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")

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2016

INTRODUCTION

During the first half of the 2017 financial period Sentula remained on track to complete an aggressive restructuring exercise, which amongst others included closing Classic Challenge Trading Proprietary Limited ("CCT"), the disposal of the Benicon property as well as the settlement of the Nkomati royalty liability.

Sentula's key qualities which are long-term contracts with blue-chip customers, a diversified revenue base, well established track records in all operating subsidiaries, good safety records and top quality and loyal staff with the technical expertise to deliver results remain our strongest attribute.

The number of hurdles to cross continues to decrease in order for Sentula to turn the corner. Subsequent to securing the Industrial Development Corporation of South Africa Limited ("IDC") loan to Nkomati Anthracite Proprietary Limited ("Nkomati"), the expansion at Nkomati will be the first significant growth focus point for Sentula. The Group has been downscaling operations since 2010.

Our focus remains on businesses that have good investment characteristics and yield attractive returns on capital.

OVERVIEW

- Basic loss per share increased to 7,40 cents (2015: 5,50 cents)
- Headline loss per share improved to 4,01 cents (2015: 5,59 cents)
- Net asset value per share after the rights issue: 23 cents (2015: 121 cents)

The Group's results include the following:

- Increased anthracite production at Nkomati
- A further reduction in corporate head office costs
- Exploration drilling operations returning to profitability
- Further wind-down of opencast mining operations through the closure of CCT

OPERATIONAL REVIEW

The Group's operating segments are broadly defined as Overburden Drilling and Blasting, Mobile Crane Hire, Exploration Drilling, Anthracite Mining and Opencast Mining Services.

Overburden drilling and blasting

JEF Drill and Blast Proprietary Limited ("JEF") provides drilling and blasting services to Group companies as well as external clients. JEF's performance during the period was affected by the closure and winding down of CCT, Sentula's chrome contract miner, above normal rainfall in November, unplanned reductions in drilling meters at a key customer as well as unexpected breakdowns and arrear maintenance catchup. New contracts awarded to JEF, a surprisingly vibrant market as well as investment in seventeen additional drill rigs subsequent to the interim period positions it well for the remainder of the financial year.

Mobile crane hire

Ritchie Crane Hire Proprietary Limited ("Ritchie") provides heavy lifting crane services to a variety of blue chip customers. Ritchie continues to be a steady and consistent performer. During the six month period Ritchie was awarded four new contracts by Anglo Coal and two new contracts by Glencore. A revival in new projects and tenders driven by large customers suggest that the cycle has turned, which contributed to the decision to invest in two additional cranes subsequent to the interim period.

Exploration drilling

The clearest indication of an upswing in the commodity cycle is to be found in the performance of Geosearch's operations in South Africa, Mozambique and Botswana. Geosearch has delivered its first profit during this interim period since 2012 on the back of newly awarded contracts in Botswana and South Africa as well as the reactivation of exploration activities at Vale's large coal mine in Tete, Mozambique. Operations in all three jurisdictions are well positioned to take advantage of any further acceleration in mining exploration activities.

Anthracite Mining

Sentula's 60% owned Nkomati Anthracite Mine achieved record open-pit production and broke even during the interim period. A loan amounting to R151 million was approved by the IDC for the reopening and restarting of the underground mining operations as well as increasing plant capacity. Underground make-safe operations are scheduled to start during the third quarter of 2017 with steady state production targeted for the first quarter of 2018.

Opencast mining services

Continuing operations

The merging of the best elements of Benicon Opencast Mining Proprietary Limited ("Benicon") with Close-Up Mining Proprietary Limited ("Close-Up") whereby Sentula would dispose of its 50,5% investment in Sentula Coal Proprietary Limited ("Sentula Coal") for a 40% investment in Close-Up, has been cancelled due to various Conditions Precedent not being met. Sentula Coal, as the contracting party with Anglo Coal, will make use of sub-contractors to complete the contracts and ensure that any commitment to Anglo Coal is fulfilled.

Discontinued operations

Benicon, Sentula's largest bulk earthmoving business, was closed-down as at 30 June 2016. The winding down process is progressing well and should be completed by financial year-end 2017. CCT which used to provide contract mining services to Samancor, was closed-down during October 2016. The proceeds from the sale of CCT plant and equipment were used to reduce debt at Group level.

STRATEGIC UPDATE

The ongoing support of our key shareholders during the past financial period continued to facilitate the restructuring of operations and reduction in debt. Our strategic objectives remain:

- the settlement of outstanding senior Group debt by 31 March 2017;
- reduction in the Group's exposure to opencast mining services;
- investment in performing businesses Ritchie and JEF;
- unlocking value in Nkomati through the recapitalization and restarting of underground mining operations; and
- returning to profitability.

