



Summary consolidated statement of financial position

R'000	Audited as at 31 March 2013	Audited as at 31 March 2012
ASSETS		
Property, plant and equipment	1 381 394	1 545 934
Mineral rights	410 761	410 761
Intangible assets	25 016	27 220
Goodwill	120 648	412 709
Restricted investment	8 693	8 693
Deferred tax assets	50 253	34 869
Total non-current assets	1 997 037	2 440 186
Inventories	189 792	364 521
Trade and other receivables	535 192	468 870
Current tax receivable	18 127	12 507
Cash and cash equivalents	110 709	180 236
Total current assets	853 820	1 026 134
Assets classified as held-for-sale	1 807	389 315
TOTAL ASSETS	2 852 664	3 855 635
EQUITY AND LIABILITIES		
Share capital and premium	1 994 406	1 994 406
Reserves	(396 735)	376 554
Total equity attributable to equity holders of the Company	1 597 671	2 370 960
Non-controlling interest	32 644	59 815
TOTAL EQUITY	1 630 315	2 430 775
Liabilities		
Loans and borrowings	—	488 695
Finance lease obligations	3 371	—
Rehabilitation provision	66 899	66 899
Deferred tax liabilities	221 375	297 852
Total non-current liabilities	291 645	853 446
Trade and other payables	286 205	344 138
Loans and borrowings**	543 744	220 316
Finance lease obligations	2 129	—
Bank overdraft	58 062	—
Current tax payable	40 564	6 960
Total current liabilities	930 704	571 414
TOTAL LIABILITIES	1 222 349	1 424 860
TOTAL EQUITY AND LIABILITIES	2 852 664	3 855 635
Net asset value per share – excluding treasury shares (cents)	275	408
Tangible net asset value per share – excluding treasury shares (cents)	250	332
Net asset value per share – excluding treasury shares (cents)*	418	418
Tangible net asset value per share – excluding treasury shares (cents)*	343	343

* Previously calculated on total equity
** Classified as short term debt – refer to going concern narrative in commentary

Operational segment reporting

The Group is organised into four major operating segments, namely opencast mining services, exploration drilling, crane hire, and coal mining. Megacube is disclosed under the "Opencast mining services" as a discontinuing business operation as it is in the process of being wound down. Benicon Opencast, CCT and JEF are included in the continuing operations. Equipment trading, spares and engineering is included in "Other". Segment performance is measured based on the segment profit before interest and income tax. Inter-segment revenue is priced on an arms length basis.

Business segments	2013 (R'000)				Exploration drilling	Crane hire	Coal mining	Other	Consolidated
	Continuing opencast mining services	Discontinuing opencast mining services	Total opencast mining services	Exploration drilling					
Total segment revenue	1 332 619	66 303	1 398 922	749 854	65 258	908	57 613	2 272 555	
Inter-segment revenue	143 241	1 862	145 103	—	931	—	41 495	187 529	
External revenues	1 189 378	64 441	1 253 819	749 854	64 327	908	16 118	2 085 026	
Impairment of plant and equipment	95 510	(51 316)	44 194	(257)	32 663	(16 879)	(64 792)	(5 071)	
Impairment of goodwill	(137 551)	—	(137 551)	(49 352)	—	—	(186 903)	(300 127)	
Impairment of assets held-for-sale	—	(15 149)	(15 149)	(203 959)	—	—	(96 168)	(300 127)	
Impairment of intangible assets	—	—	—	—	—	(9 162)	—	(9 162)	
Inventory write down to net realisable value	—	—	—	—	—	—	(19 340)	(133 783)	
Loss on disposal of assets held-for-sale	—	(221 028)	(221 028)	(114 443)	—	—	—	(221 028)	
Segment results	(42 041)	(287 493)	(329 534)	(368 011)	32 663	(26 041)	(180 300)	(871 223)	
Segment assets	999 129	135 529	1 134 658	391 207	111 301	632 464	514 382	2 784 012	
Unallocated assets	—	—	—	—	—	—	—	68 652	
Total assets								2 852 664	
2012 (R'000)									
Total segment revenue	1 191 289	602 678	1 793 967	861 311	57 418	13 383	63 288	2 789 367	
Inter-segment revenue	213 266	10 925	224 191	—	1 267	499	50 995	276 952	
External revenues	978 023	591 753	1 569 776	861 311	56 151	12 884	12 293	2 512 415	
Segment results pre impairment	171 381	(80 204)	91 177	102 805	30 335	(15 498)	(37 718)	171 101	
Impairment	(3 095)	(598 077)	(598 077)	(591 172)	—	—	(591 172)	(591 172)	
Segment results	168 286	(668 281)	(499 995)	102 805	30 335	(15 498)	(37 718)	(420 071)	
Segment assets	936 955	539 302	1 476 257	911 925	102 215	634 164	683 698	3 808 259	
Unallocated assets	—	—	—	—	—	—	—	47 376	
Total assets								3 855 635	

COMMENTARY

"Subdued global economic activity continues to weigh heavily on commodity prices in the PCM, gold and seaboard traded metallurgical coal sectors, significantly reducing the visibility of exploration spend in these areas, across the continent. Sentula's bulk earth moving businesses however, through their exposure to the local coal sector, have experienced a far more predictable demand profile. Having disposed of the remaining assets in Megacube and initiated a process to monetise the stakes in its various coal investments, Sentula is now well positioned to focus on its core remaining mining services entities." – Robin Berry, CEO – Sentula Mining Limited.

