

Sentula MINING

Incorporated in the Republic of South Africa (Registration number 1992/001973/06)
Share code: SNU ISIN: ZAE000107223 ("Sentula" or "the Company" or "the Group")

REVIEWED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE 12 MONTHS ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

	Reviewed March 2016	Audited March 2015 Re-presented
R'000		
Revenue	1 186 405	1 374 753
Loss from operations	(105 406)	(153 880)
Net profit/(loss) on disposal of assets	971	(52 099)
Megacube arbitration award	(129 051)	-
Impairment of plant and equipment	(103 240)	(14 795)
Impairment of assets held-for-sale	-	(815)
Operating loss	(336 726)	(221 589)
Finance charges	(35 723)	(52 918)
Fair value adjustment on interest rate cap	-	(159)
Loss before taxation	(372 449)	(274 666)
Taxation	24 215	(16 244)
Loss for the period from continuing operations	(348 234)	(290 910)
Discontinued operations		
Loss for the period from discontinued operations (attributable to the owners of the parent)	-	(275)
Loss on disposal of discontinued operations	-	(3 727)
Total loss for the period	(348 234)	(294 912)
Loss attributable to:		
- Owners of the parent	(348 234)	(293 445)
- continuing operations	(348 234)	(289 443)
- discontinued operations	-	(4 002)
- Non-controlling interest	-	(1 467)
- continuing operations	-	(1 467)
- discontinued operations	-	-
Weighted basic and diluted loss per share (cents)	(56,46)	(49,18)
- continuing operations	(56,46)	(48,51)
- discontinued operations (cents)	-	(0,67)
Shares in issue at the end of the period ('000)	1 167 564	586 559
Shares in issue at the end of the period excluding treasury shares ('000)	1 162 011	581 005
Weighted average shares in issue at the end of the period excluding treasury shares ('000) (2015 restated for the rights issue)	616 787	596 708

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed March 2016	Audited March 2015 Re-presented
R'000		
Loss for the period	(348 234)	(294 912)
Other comprehensive (expenses)/income		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation differences for foreign operations	(7 006)	2 339
Other comprehensive (expenses)/income for the period, net of income tax	(7 006)	2 339
Total comprehensive loss for the period	(355 240)	(292 573)
Loss attributable to:		
- Owners of the parent	(355 240)	(291 106)
- continuing operations	(355 240)	(287 104)
- discontinued operations	-	(4 002)
- Non-controlling interest	-	(1 467)
- continuing operations	-	(1 467)
- discontinued operations	-	-

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed March 2016	Audited March 2015
R'000		
ASSETS		
Total non-current assets	799 130	801 617
Property, plant and equipment	731 504	749 942
Restricted investments	1 995	-
Intangible assets	-	672
Goodwill	37 427	37 427
Deferred income tax assets	28 204	13 576
Total current assets	336 674	403 328
Inventories	40 457	70 492
Trade and other receivables	209 193	312 947
Cash and cash equivalents	81 896	19 245
Current tax receivable	5 128	644
Assets of disposal group classified as held-for-sale	-	219 490
TOTAL ASSETS	1 135 804	1 424 435
EQUITY AND LIABILITIES		
Total equity attributable to equity holders of the parent	479 480	732 012
Share capital and premium	2 097 114	1 994 406
Reserves	101 131	110 689
Accumulated loss	(1 718 765)	(1 373 083)
Non-controlling interest	-	-
TOTAL EQUITY	479 480	732 012
LIABILITIES		
Total non-current liabilities	158 047	114 856
Loans and borrowings	933	3 699
Rehabilitation provision	69 249	-
Finance lease obligations	22 275	44 356
Deferred income tax liabilities	65 590	66 801
Total current liabilities	498 277	509 534
Trade and other payables	213 277	191 594
Provisions	103 399	17 271
Loans and borrowings	40 019	133 134
Finance lease obligations	17 716	26 260
Bank overdraft	89 234	81 214
Current income tax liabilities	34 632	60 061
Liabilities of disposal group classified as held-for-sale	-	68 033
Total liabilities	656 324	692 423
TOTAL EQUITY AND LIABILITIES	1 135 804	1 424 435
Net asset value per share (excluding treasury shares) (cents) (2015 restated for the rights issue)	41	123
Tangible net asset value per share (excluding goodwill) - excluding treasury shares (cents) (2015 re-presented for the rights issue)	38	116

