TRANS HEX GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1963/007579/06
Share code: TSX
ISIN: ZAE000018552
("**Trans Hex**" or the "**Group**" or the "**Company**")

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

HEADLINES

Results in this reviewed provisional condensed consolidated financial statements are compared with results for the 12 months ended 31 March 2018 ("**Previous Corresponding Period**").

- Group net profit for the year amounted to R144,1 million (2018 (restated): net loss of R229,0 million).
- Sales revenue from the South African operations increased to R312,6 million (2018 (restated): R204,7 million).
- Group net profit from continuing operations amounted to R64,7 million (2018 (restated): net loss of R16,0 million).
- Profit from the discontinued Lower Orange River ("LOR") operations amounted to R77,8 million (2018: loss of R215,3 million), directly attributable to the proceeds from its sale.
- Equity accounted profit from Somiluana amounted to R50,4 million (2018: profit of R47,5 million).
- Other gains amounted to R190,2 million, primarily due to the re-measurement of rehabilitation provisions which resulted in a gain of R111,2 million being recognised, foreign exchange gains amounting to R21,4 million and fair value gain amounting to R51,7 million.
- The Group's net cash position at the end of the year was R65,5 million (2018: R79,4 million).
- Earnings per share amounted to 125,1 cents compared to a restated loss per share of 198,9 cents in the Previous Corresponding Period.
- Headline earnings per share amounted to 45,3 cents compared to a restated headline loss per share of 165,0 cents in the Previous Corresponding Period.
- Adjusted headline loss per share amounted to 51,3 cents (2018: loss of 68,3 cents). The re-measurement of the rehabilitation provisions amounting to R111,2 million were reversed to arrive at the adjusted headline earnings per share. In the previous corresponding period, retrenchment costs at the LOR operations of R111,4 million were added back.
- Net asset value per share amounted to 268 cents (2018 (restated): 152 cents).

RESTATEMENT OF THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

Business Combination - Acquisition of an additional 27,2% interest in West Coast Resources (Pty) Ltd ("WCR")

The financial results of WCR have been fully consolidated within the Group as of 1 February 2018. Accordingly, a provisional valuation of identifiable assets acquired and liabilities assumed was made as at 31 March 2018, upon the conclusion of the 2018 financial year. The provisional fair values were adjusted upon the finalisation of the valuations on 7 December 2018. Comparative information presented in the previous corresponding period has been revised accordingly.

Furthermore, it should be noted that the consolidation of WCR from 1 February 2018, impacted the comparability of the results for the year ended 31 March 2019 with the results for the previous corresponding period. Prior to 1 February 2018, the investment in WCR was accounted for as an investment in an associate under the equity method.

Prior period errors and reclassifications

The Group's financial statements were restated retrospectively with regards to the year ended 31 March 2018.

- Reclassifications to prior period figures are detailed in note 21.
- The Group reassessed the useful life of several items still in use within property, plant and equipment, in line with current assessments.
- The Group measures its investment in Somiluana at amortised cost. In the prior year the Group did not estimate the future cash flows of the loan. This has now been re-measured.

Refer to note 22 for more details.

COMPLETION OF SALE OF THE LOR OPERATIONS WITH EFFECT FROM 1 APRIL 2018

- LOR operations was sold for a cash consideration of R72 million (exclusive of value added tax), effective 1 April 2018. In the circumstances, the results of the LOR operations for the 12 months ended 31 March 2019 are excluded from the results and only the proceeds from the sale are reflected, which impacts the comparability of the current year results with the results for the Previous Corresponding Period (i.e. the results of the LOR operations were presented as discontinued operations in the Previous Corresponding Period).

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	2019 R'000	2018 Restated R'000
Continuing operations			
Revenue from contracts with customers	1	**312 556**	204 685
Cost of goods sold		**(403 002)**	(169 477)
Gross (loss)/profit		**(90 446)**	35 208
Other gains/(losses) – net	2	**190 245**	(13 718)
Other operating expenses	3	**(63 916)**	(66 440)
Operating profit/(loss)		**35 883**	(44 950)
Share of results of associated companies	4	**50 410**	38 662
Finance income		**16 002**	25 020
Finance costs		**(39 293)**	(32 995)
Profit/(loss) before income tax		**63 002**	(14 263)
Income tax		**1 742**	(1 748)
Profit/(loss) for the year from continuing operations		**64 744**	(16 011)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	5	**79 319**	(213 033)
Profit/(loss) for the year		**144 063**	(229 044)
Attributable to:			
▪ Continuing operations		**64 744**	(16 011)
Owners of the parent		**67 866**	(19 134)
Non-controlling interest		**(3 122)**	3 123
▪ Discontinued operations			
Owners of the parent		**79 319**	(213 033)
		144 063	(229 044)
Earnings/(loss) per share – basic and diluted (cents)			
▪ Continuing operations		**56,2**	(13,9)
▪ Discontinued operations		**68,9**	(185,0)
▪ Total		**125,1**	(198,9)
Shares in issue adjusted for treasury shares ('000)		**115 136**	115 136
Average ZAR/US$ exchange rate		**13,65**	12,19