KEY EVENTS

- Stable demand in the contract mining sector although some margin pressure is being experienced.
- Substantial progress being made in the disposal of the Group's coal assets.
- The conclusion of the introduction of Thebe Mining Resources Proprietary Limited ("Thebe Mining") as a strategic empowerment partner.
- The initiation of processes for the disposal of the coal assets, the proceeds of which will be applied to a reduction of debt.
- The disposal of the remaining Megacube equipment which, while resulting in a book loss, realised net proceeds of R103 million.
- A substantial decline in gold and platinum prices along with disruptions in the South African mining industry have resulted in a significant reduction in exploration expenditure and a consequent downscaling of Geosearch's operations.

FINANCIAL OVERVIEW

- Revenue decreased by 17% to R2 085 million (2012: R2 512 million)
 - Headline (loss)/earnings per share decreased to (27.0) cents (2012: 21.7 cents)
 - Net asset value per share: 275 cents (2012: 408* cents)
 - Tangible net asset value per share: 250 cents (2012: 332* cents)
 - Debt to equity gearing ratio deteriorated to 29% (2012: 22%)
 - * previously calculated on total equity
- The Group's results for the financial year were impacted by the following:
- Geosearch's results were negatively affected by:
 - An impairment of R49.4 million relating to drill rigs that are now operationally and technologically uneconomical,
 - A write down of inventory to net realisable value of R114.4 million associated with the impaired rigs.
 - An impairment of the Geosearch goodwill of R300.1 million;
 - An impairment charge of R137.6 million, following an impairment assessment of Benicon's equipment in terms of IAS 36;
 - A write down of inventory to net realisable value in Benicon Spas amounting to R19.3 million;
 - The following pre-tax expenses associated with Megacube's closure and the disposal of its plant and equipment fleet:
 - Related auction costs amounted to R16.7 million;
 - An impairment charge of R15.1 million on assets held-for-sale;
 - A loss on the disposal of assets held-for-sale of R221 million;
 - The carry cost of R7.9 million (pre-tax) incurred as a result of maintaining Nkomati Anthracite Mine on "care and maintenance" during the past financial year.

OPERATIONAL REVIEW

Sustainability

Safety track record:

The Group's Classified Injury Frequency Rate of 0.28 per million man hours worked is an 83% improvement on the prior year, with only three lost time injuries being recorded for the year. Sentula continues to work closely with its clients to ensure that investments in systems and structures, to support its efforts in the safety arena, results in the reduction of risk. Sentula acknowledges the right of its employees to return home without harm and that safety performance must be regarded as a prerequisite and not a competitive edge.

Transformation:

During the year under review, Sentula was independently re-verified as a "level 5" contributor, in terms of the DTI codes, measuring broad-based economic empowerment ("BBBEE"). The finalised BBBEE transaction elevated the status of its underlying South African mining services businesses to that of "level 4" contributors, with an effective 25.04% broad based empowered ownership. Subsequent phases of this BBBEE transaction, concluded during the last quarter of 2012, included the empowerment of the Group's coal assets and the introduction of Thebe Mining as a strategic empowerment partner.

Environment:

During the year under review, the Group continued to verify its baseline carbon footprint for several of its activities. Targets and initiatives to reduce the quantum and impact of emissions have been introduced across the Group.

In the current financial year, Sentula Group companies continued to meet their objectives, with respect to the maintenance and attainment of international certification of their safety, environmental and training systems.

Mining services

The provision of mining services remains the core of Sentula's business, with the four operating divisions and the five underlying continuing businesses. Volatility in the sector continues to reduce the visibility of earnings, specifically in the area of exploration.

Continuing opencast mining services:

The year under review has been characterised by stable demand, but exacting trading conditions, as margins remained under pressure across the opencast contracting sector and operating conditions have deteriorated.

