserves

No adjustments have been made to the statement of mineral resources and mineral reserves as contained in the 2013 Annual Report. Annual reconciliation of production data will take place and an updated resource and reserve statement will be published in the 2014 Annual Report.

7. Contingent liabilities
There have been no material changes to contingent liabilities previously reported in the Annual Report.

8. Accounting policies
These summary consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), the preparation and disclosure requirements of IAS 34 "Interim Financial Reporting", the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited and in the manner required by the South African Companies Act No 71, 2008.

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 April 2013. The adoption of these standards and amendments to standards and interpretations did not have any material impact on the Group's results and cash flows for the six months ended 30 September 2013 and the financial position as at 30 September 2013.

The principal accounting policies and methods of computation applied are consistent in all material respects with those applied in the previous financial year.

9. Preparation of financial statements
The preparation of the unaudited consolidated interim financial statements was supervised by the financial director, IP Hestermann CA(SA).

OVERVIEW

In this commentary, results are compared with the first six months of the 2012/2013 financial year (in brackets).

Total US\$ sales attributable to the South African operations amounted to US\$26,8 million (September 2012: US\$39,9 million), at an average price of US\$1,028 per carat (September 2012: US\$1,205). In Rand terms, revenue generated was R259,7 million (September 2012: R330,7 million). The reduced revenue is attributable to a 21,2% decrease in carats sold, due to lower production, and a 14,7% decrease in average prices, due to fewer special stones being recovered. Revenue was however positively affected by an 11,3% weakening in the Rand.

South African production during the reporting period amounted to 21,849 carats (September 2012: 35,865 carats) due to a 35% decrease in grade and a 21 day strike over annual pay increases. The average grade realized was 0,78 carats/100m³ (September 2012: 1,20 carats/100m³). The total volume of gravels treated at the land operations decreased by 14,7% due to the strike and the termination of JV contractor operations at Baken, but partially offset by a 15,2% increase in volumes treated at Baken's BCP plant. The unit cost of production increased by 16,3% mainly due to the reduction in gravels treated. Operating costs remained stable as the increase in overburden stripping costs at Baken and the costs of the strike were offset by a reduction in JV contractor's fees and lower treatment costs at Bloeddrift.

The cost of goods sold increased to R320,3 million (September 2012: R267,6 million), mainly due to stock movement of R55,0 million.

The gross loss for the period ending September 2013 was R60,5 million compared to a gross profit of R63,1 million in September 2012.

South African operations showed