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 R'000	2018 Restated R'000
Profit/(loss) for the year	**144 063**	(229 044)
Other comprehensive loss net of tax:	**(10 962)**	(4 376)
Items that will not be reclassified to profit or loss		
Re-measurements of post-employment benefit obligations	**–**	**320**
- Before-tax amount	**–**	320
- Tax expense	**–**	–
Items that may subsequently be reclassified to profit or loss		
Translation differences on foreign subsidiaries before and after tax	**(1 165)**	232
Recycling of foreign currency translation differences on repayment of long-term receivables from foreign operations	**(9 797)**	(4 928)
Total comprehensive income/(loss) for the year	**133 101**	(233 420)
Attributable to:		
Continuing operations	**53 782**	(20 387)
- Owners of the parent	**56 904**	(23 510)
- Non-controlling interest	**(3 122)**	3 123
Discontinued operations		
- Owners of the parent	**79 319**	(213 033)
	133 101	(233 420)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2019 R'000	2018 Restated R'000
Assets			
Non-current assets		**654 772**	663 442
Property, plant and equipment	7	**313 753**	351 307
Intangible assets		**9 910**	–
Investment in associates	8	**170 910**	114 217
Investments held by environmental trust		**75 293**	70 459
Other financial assets		**84 906**	127 458
Current assets		**136 899**	172 286
Inventories	9	**51 270**	74 522
Trade and other receivables		**20 151**	18 399
Current income tax		**4**	3
Cash and cash equivalents		**65 474**	79 363
Assets of a disposal group classified as held-for-sale	10	**8 602**	36 308
Total assets		**800 273**	872 036
Equity and liabilities			
Capital and reserves		**280 832**	144 608
Non-controlling interest		**27 663**	30 786
Non-current liabilities		**174 559**	306 012
Borrowings	11	**91 732**	111 813
Deferred income tax liabilities		**–**	1 742
Employee benefit and rehabilitation provisions	12	**82 827**	192 457
Current liabilities		**314 648**	291 027
Trade and other payables		**72 881**	63 246
Interest in joint ventures	5	**83 720**	69 595
Borrowings	11	**158 047**	158 186
Liabilities of a disposal group classified as held-for-sale	10	**2 571**	99 603
Total equity and liabilities		**800 273**	872 036
Net asset value per share (cents)		**268**	152

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Other reserves R'000	Accumulated income/(loss) R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2017 (as previously stated)	206 274	(14 307)	164 403	–	356 370
Useful life reassessment	–	–	6 379	1 483	7 862
Balance at 1 April 2017 (restated)	**206 274**	**(14 307)**	**170 782**	1 483	**364 232**
Total comprehensive loss for the year	–	(4 376)	(232 166)	3 123	(233 419)
Shares issued during the year	18 402	–	–	–	18 402
Acquisition of subsidiary	–	–	–	68 185	68 185
Subsequent measurement	–	–	–	(42 005)	(42 005)
Balance at 1 April 2018	**224 676**	**(18 683)**	**(61 384)**	**30 786**	**175 395**
Total comprehensive income for the year	–	(10 962)	147 185	(3 123)	133 100
Balance at 31 March 2019	**224 676**	**(29 645)**	**85 801**	**27 663**	**308 495**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		2019 R'000	2018 Restated R'000
Cash utilised in operations	18	**(115 070)**	(226 734)
Movements in working capital		**31 135**	(37 730)
Income tax paid		**(2)**	(3)
Net cash utilised in operating activities		**(83 937)**	(264 467)
Cash flows from investment activities		**175 854**	36 385
Property, plant and equipment			
- Proceeds from disposal		**6 896**	15 087
- Additional		**(17 566)**	(6 579)
Net cash flows of discontinued operations		**69 250**	–
Proceeds from repayment of loan to Trans Hex Angola Lda		**47 463**	20 160
Loan to associate		**–**	(8 903)
Decrease in other financial assets		**50 000**	–
Dividends received		**16 090**	10 716
Interest received		**3 721**	5 904
Cash flows from financing activities		**(107 975)**	83 992
Proceeds from borrowings	19	**–**	95 000
Repayment of borrowings	19	**(98 713)**	(6 848)
Interest paid	19	**(9 262)**	(4 160)
Net decrease in cash and cash equivalents		**(16 058)**	(144 090)
Cash and cash equivalents at beginning of year		79 364	225 400
Effects of exchange rates on cash and cash equivalents		2 168	(1 946)
Cash and cash equivalents at end of year		**65 474**	79 364

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2019 R'000	2018 Restated R'000
1. Revenue from contracts with customers		
Geographical external revenue for the Group is as follow:		
South African customers	**112 749**	185 541
Foreign customers	**199 807**	225 018
	312 556	410 559
(Included in the prior year figures were revenue amounting to R205,9 million relating to discontinued operations)		
Revenue sources of the Group is as follow:		
Sales of diamonds	**307 474**	398 416
Commission on sale of third party diamonds	**5 082**	12 143
	312 556	410 559
2. Other gains/(losses) – net		
Other gains – net consist of the following categories:		
Loss on scrapping of property, plant and equipment	**–**	(1 357)
Foreign exchange gains	**21 365**	4 371
Provisional gain on bargain purchase with acquisition of subsidiary	**–**	38 142
Finalisation of gain on bargain purchase with acquisition of subsidiary (adjustment)	**–**	(34 833)
Loss on re-measurement to fair value with acquisition of subsidiary	**–**	(58 800)
Re-measurement of rehabilitation provision	**111 164**	–
Fair value gain	**51 713**	38 759
Reversal of impairments	**776**	–
Profit on sale of assets	**5 227**	–
	190 245	(13 718)
3. Other operating expenses		
Explorations costs	**10 387**	6 574
Royalties	**1 486**	1 005
Selling and administration expenses	**52 043**	58 861
	63 916	66 440
4. Share of results of associated companies		
Consists of the following categories:		
Somiluana – Sociedade Mineira, S.A.	**50 410**	47 503
The 33% investment in Somiluana is accounted for as an investment in an associate under the equity method.		
West Coast Resources (Pty) Ltd	**–**	(8 841)
On 1 February 2018, West Coast Resources (Pty) Ltd became a subsidiary of the Group. Up to this date, the 40% investment in West Coast Resources (Pty) Ltd was accounted for as an investment in an associate under the equity method.		
	50 410	38 662

	2019 R'000	2018 Restated R'000

5. Discontinued operations

Consists of the following:

- Angolan joint ventures

  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.

  The prescription of unclaimed debts of R1,5 million (2018: R2,3 million) is included below.

Angolan joint ventures		
Balance at beginning of year	**69 595**	81 539
Share of profit	**(1 528)**	(2 314)
Foreign exchange loss/(profit)	**15 653**	(9 630)
Closing balance at end of year	**83 720**	69 595
Profit for the year	**1 528**	2 314

- Lower Orange River operations

  In line with the Company's strategy of responsibly managing the LOR operations in the final years of their viable economic life cycles, these operations were gradually downscaled. Production was finally halted on 31 October 2017 following the successful conclusion of a formal consultation process with the National Union of Mineworkers.