Having taken the operational management and equipment associated with the Keaton Energy Vanggatfontein contract over from Megacube during the first quarter of the financial year, Benicon

Summary consolidated income statement

R'000	Audited year ended 31 March 2013	Audited year ended 31 March 2012
Revenue	2 085 026	2 512 415
Results from operating activities pre-impairments and inventory write-off	(226 099)	201 578
Inventory write-off	(133 783)	(30 478)
Impairment of goodwill	(300 127)	—
Impairment of plant and equipment	(186 903)	(591 171)
Impairment of assets held-for-sale	(15 149)	—
Impairment of intangible assets	(9 162)	—
Results from operating activities	(871 223)	(420 071)
Net finance charges	(57 471)	(63 821)
Fair value adjustment on interest rate cap	(2 486)	(6 677)
Loss before taxation	(931 180)	(490 569)
Taxation	31 213	(41 625)
Loss for the year	(899 967)	(532 194)
Attributable to:		
– Equity holders of the company	(875 017)	(516 703)
– Non-controlling interest	(24 950)	(15 491)
Basic and diluted loss per share (cents)	(150.6)	(88.9)
Headline and diluted (loss)/earnings per share (cents)	(27.0)	21.7
Shares in issue at the end of the period excluding treasury shares ('000)	581 005	581 005

Summary consolidated statement of comprehensive loss

R'000	Audited year ended 31 March 2013	Audited year ended 31 March 2012
Loss for the year	(899 967)	(532 194)
Other comprehensive income		
Foreign currency translation differences for foreign operations	67 190	28 000
Other comprehensive income for the year, net of income tax	67 190	28 000
Total comprehensive loss for the year	(832 777)	(504 194)
Attributable to:		
– Equity holders of the company	(807 827)	(488 703)
– Non-controlling interest	(24 950)	(15 491)

Summary consolidated statement of changes in equity

R'000	Share capital	Share premium	Employee share incentive reserve	Treasury shares	Foreign currency translation reserve	Retained earnings/(loss)	Non-controlling interest	Total
Balance at 31 March 2011	5 866	2 014 438	42 426	(25 898)	(53 403)	874 105	2 857 534	75 301
Loss for the year	—	—	—	—	—	(516 703)	(516 703)	(15 491)
Other comprehensive income for the period	—	—	—	—	27 995	—	27 995	5
Transactions with owners, recorded directly in equity								
Share-based payments	—	—	2 134	—	—	—	2 134	—
Share options forfeited	—	—	(7 986)	—	—	7 986	—	—
Balance as at 31 March 2012	5 866	2 014 438	36 574	(25 898)	(25 408)	365 388	2 370 960	59 815
Loss for the year	—	—	—	—	—	(875 017)	(875 017)	(24 950)
Other comprehensive income for the period	—	—	—	—	67 190	—	67 190	—
Transactions with owners, recorded directly in equity								
Share-based payments	—	—	406	—	—	—	406	—
Share options forfeited	—	—	(4 767)	—	—	4 767	—	—
Share-based payment empowerment transaction	—	—	17 632	—	—	—	17 632	—
Option premium on empowerment transaction	—	—	16 500	—	—	—	16 500	—
Dividend paid to non-controlling interest	—	—	—	—	—	—	—	(2 221)
Balance as at 31 March 2013	5 866	2 014 438	66 345	(25 898)	41 782	(504 862)	1 597 671	32 644

Summary consolidated statement of cash flows

R'000	Audited year ended 31 March 2013	Audited year ended 31 March 2012
Cash flows from operating activities	94 127	229 485
Cash generated from operations	194 234	319 156
Income taxes paid	(41 968)	(27 294)
Interest paid	(58 139)	(62 377)
Cash flows from investing activities	(90 103)	(140 905)
Purchase of property, plant and equipment	(214 716)	(291 600)
Proceeds from disposal of property, plant and equipment	18 374	156 708
Capitalised exploration expenditure	(309)	(2 121)
Additions to assets held-for-sale	(57 165)	(6 833)
Proceeds from disposal of assets held-for-sale	160 464	—
Interest received	3 249	3 032
Cash flows from financing activities	(145 750)	4 596
Loans raised	74 213	147 335
Loans repaid	(234 242)	(142 739)
Option premium on empowerment transaction received	16 500	—
Dividends paid to non-controlling interest	(2 221)	—
Net (decrease)/increase in cash and cash equivalents	(141 726)	93 176
Exchange gain/(loss) on cash and cash equivalents	14 137	(1 172)
Cash and cash equivalents at the beginning of the year	180 236	88 232
Cash and cash equivalents at the end of the year	52 647	180 236

Reconciliation of headline (loss)/earnings

R'000	Audited year ended 31 March 2013	Audited year ended 31 March 2012
Net loss for the year attributable to equity holders of the Company	(875 017)	(516 703)
Adjust for:		
Profit on disposal of plant and equipment	(2 230)	(2 464)
Loss on disposal of plant and equipment	1 392	54 621
Loss on disposal of assets held-for-sale	221 028	—
Impairment of plant and equipment	186 903	591 171
Impairment of assets held-for-sale	15 149	—
Impairment of goodwill	300 127	—
Impairment of intangible asset	9 162	—
Tax effect of above adjustment	(13 265)	(508)
Headline (loss)/earnings attributable to ordinary shareholders	(156 752)	126 117