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Reviewed March 2016	Audited March 2015
R'000		
Cash flows from operating activities	85 068	47 138
Cash generated from operating activities	126 600	119 808
Income taxes paid	(9 297)	(20 622)
Interest paid	(32 235)	(52 048)
Cash flows from investing activities	(19 603)	(3 534)
Interest received	1 309	769
Purchase of property, plant and equipment	(37 856)	(103 959)
Proceeds from disposal of property, plant and equipment	16 407	42 021
Capitalised exploration expenditure	-	(1 187)
Additions to assets held-for-sale	-	(830)
Proceeds from disposal of assets held-for-sale	2 332	27 279
Proceeds from disposal of subsidiary	(1 995)	23 680
Movement in restricted investment	(12 319)	8 693
Cash flows from financing activities	(12 319)	(139 033)
Increase in borrowings	-	77 476
Decrease in borrowings	(115 027)	(216 509)
Proceeds from the rights issue	104 581	-
Payment of transaction costs related to rights issue	(1 873)	-
Net increase/(decrease) in cash and cash equivalents	53 146	(95 429)
Cash and cash equivalents at the beginning of the period	(60 569)	33 744
Exchange gain on cash and cash equivalents	85	1 116
Cash and cash equivalents at the end of the period	(7 338)	(60 569)
Cash and cash equivalents classified as discontinued operations	-	1 400
Cash and cash equivalents per statement of financial position	(7 338)	(61 969)
Cash and cash equivalents at the end of the period	(7 338)	(60 569)

Directors: RB Patmore* (Chairman), JC Badenhorst (Chief Executive Officer), JC Lemmer (Financial Director), DR Zihlangu*, SP Naude*, ME Gama*, T de Bruyn*
*Independent non-executive "Non-executive"

Company Secretary: GC Cross

Transfer secretaries: Computershare Investor Services Proprietary Limited
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Sponsor: Questco Proprietary Limited
Auditor: PricewaterhouseCoopers Inc.

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FINANCIAL OVERVIEW

- Cash flow from operating activities increased by 80,9% to R85 million (2015: R47 million)
- Debt reduced by R126 million to R81 million during the period (2015: R139 million to R207 million)
- Basic loss per share from operations increased to 56,46 cents (Re-presented 2015*: 49,18 cents)
- Headline loss per share improved to 39,87 cents (Re-presented 2015*: 40,22 cents)
- Net asset value per share of 41 cents (2015*: 123 cents)

*Re-presented for the rights issue and classification of assets held-for-sale.

The Group's earnings for the 12-month period were impacted by the following:

- Start-up of Coal mining operations at Nkomati Anthracite mine;
- A decrease in corporate head office overheads and other service costs of R18 million;
- Benicon Opencast Mining operating losses of R104 million;
- Impairment of Benicon Opencast Mining plant and equipment of R103 million; and
- Provision for claims and receivable impairment in Megacube of R129 million.

Benicon Opencast Mining Proprietary Limited ("Benicon")

During November the operational management of Benicon was taken over by a new executive team. The team was faced with escalating repairs and maintenance costs and lower equipment availability due to ageing of equipment.

In order to deliver into the secured Anglo Coal contracts, the bulk of the ageing equipment will require replacement. As an alternative to the significant investment required replacing the equipment, a merger opportunity with an existing opencast mining company, Close-Up Mining Proprietary Limited ("Close-Up"), was identified.

Shareholders are referred to the SENS announcement on 27 June 2016 in which the transaction was announced.

Sentula currently holds 50,5% of the shares in Sentula Coal Proprietary Limited ("Sentula Coal") with the remaining shares held by the Sentula Employee Trust. Sentula Coal is currently 62,91% black owned. Sentula Coal's opencast mining activities commenced during 2015 when Sentula Coal secured its first opencast mining contract with Anglo Coal. Sentula Coal appointed Benicon as its main subcontractor.

Sentula Coal is in the process of employing a substantial number of Benicon employees as well as acquiring certain selected plant and equipment previously owned by Benicon. From 1 July 2016 Sentula Coal will be responsible for all Anglo Coal contracts historically executed by Benicon.

The ultimate result of the announced transaction is that Sentula will hold 40% of the shares in Close-Up, which will, in addition to its existing opencast mining operations, hold 50,5% of the shares in Sentula Coal, with Sentula Coal owning selected plant and equipment previously owned by Benicon.