  LOR operations was sold, effective 1 April 2018, for a cash consideration of R72 million.

The results of these operations were as follows:		
Revenue	**–**	205 874
Cost of goods sold	**–**	(426 109)
Gross loss	**–**	(220 235)
Royalties	**–**	(1 029)
Mining loss	**–**	(221 264)
Other gains – net	**77 791**	9 748
Finance costs	**–**	(3 831)
Profit/(loss) before income tax	**77 791**	(215 347)
Income tax	**–**	–
Profit/(loss) for the year	**77 791**	(215 347)
Total profit/(loss) for the year	**79 319**	(213 033)

		2019 R'000	2018 Restated R'000
6.	**Reconciliation of headline and adjusted headline earnings**		
	Headline earnings/(loss)		
	Continuing operations	**50 574**	32 786
	Discontinued operations	**1 528**	(222 781)
	Total	**52 102**	(189 995)
	Headline earnings/(loss) per share (cents)		
	Continuing operations	**43,9**	28,5
	Discontinued operations	**1,4**	(193,5)
	Total	**45,3**	(165,0)
	Continuing operations		
	Profit/(loss) for the year	**67 866**	(19 134)
	Gain on bargain purchase with acquisition of subsidiary	**–**	(38 142)
	Finalisation of gain on bargain purchase with acquisition of subsidiary (adjustment)	**–**	34 833
	Loss on re-measurement to fair value with acquisition of subsidiary	**–**	58 800
	(Profit) / loss on sale of assets	**(5 227)**	1 357
	Foreign currency translation differences on repayment of long-term receivables from foreign operations recycled to profit or loss	**(9 797)**	(4 928)
	Reversal of impairments	**(6 869)**	–
	Additional impairments provided	**4 601**	–
	Headline earnings	**50 574**	32 786
	Discontinued operations		
	Profit/(loss) for the year	**79 319**	(213 033)
	Profit on sale of assets	**(77 791)**	(9 748)
	Taxation impact	–	–
	Headline earnings/(loss)	**1 528**	(222 781)
	Total headline earnings	**52 102**	(189 995)
	Adjusted headline earnings/(loss)		
	Total headline earnings/(loss)	**52 102**	(189 995)
	Re-measurement of rehabilitation provisions	**(111 164)**	–
	Retrenchment costs at the LOR operations	–	111 400
	Adjusted headline loss	**(59 062)**	(78 595)
	Adjusted headline loss per share (cents)	**(51,3)**	(68,3)

7. Property, plant and equipment

Reconciliation of carrying value at the beginning and end of the year:

	Land and buildings R'000	Mining rights R'000	Mining plant and equipment R'000	Total R'000
2019				
Opening balance	**71 038**	**123 756**	**156 513**	**351 307**
Additions	**462**	**–**	**7 194**	**7 656**
Disposals	**(292)**	**–**	**(1 377)**	**(1 669)**
Transfers	**(129)**	**–**	**129**	**–**
Classified as held for sale	**(2 014)**	**(2 638)**	**(3 174)**	**(7 826)**
Impairments and reversal of impairments	**–**	**2 899**	**(1 408)**	**1 491**
Depreciation charge	**(778)**	**(9 088)**	**(27 340)**	**(37 206)**
Closing balance	**68 287**	**114 929**	**130 537**	**313 753**

	Land and buildings R'000	Mining rights R'000	Mining plant and equipment R'000	Total R'000
2018				
Opening balance	2 981	–	48 458	51 439
Additions	568	–	6 011	6 579
Acquired as part of a business combination	67 600	126 708	153 022	347 330
Classified as held for sale	–	–	(33 064)	(33 064)
Useful life reassessment	–	–	7 860	7 860
Transfers	392	–	(392)	–
Disposals	–	–	(6 697)	(6 697)
Depreciation charge	(503)	(2 952)	(18 685)	(21 140)
Closing balance	71 038	123 756	156 513	351 307

	2019 R'000	2018 Restated R'000

8. Investment in associates

Loan to associate: Somiluana – Sociedade Mineira, S.A.	**51 713**	46 708
Balance at beginning of year	**46 704**	29 840
Fair value gain	**51 713**	38 759
Repayment of loan amount	**(47 463)**	(20 159)
Foreign exchange differences	**759**	(1 736)

The loan to Somiluana represents a portion of the exploration costs previously incurred by the Group which is recoverable from the mining company. In terms of the Somiluana mining contract, the Group has a contractual right to be reimbursed for the exploration costs incurred and as at 31 March 2019, the loan outstanding by Somiluana amounted to US$16,6 million. During the 2011 financial year, an amount of US$10,5 million was recognised as a loan receivable by the Group. This represented the recoverable amount of the loan receivable from Somiluana when the entity was formed on 12 May 2010.

The Group re-measured the future cash flows of the loan at US$3,69 million (2018: US$3,5 million) with the fair value gain recognised under other gains - net in the Statement of Comprehensive Income.

Investment in associate: Somiluana – Sociedade Mineira, S.A	**119 197**	**67 513**
Balance at beginning of year	**67 513**	38 820
Share of results of associated company	**50 410**	47 503
Dividends paid	**(16 091)**	(10 716)
Foreign exchange differences	**17 365**	(8 094)

The 33% investment in Somiluana is accounted for as an investment in an associate under the equity method.

The results of the associate for the 9 month period until 31 December 2018, has been included in the group results, compared to 12 months in the prior period. The year end of the associate was 31 December 2018.

	170 910	114 217

9. Inventories

Diamonds	**36 290**	61 622
Consumables	**14 980**	12 900
	51 270	74 522

The carrying value of diamond inventories included above, carried at net realisable value, amounted to R20 407 381 (2018: R4 081 444). Expense recognised as a result of the write down to NRV amounted to R9 196 753.

Cost of inventories included in cost of goods sold amounted to R374,6 million (2018: R163,0 million).

	2019 R'000	2018 Restated R'000

10. Assets and liabilities of a disposal group held-for-sale

The Group received an offer to purchase the head office building, which was accepted on 13 May 2019. The Group has agreed to dispose the property for a total cash consideration of R30,0 million (exclusive of value added tax) payable on the date of transfer of the property. The carrying value of the property at 31 March 2019 is R1 008 755.

The Group received an offer to purchase another property which was accepted on 3 April 2019. The Group has agreed to dispose the property for a total cash consideration of R2,5 million (exclusive of value added tax) payable on the date of transfer of the property. The carrying value of the property at 31 March 2019 is R776 055.

Other mining operations of the entity have been assessed as meeting the recognition criteria of non-current assets held for sale and have been disclosed accordingly. The carrying value of the operations that were classified as being held for sale amounted to R6 817 524 as at 31 March 2019.

During 2019, the LOR operations was sold, with effect 1 April 2018, for a cash consideration of R72 million.

	2019 R'000	2018 Restated R'000
Assets of a disposal group classified as held-for-sale**:**		
Property, plant and equipment	**7 826**	33 064
Investment property	**776**	–
Consumables	**–**	3 244
	8 602	36 308
Liabilities of a disposal group classified as held for sale**:**		
Provision for rehabilitation	**2 571**	99 603
	2 571	99 603

11. Borrowings

Non-current

	2019 R'000	2018 Restated R'000
Loan secured by a second mortgage bond to the value of R38 775 000 over certain immovable properties and a general notarial bond over certain movable assets to the value of R173 383 700. The loan carries interest at the prime overdraft rate plus 0,4% compounded monthly and is repayable in 66 monthly instalments, the first of which was paid on 1 September 2016. The total amount, inclusive of capitalised interest, available under this loan is R189 010 000. Total value of assets secured over land and movable assets amounted to R168 791 745.	**127 465**	146 178
Less: Portion of loan repayable within one year, included in current liabilities	**(35 733)**	(34 365)
	91 732	111 813

	2019 R'000	2018 Restated R'000
Current		
Revolving loan facilities secured by a special notarial bond to the value of R264 000 000 over certain movable assets, cession of certain book debts, shares and claims. The loans carry interest at the rate of 2% per month. The total amount available under the facility is R148 000 000 with R133 000 000 still available for utilisation.	**64 114**	123 821
Rehabilitation liability relating to the disposal of LOR (previously disclosed under discontinued operations)	**58 200**	-
Portion of non-current liabilities repayable within one year, included in current liabilities	**35 733**	34 365
	158 047	158 186

12. Employee benefit and rehabilitation provisions

Provision for post-employment medical benefits	**11 017**	11 017
Provision for long-service awards	**1 869**	3 016
Provision for rehabilitation liabilities	**69 941**	178 424
	82 827	192 457

13. Business Combinations

The opening balance sheet of West Coast Resources (Pty) Ltd has been fully consolidated within the Group as of 1 February 2018. Accordingly, a provisional valuation of identifiable assets acquired and liabilities assumed was made as at 31 March 2018 upon the conclusion of the 2018 annual financial statements.

The following table summarises the movements in identifiable assets acquired and liabilities assumed from the provisional valuation allocations to the final valuations:

	01/02/2018 Disclosure as at 31/03/18 R'000	**Adjustment R'000**	**01/02/2018 Restated as at 31/03/18 R'000**
Total assets	744 180	(160 264)	583 916
Property, plant and equipment	194 139	26 483	220 622
Mining rights (included within property, plant and equipment)	313 455	(186 747)	126 708
Other financial assets	123 016	–	123 016
Inventories	107 829	–	107 829
Trade and other receivables	5 603	–	5 603
Cash and cash equivalents	138	–	138
Total liabilities	536 300	(32 201)	504 099
Provisions	166 890	–	166 890
Deferred income tax liabilities	32 201	(32 201)	**–**
Borrowings	202 934	–	202 934
Trade and other payables	134 275	–	134 275
Total identifiable net assets	207 880	(128 063)	79 817

Net asset value purchased (67,2%)	139 695	(86 058)	53 637
Fair value of consideration transferred	(18 402)	–	(18 402)
Previously held equity (40,0%)	(83 151)	(51 224)	(31 927)
Gain on bargain purchase	38 142	(34 834)	3 308

Provisional gain on bargain purchase at the end of March 2018

The net assets provisional fair value disclosed at the end of the 2018 financial year amounted to R207,8 million and took into account:

Intangible assets of R313,5 million for the mining rights;

- Tangible assets of R194,1 million;
- Inventories of R107,8 million;
- Trade receivable of R5,6 million and trade payables of R134,3 million;
- Other financial assets of R123,0 million;
- Net deferred tax liabilities of R32,2 million;
- Provisions of R166,9 million; and
- Financial net debt of R202,9 million.

The provisional fair values were adjusted as indicated in the table above upon the finalisation of the valuations. Comparative information for prior periods presented have been revised accordingly.

14. Capital commitments (including amounts authorised, but not yet contracted)	-	12 247

These commitments were financed from the Group's own resources or with borrowed funds.

15. Related party balances and transactions

The following transactions were carried out with related parties:

Sale of property, plant and equipment		
Somiluana – Sociedade Mineira, S.A.	–	4 645
West Coast Resources (Pty) Ltd	–	10 759
Receipts for services rendered to associated companies		
West Coast Resources (Pty) Ltd	–	15 190
Executive directors and key management compensation		
Salaries and other short term benefits	19 796	31 612

Loans to/(from) associated companies and shareholders at end of year		
Somiluana – Sociedade Mineira, S.A.	51 713	46 708
Cream Magenta 140 (Pty) Ltd	(25 163)	(48 608)
Metcap 14 (Pty) Ltd	(25 163)	(48 608)
RECM and Calibre Ltd	(13 787)	(26 611)
Short term investments		
Regarding Capital Management (Pty) Ltd	191 279	124 458
Finance income		
Regarding Capital Management (Pty) Ltd	12 089	10 967
West Coast Resources (Pty) Ltd	–	13 620
Finance costs and fees		
Cream Magenta 140 (Pty) Ltd	7 929	11 315
Metcap 14 (Pty) Ltd	7 929	11 315
RECM and Calibre Ltd	4 345	6 191

16. Fair value estimation

Items carried at fair value are classified according to the fair value hierarchy, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial assets are classified as Level 1 according to the fair value hierarchy. Investments held by the environmental trust were the only financial assets carried at fair value in the prior year. However, this fund consists primarily of cash and cash equivalents with the largest driver of the growth in the trust fund being attributable to interest received.