In addition, and as a direct consequence, Benicon will commence with an orderly process of disposing of the majority of its ageing equipment.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium	Share-based payment reserve	Treasury shares	Foreign currency translation reserve	Accumulated loss	Total	Non-controlling interest	Total ordinary shareholders' funds
R'000								
Restated balance as at 31 March 2014	2 020 304	36 684	(25 898)	74 166	(1 080 639)	1 024 617	1 467	1 026 084
Loss for the year	-	-	-	-	(293 445)	(293 445)	(1 467)	(294 912)
Other comprehensive income	-	-	-	2 339	-	2 339	-	2 339
Transactions with owners, recorded directly in equity								
Disposal of subsidiary	-	(2 500)	-	-	1 001	(1 499)	-	(1 499)
Balance as at 31 March 2015	2 020 304	34 184	(25 898)	76 505	(1 373 083)	732 012	-	732 012
Loss for the year	-	-	-	-	(348 234)	(348 234)	-	(348 234)
Other comprehensive loss	-	-	-	(7 006)	-	(7 006)	-	(7 006)
Transactions with owners, recorded directly in equity								
Shares issued for cash	104 581	-	-	-	-	104 581	-	104 581
Rights issue transaction costs	(1 873)	-	-	-	-	(1 873)	-	(1 873)
Share options forfeited	-	(2 552)	-	-	2 552	-	-	-
Total contributions by and distributions to owners	102 708	(2 552)	-	(7 006)	(345 682)	(252 532)	-	(252 532)
Balance as at 31 March 2016	2 123 012	31 632	(25 898)	69 499	(1 718 765)	479 480	-	479 480

INFORMATION ABOUT REPORTABLE SEGMENTS

The Group is organised in five operating segments, namely Opencast mining services, exploration drilling, overburden drilling and blasting, mobile crane hire and coal mining. Benicon, CCT, Sentula Coal, and Benicon Sales Proprietary Limited ("Benicon Sales") are included in the Opencast mining services. Sentula Coal and Benicon Sales are now included in Opencast mining services due to a change in the structure of the organisation, previously Sentula Coal was included in the coal mining segment and Benicon Sales was included in corporate and other services. Benicon Coal Proprietary Limited ("Benicon Coal") and Nkomati Anthracite Proprietary Limited ("Nkomati") are included in the coal mining operations. Benicon Coal and Nkomati have been represented in the prior year as they are no longer classified as held-for-sale. Even though Megacube is no longer operational it has been disclosed separately due to its materiality. Segment performance is measured based on the segment profit before interest and income tax. Intersegment revenue is priced on an arm's length basis.

	Opencast mining services	Exploration drilling	Overburden drilling and blasting	Crane hire	Coal mining	Megacube	Corporate and other services	Total
R'000								
Reviewed 12 months ended 31 March 2016								
Total segment revenue	748 772	196 721	311 612	72 665	135 799	(36 719)	550	1 429 400
Inter-segment revenue	95 196	5 934	110 925	1 518	28 872	-	550	242 995
External revenue	653 576	190 787	200 687	71 147	106 927	(36 719)	-	1 186 405
Total segment results pre-impairment	(110 324)	(5 650)	22 680	23 369	(12 203)	(129 199)	(23 130)	(234 457)
Impairment of plant and motor vehicles	(103 240)	-	-	-	-	-	-	(103 240)
Net gain on disposal of assets	(764)	1 544	192	(3)	(4)	-	6	971
Segment results	(214 328)	(4 106)	22 872	23 366	(12 207)	(129 199)	(23 124)	(336 726)
Segment assets	353 263	143 011	191 420	156 932	202 618	5 340	49 888	1 102 472
Current and deferred tax assets	-	15 518	1 356	-	14 729	-	1 729	33 332
Total assets	353 263	158 529	192 776	156 932	217 347	5 340	51 617	1 135 804
Segment liabilities	137 263	16 439	61 398	11 540	83 231	95 252	150 979	556 102
Current and deferred tax liabilities	40 120	4 795	14 686	23 564	-	16 802	255	100 222
Total liabilities	177 383	21 234	76 084	35 104	83 231	112 054	151 234	656 324
Audited re-presented 12 months ended 31 March 2015								
Total segment revenue	815 212	269 170	358 549	100 620	6 111	-	950	1 550 612
Inter-segment revenue	69 956	2 659	101 092	1 202	-	-	950	175 859
External revenue	745 256	266 511	257 457	99 418	6 111	-	-	1 374 753
Continuing operations								
Total segment results pre-impairment	(134 508)	(58 927)	41 782	47 433	(14 648)	2 076	(37 088)	(153 880)
Net loss on disposal of assets	(50 225)	1 192	1 600	(321)	-	-	(4 345)	(52 099)
Impairment of property, plant and equipment	(11 803)	(2 992)	-	-	-	-	-	(14 795)
Impairment of assets transferred to held-for-sale	-	(815)	-	-	-	-	-	(815)
Total segment results from continuing operations	(196 536)	(61 542)	43 382	47 112	(14 648)	2 076	(41 433)	(221 589)
Segment assets	579 881	173 379	208 922	165 010	69	42 207	21 257	1 190 725
Assets classified as held-for-sale	2 553	2 790	-	-	213 947	200	-	219 490
Current and deferred tax assets	-	11 746	-	-	233	-	2 241	14 220
Total assets	582 434	187 915	208 922	165 243	214 016	42 407	23 498	1 424 435