The nominal value less impairment provisions of trade receivables, cash and cash equivalents, trade payables, other financial assets and borrowings are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for the Group for similar financial instruments.

17. Deferred tax

The Group does not recognise a deferred tax asset as future utilisation is uncertain.

	2019 R'000	2018 Restated R'000

18. Cash utilised in operations

	2019 R'000	2018 Restated R'000
Profit/(loss) before taxation	**63 002**	(232 341)
Adjustments for:		
Depreciation and amortisation	**37 206**	27 182
Gains on disposal of assets and liabilities	**(5 227)**	(8 391)
Net gains on foreign exchange	**(17 794)**	(2 927)
Income from equity accounted investments	**(50 410)**	(38 662)
Interest income	**(11 168)**	(7 936)
Finance costs	**39 293**	21 995
Fair value gains	**(51 713)**	(38 759)
Gain on bargain purchase in a business combination	–	(3 309)
Impairment losses and reversals	**(2 267)**	–
Movements in provisions	**(109 630)**	6 026
Other income from rehabilitation trust	**(4 834)**	(6 098)
Loss on re-measurement of fair value with acquisition of subsidiary	–	58 800
Angolan operations	**(1 528)**	(2 314)
	(115 070)	(226 734)

19. Reconciliation of non-cash movements in borrowings

	2019 R'000	2018 Restated R'000
Opening balance	**269 999**	–
Cash receipts	**–**	95 000
Cash payments	**(107 975)**	(11 008)
Non-cash flow movements	**87 755**	186 007
Closing balance	**249 779**	269 999

20. Segment information

Operating segments

Year ended 31 March 2019	CONTINUING South Africa	CONTINUING Angola	CONTINUING Total	DISCONTINUED South Africa	DISCONTINUED Angola	DISCONTINUED Total
Carats sold	151 424	–	151 424	–	–	–
	R'000	–	**R'000**	**R'000**	–	**R'000**
Revenue	312 556	–	312 556	–	–	–
Cost of goods sold	(403 002)	–	(403 002)	–	–	–
Gross loss	(90 446)	–	(90 446)	–	–	–
Other gains – net	138 532	51 713	190 245	77 791	–	77 791
Other operating expenses	(57 337)	(6 579)	(63 916)	–	–	–
Operating profit	(9 251)	45 134	35 883	77 791	–	77 791
Share of results and impairment of associated companies	–	50 410	50 410	–	–	–
Profit for the year from discontinued operations	–	–	–	–	1 528	1 528
Finance income	16 002	–	16 002	–	–	–
Finance costs	(39 293)	–	(39 293)	–	–	–
(Loss)/profit before income tax	(32 542)	95 544	63 002	77 791	1 528	79 319
Depreciation included in the above	(37 206)	–	(37 206)	–	–	–
Net assets/(liabilities)	330 108	120 307	450 415	(58 200)	(83 720)	(141 920)
Capital expenditure	7 656	–	7 656	–	–	–
Net asset value per share (cents)	287	104	391	(50)	(73)	(123)

Year ended 31 March 2018	CONTINUING South Africa	CONTINUING Angola	CONTINUING Total	DISCONTINUED South Africa	DISCONTINUED Angola	DISCONTINUED Total
Carats sold	78 185	–	78 185	16 698	–	16 698
	R'000	–	**R'000**	**R'000**	–	**R'000**
Revenue	204 685	–	204 685	205 874	–	205 874
Cost of goods sold	(169 477)	–	(169 477)	(426 109)	–	(426 109)
Gross loss	35 208	–	35 208	(220 235)	–	(220 235)
Other (losses)/gains – net	(50 735)	37 017	(13 718)	9 748	–	9 748
Other operating expenses	(55 255)	(11 185)	(66 440)	(1 029)	–	(1 029)
Operating loss	(70 782)	25 832	(44 950)	(211 516)	–	(211 516)
Share of results and impairment of associated companies	(8 841)	47 503	38 662	–	–	–
Profit for the year from discontinued operations	–	–	–	–	2 314	2 314
Finance income	25 020	–	25 020	–	–	–
Finance costs	(32 995)	–	(32 995)	(3 831)	–	(3 831)
(Loss)/profit before income tax	(87 598)	73 335	(14 263)	(215 347)	2 314	(213 033)
Depreciation included in the above	(11 277)	(3)	(11 280)	(10 860)	–	(10 860)
Net assets/(liabilities)	226 337	81 947	308 284	(63 295)	(69 595)	(132 890)
Capital expenditure	2 111	–	2 111	4 468	–	4 468
Net asset value per share (cents)	197	71	268	(55)	(60)	(116)

Revenue from transactions with certain customers can amount to 10% or more of total revenue. During the year under review, 3 individual customers were responsible for aggregate sales in excess of 10% of revenue. Such individual customers were responsible for aggregate sales of R134,6 million (2018: Rnil).

Customer A	R38,6 million
Customer B	R51,4 million
Customer C	R44,6 million

21. Comparative figures

In previous years, royalties and exploration costs were separately presented in the Consolidated Statement of Comprehensive Income. These expenses have been reclassified together with other expense items in line with industry norm and separately disclosed in the relevant notes. Due to this change in allocation, the Group has had to restate prior period figures presented in the Consolidated Statement of Comprehensive Income.

The effect of the correction on prior year figures has been as follows:

Cost of sales	(2 331)
Other operating expenses	(5 248)
Royalties	1 005
Exploration costs	6 574
Net effect	–

Commission received on the sale of rough diamonds on behalf of third parties was included in other income in previous years. As these sales form an integral part of the operations of the entity, they have been included as revenue from contracts with customers. Due to this change in allocation, the Group has had to restate prior period figures presented in the Consolidated Statement of Comprehensive Income.

The effect of the correction on prior year figures has been as follows:

Revenue from contracts with customers	12 143
Other income	(12 143)
Net effect	–

22. Prior period errors

The Group's financial statements were amended retrospectively with regards to the year ending 31 March 2018.

- The Group reassessed the useful life of several items still in use within property, plant and equipment, in line with current assessments.

The correction of the error results in adjustments as follow:

Statement of financial position	**2018**
Increase in carrying value of property, plant and equipment	7 862
Increase in retained income	6 379
Increase in non-controlling interest	1 483

Income statement	**2018**
Increase in depreciation	2 879

- The group accounts for its loan to Somiluana as a long term interest that is part of its net investment in the associate. The loan is measured at amortised cost before the total net investment in the associate (including the loan) is tested for impairment under the requirements of IAS 28 *Investments in Associates and Joint Ventures*.

  In measuring the loan at amortised cost, the effective interest method is applied by discounting estimated future cash receipts through the expected life of the loan. Where necessary, estimates of receipts are revised and the gross carrying amount of the loan is adjusted to reflect actual and revised estimated contractual cash flows. The gross carrying amount of the loan is recalculated as the present value of the estimated future cash flows, discounted at the loan's original effective interest rate. The adjustment is recognised in profit or loss.

  In the prior year, the group did not accurately revise the estimated future cash flows from the loan and, as a result, the required adjustment to the carrying amount of the loan was not recognised in profit or loss. This adjustment has now been calculated and recognised in the prior year as a "fair value gain" within "other gains" in the statement of comprehensive income.

The correction of the error results in adjustments as follow:

Statement of financial position	**2018**
Increase in investment in associates	38 759
Statement of comprehensive income	
Increase in fair value gains	38 759

23. Contingent liabilities

The Group is subject to claims which arise in the ordinary course of business. The Group has provided performance guarantees to banks and other third parties amounting to R8 million (2018: R8 million).

Trans Hex Diamante Ltd ("THD") has provided a performance guarantee to the Industrial Development Corporation Limited to the value of the outstanding amount being R127,5 million (2018: R146,2 million).

24. Events after the reporting period

Post year-end, Trans Hex Operations (Pty) Ltd, West Coast Resources (Pty) Ltd ("WCR"), THD (all of which are subsidiaries of Trans Hex) and Kernel Resources (Pty) Ltd ("Kernel Resources"), (collectively, the "Parties") entered into a process of negotiating the terms and conditions of the potential disposal of the shares held by THD in the issued share capital of WCR ("WCR Shares"), comprising 67.2% of the WCR Shares, to Kernel Resources.

In anticipation thereof and to ensure undisturbed continuity of WCR's Namaqualand operations ("Namaqualand Operations"), the Parties entered into a management and mining services agreement, whereby WCR has, subject to the fulfilment of suspensive conditions customary for an agreement of this nature, appointed Kernel Resources as an independent contractor to perform management and mining services in connection with the Namaqualand Operations.

Details of the above agreement were released on SENS on 05 May and 21 May 2019 and are available on Trans Hex's website at www.transhex.co.za/announcements/

No other events which may have a material effect on the Group occurred between the reporting date and the issuing of this announcement.

25. Accounting policies

The condensed consolidated financial statements ("financial statements) are prepared in accordance with the JSE Limited Listings Requirements ("Listings Requirements") for condensed consolidated financial statements and the requirements of the Companies Act, No. 71 of 2008. These financial statements contain the information required by IAS 34: Interim Financial Reporting, and have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"); interpretations issued by the IFRS Interpretation Committee, the requirements of the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The accounting policies applied in the preparation of the consolidated financial statements from which the condensed consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the implementation of IFRS 9 and IFRS 15 as discussed below:

IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers

The Group applied IFRS 15 and IFRS 9 for the first time from 1 April 2018. The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time in 2018, but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of the goods or services transfers to the customer. Revenue needs to be recognised at a point in time or over time depending on the performance obligation linked to separate elements of the contract with the customer. The Group has one revenue stream being the sale of diamonds. The timing and measurement of the Group's revenue has not changed as a result of the implementation of IFRS 15. Risk and rewards of ownership and control of the diamonds passes to the purchaser when cash is received in the bank and revenue is recognised at that point in time when the diamonds are handed over to the purchaser. No further performance obligations were noted. The Group earns commission on third party diamond sales. The revenue is recognised on the date of sale on a commission percentage basis.

IFRS 9: Financial Instruments

The prior year figures have not been restated.

In the current year, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for:
1) The classification and measurement of financial assets and financial liabilities, and
2) Impairment for financial assets

Details of these new requirements, as well as their impact on the Group's consolidated financial statements, are described below.

Classification and measurement of financial assets

IFRS 9 addresses the classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. IFRS 9 includes guidance on financial liabilities and the derecognising of financial instruments.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has not had a significant impact on the Group's financial assets.

IFRS 9 changes the classification of certain financial instruments. Trade and other receivables are all held to collect solely payments of principal and interest (SPPI) and continue to be measured at amortised cost along with other financial assets and loans. Similarly, borrowings and trade and other payables will continue to be measured at amortised cost. Investments held by the rehabilitation trust are to be measured at amortised cost where these were measured at fair value through profit or loss under IAS 39. The reclassification has however not had a material impact of the carrying value of these investments.

Impairment of financial assets

IFRS 9 requires an expected credit loss model to be used in impairing financial assets. It is no longer necessary for a credit loss event to have occurred before impairments are recognised.
The group has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

As at 1 April 2018, the Groups' directors reviewed and assessed the Group's existing financial assets and amounts due from customers for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised. This did not result in material impact on the financial assets.

Summary of change in category of financial instruments:

Instrument	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Trade receivables	Loans and receivables	Amortised cost	Financial asset at amortised cost	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost	Financial asset at amortised cost	Amortised cost
Other financial assets	Loans and receivables	Amortised cost	Financial asset at amortised cost	Amortised cost
Investment held in environmental trust.	At fair value through profit or loss	At fair value through profit or loss	Financial asset at amortised cost	Amortised cost
Derivatives	At fair value through profit or loss	Fair value through profit or loss	Financial asset at fair value through profit or loss	Fair value through profit or loss
Borrowings	Other financial liability	Amortised cost	Financial liability at amortised cost	Amortised cost
Trade payables	Other financial liability	Amortised cost	Financial liability at amortised cost	Amortised cost

26. Going concern

The Board of Directors (the Board) has resolved that the going concern assumption on the Group, as consolidated, is appropriate. In reaching this conclusion the Board, inter alia, considered the real drivers on this assumption, being the cash flows for the ensuing year, in particular those of West Coast Resources and assumptions embedded therein. The Board also applied its mind to the worst case scenario regarding the potential disposal of West Coast Resources, comprising 67.2% of the WCR shares, to Kernel Resources.

The Group’s ability to fund its short-term liquidity requirements is dependent on the financial support of its shareholders and the Industrial Development Corporation (“IDC”), creating a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

27. Preparation of financial statements

The preparation of the condensed consolidated financial statements was supervised by the Financial Director, IP Hestermann CA(SA).

28. Report of independent auditor

These provisional condensed consolidated financial statements for the year ended 31 March 2019 have been reviewed by Mazars.
A copy of the auditor’s report is available for inspection at Trans Hex's registered office. Their conclusion and Emphasis of Matter is detailed below:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the provisional condensed consolidated financial statements of Trans Hex Group Limited for the year ended 31 March 2019 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports to the financial statements, and the requirements of the Companies Act of South Africa.

Emphasis of matter

The accompanying provisional condensed consolidated financial statements have been prepared assuming that the Group will continue as a going concern. Management’s evaluation of the events and conditions and includes management’s plans regarding the potential disposal of the interest which Trans Hex Diamante Ltd holds in West Coast Resources (Pty) Ltd as described in note 24. The provisional condensed consolidated financial statements do not include any adjustments that might result should the disposal not be concluded. Our conclusion is modified with respect to the matter.

OVERVIEW

Results in this reviewed condensed consolidated financial statements are compared with results for the 12 months ended 31 March 2018 ("**Previous Corresponding Period**").

Restatement of the financial results for the Previous Corresponding Period

Business Combination

The financial results of West Coast Resources (Pty) Ltd ("**WCR**") have been fully consolidated within the Group as of 1 February 2018. Accordingly, a provisional valuation of identifiable assets acquired and liabilities assumed was made as at 31 March 2018, upon the conclusion of the 2018 financial year. The provisional fair values were adjusted upon the finalisation of the valuations on 7 December 2018. Comparative information presented in the Previous Corresponding Period has been revised accordingly.

Furthermore, it should be noted that the consolidation of WCR from 1 February 2018, impacted the comparability of the results for the year ended 31 March 2019, with the results for the Previous Corresponding Period. Prior to 1 February 2018, the investment in WCR was accounted for as an investment in an associate under the equity method.

Prior period errors

The Group's financial statements were restated retrospectively with regards to the year ended 31 March 2018.

The Group reassessed the useful life of several items still in use within property, plant and equipment, in line with current assessments.

The Group measures its investment in Somiluana at amortised cost. In the prior year the Group did not estimate the future cash flows of the loan. This has now been re-measured. Refer to note 22 for further details.

Completion of sale of the Lower Orange River operations with effect from 1 April 2018

LOR operations was sold for a cash consideration of R72 million (exclusive of value added tax), which sale became effective on 1 April 2018. In the circumstances, the results of the LOR operations for the 12 months ended 31 March 2019 are excluded from the results and only the proceeds from the sale are reflected, which impacts the comparability of the results with the results for the Previous Corresponding Period (i.e. the results of the LOR operations were presented as discontinued operations in the Previous Corresponding Period).

Sales revenue from the South African operations increased to R312,6 million (2018 (restated): R204,7 million).

South African carat production reduced to 131 520 carats (2018: 197 496 carats), mainly due to West Coast Resources producing less carats and the closure of the LOR operations.

The cost of goods sold increased to R403,0 million compared to the previous corresponding year's restated figure of R169,5 million , mainly as a result of West Coast Resources (Pty) Ltd becoming a subsidiary of the Group on 1 February 2018.

Gross loss amounted to R90,4 million compared to a restated gross profit of R35,2 million during the Previous Corresponding Period.

Other gains amounted to R190,2 million, primarily due to the re-measurement of the rehabilitation provisions which resulted in a gain of R111,2 million being recognised, foreign exchange gains amounting to R21,4 million and a fair value gain of R51,7 million.. The Previous Corresponding Period was a loss of R13,7 million, mainly due to loss on re-measurement to fair value of R58,8 million and finalisation of gain with acquisition of subsidiary amounting to R3,3 million, fair value gain of R38,8 million and foreign exchange gains of R4,4 million.

Other operating expenses amounted to R63,9 million compared to R66,4 million during the Previous Corresponding Period, the reduction mainly due to selling and administrative expenses decreasing by R6,8 million and explorations costs increasing by R3,8 million.

Loss before tax from the South African continuing operations amounted to R32,5 million compared to a restated loss of R87,6 million during the Previous Corresponding Period.

Profit from the Angolan continuing operations amounted to R95,5 million (2018 (restated): profit of R73,3 million), consisting of Somiluana's equity accounted profit of R50,4 million (2018: profit of 47,5 million), a fair value gain of R51,7 million (2018 (restated): R38,8) less Angolan head office costs of R6,6 million (2018: R11,2 million).

Finance income was R16,0 million compared to R25,0 million during the Previous Corresponding Period.

Finance costs was R39,3 million compared to R33,0 million the Previous Corresponding Period.

After-tax profit for the year from continuing operations amounted to R64,7 million (2018 (restated): loss of R16,0 million).

Profit from the discontinued operations amounted to R79,3 million (2018: loss of R213,0 million), consisting of a profit from the Luarica and Fucaúma operations of R1,5 million (2018: profit of R2,3 million) and a profit from the LOR operations of R77,8 million (2018: loss of R215,3 million) directly attributable to the proceeds from its sale.

The Group therefore reports a profit for the year of R144,1 million (2018 (restated): net loss of R229,0 million).

The Group acquired prospecting rights during the current period of R9,9 million.

Cash and cash equivalents at the end of the year amounted to R65,5 million (2018: R79,4 million).

MINERAL RESOURCES AND MINERAL RESERVES

The total carat resource at West Coast Resources (Pty) Ltd decreased by 4%, primarily due to depletion through mining activities. The indicated and inferred diamond resource carats decreased by 3.8% and 4% respectively, i.e. a decrease of 202,402 carats in total.

Total carats in reserve at Somiluana Mine increased by 173% due to favourable diamond prices, lower operation unit cost and additional resources that were re-classified from inferred to indicated. The project resource increased by 78% due to new resource blocks that were delineated during the 2018/19 resource review, based on an increased confidence of the geological model through drilling, bulk-sampling and grades based on actual mining.

The marine indicated and inferred diamond resource carats are 211 755 and 121 665 respectively.

The Competent Person for Trans Hex, Mr SBE Damons, has reviewed and approved the information contained in this announcement as it pertains to mineral resources and mineral reserves. Mr Damons is an employee of Trans Hex and serves as the Company's Mineral Resource Manager.

OPERATING PERFORMANCE

Detailed project information

Detailed project information (unaudited)	Year ended 31 March 2019				Year ended 31 March 2018			
	Average grade*	Carats produced	Average carats per stone	Average price per carat achieved (US$)	Average grade*	Carats produced	Average carats per stone	Average price per carat achieved US$
South Africa								
West Coast Resources	**17,20**	**123 884**	**0,23**	**128**	27,84	173 920	0,23	153
Baken	**–**	**–**	**–**	**–**	2,43	13 944	1,17	946
Bloeddrif	**–**	**–**	**–**	**–**	2,60	620	1,52	877
Shallow water	**–**	**7 636**	**0,25**	**491**	–	9 012	0,24	431
Angola								
Somiluana	**31,16**	**133 659**	**0,65**	**547**	44,78	136 402	0,66	504

** Note:*
1. Calculated per 100 m^3 for South Africa and Angola, and per 100 tons for West Coast Resources (Pty) Ltd.
2. Average grade in South Africa is calculated excluding shallow water production.

West Coast Resources operations

During the year, production amounted to 123 884 carats compared to 173 920 carats in 2018.

Sales amounted to R240,5 million at an average price of US$128 per carat (2018: sales of R302,5 million at an average price of US$153 per carat).

The average grade decreased by 38.2% to 17,2 carats/100 tons compared to 27,84 carats/100 tons in 2018 due to lower than expected grades achieved in targeted channel blocks. The average stone size amounted to 0,23 carats per stone (2018: 0,23 carats per stone).

Angolan operations

Production at Somiluana Mine, in which Trans Hex holds a 33% stake, amounted to 133 659 carats (2018: 136 402 carats). Total sales amounted to US$70,6 million at an average price of US$547 per carat (2018: sales of US$66,3 million at an average price of US$504 per carat). The Group received US$1,2 million (2018: US$825 000) in dividends and US$3,5 million (2018: US$1,6 million) from the repayment of the loan account.

Somiluana Mine is pursuing an aggressive drilling programme in order to identify new resources in calonda formation gravels, as well as terraces and floodplains.

OUTLOOK

West Coast Resources operations

Post year-end, Trans Hex Operations (Pty) Ltd, West Coast Resources (Pty) Ltd ("WCR"), Trans Hex Diamante Ltd ("THD") (all of which are subsidiaries of Trans Hex) and Kernel Resources (Pty) Ltd ("Kernel Resources"), (collectively, the "Parties") entered into a process of negotiating the terms and conditions of the potential disposal of the shares held by THD in the issued share capital of WCR ("WCR Shares"), comprising 67.2% of the WCR's issued shares, to Kernel Resources.

In anticipation thereof and to ensure undisturbed continuity of WCR's Namaqualand operations ("Namaqualand Operations"), the Parties entered into a management and mining services agreement, whereby WCR has, subject to the fulfilment of suspensive conditions customary for an agreement of this nature, appointed Kernel Resources as an independent contractor to perform management and mining services in connection with the Namaqualand Operations.

Details of the above agreement were released on SENS on 05 May and 21 May 2019 and are available on Trans Hex's website at www.transhex.co.za/announcements

Shallow water operations

Production from the Shallow water operations for the 2020 financial year is expected to be in the order of 8 000 carats, compared to 2019 financial year actual production of 7 636 carats.

Angolan operations

During the 2020 financial year, mining operations will continue on the east bank of the Luana River at Nzagi, in the south-west at Lulau, and at other areas currently being evaluated.

Production results and geological work through drilling and bulk sampling indicate that carat production for the 2020 financial year is expected to be in the order of 140 000 carats, compared to 2019 financial year actual production of 133 659 carats.

Market

The rough diamond market remains weak with less goods available which is in line with lower levels of demand. The market is expected to remain softer until Quarter 3 of the 2019 calendar year.

Further reductions in bank credit has further pressurized the sentiment in the market, yet despite less rough diamonds being available supply and demand appear to be in balance. Quarter 1 of the 2020 calendar year will see an increase in demand which should boost prices as factories are set to restock after the December break.

DIVIDEND

The Board has resolved not to declare a final dividend.

CHANGES TO THE BOARD OF DIRECTORS

Mr Marco Wentzel resigned as a member of the Audit and Risk Committee effective 27 March 2018.

Mr James Gurney resigned as an Alternate Director to Mr Wentzel, effective 26 November 2018.

By order of the Board

MVZ Wentzel
Chairman

L Delport
Chief Executive Officer

Parow
28 June 2019

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AUDITORS
Mazars

DIRECTORATE
MVZ Wentzel (Chairman), AG Rhoda, PG Viljoen, AJ Marais, L Delport (Chief Executive Officer), IP Hestermann (Financial Director)