OUTLOOK

We are satisfied that Sentula remains on track to achieve its strategic goals during the 2017 financial year. Despite the fact that there are clear indications that the commodity cycle has turned, we prefer not paying too much attention to macro-economic factors or predictions, but rather to focus on the things within our control. We continue to focus on each business' individual requirements, drivers and dynamics to determine what is required for each to remain competitive and be profitable. Our sole aim is to deliver attractive returns on capital to our shareholders over time and by doing so outperform the market.

LITIGATION MATTERS

Argent Industrial Limited – Golden Autumn Trust matter

During 2010 and as part of the winding up process in the insolvent estate of the Golden Autumn Trust ("**GAT**"), a trust controlled by former director Jason Holland, the trustees of the GAT instituted action against Argent Industrial Limited ("Argent") for R8.8 million plus interest, and costs. Sentula and Megacube Mining Proprietary Limited ("Megacube") were joined as third parties to the action by Argent. On 4 March 2015, judgment was granted in favor of the GAT trustees against Argent for payment of R8.8 million plus interest and costs, which costs included the cost of two counsel. Argent's claims against Sentula and Megacube were dismissed. Argent applied for leave to appeal, which was granted on 8 May 2015. The appeal is expected to be heard in September 2017. The estimated total quantum of the trustees' claim is currently approximately R20 million, including interest.

Argent Industrial Limited – Fuel matter

During 2010, Megacube instituted action against Argent and various of its subsidiaries. The claim relates to the purchase of fuel, lubricants and other products from Engen Petroleum Limited by Megacube during the 2006-2008 financial years, on the Argent group's behalf, for which it has not received payment. Megacube claims a total amount of R29.5 million plus interest and costs from Argent and its subsidiaries. Pleadings have closed and discovery will now be exchanged, enabling Megacube to apply for a trial date. The estimated total quantum of Megacube's claim is currently approximately R75 million, including interest.

Keaton Mining Proprietary Limited / Megacube

During April 2016 the arbitrator dismissed Megacube's claim despite Keaton Mining Proprietary Limited ("Keaton") not disputing its liability and found Megacube to be liable to Keaton in respect of three of the Keaton claims for damages, including legal costs. The quantum of the liability is to be determined separately in later arbitral proceedings before the arbitrator.

Even though the quantum of the liability is yet to be determined, based on the award made, Megacube has estimated a possible loss in favour of Keaton's three counterclaims of R92 million as well as the R42 million in respect of Megacube's receivable. These amounts were provided for in the 30 June 2016 results.

In June 2016 Megacube launched a high court application to set aside the award on the basis of gross irregularities as well as the arbitrator exceeding his powers. This includes dismissal of Megacube's R42 million claim despite Keaton admitting its liability in the arbitration. The application was heard at the High Court on 13 March 2017 and we await the outcome of the hearing.

Casper Scharrighuisen

Megacube and the Trustees of the insolvent estate of Mr Casper Scharrighuisen ("Scharrighuisen"), a former director, have instituted legal proceedings against Scharrighuisen and related entities in the Netherlands, the British Virgin Islands and Curacao in ongoing attempts to locate and secure Scharrighuisen's assets. Megacube currently has two judgments against Scharrighuisen, in excess of R383m, both of which remain unsatisfied.

On behalf of the Board

Ralph Patmore
Non-executive Chairman
Woodmead
31 March 2017

Jacques Badenhorst
Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT

R'000	**Unaudited six months to December 2016**	**Reviewed six months to September 2015 Restated***	**Audited fifteen months to June 2016 Restated***
Revenue	**615 432**	399 962	1 018 422
Profit\(loss) from operations	**14 205**	9 633	(11 759)
Net profit on disposal of assets	**285**	921	1 828
Impairment of plant and equipment	**(11 535)**	-	-
Megacube arbitration award	**-**	-	(129 051)
Impairment of other receivable	**-**	-	(3 568)
Operating profit\(loss)	**2 955**	10 554	(142 550)
Finance charges	**(9 168)**	(14 039)	(35 652)
Loss before taxation	**(6 213)**	(3 485)	(178 202)
Taxation	**(4 076)**	(4 059)	11 326
Loss for the period from continuing operations	**(10 289)**	(7 544)	(166 876)
Discontinued operations			
Loss for the period from discontinued operations attributable to the owners of the parent	(76 739)	(25 309)	(302 501)
Total loss for the period	**(87 028)**	**(32 853)**	**(469 377)**
Loss attributable to:			
- Owners of the parent	**(85 982)**	(32 853)	(447 429)
Continuing operations	**(9 243)**	(7 544)	(144 928)
Discontinued operations	**(76 739)**	(25 309)	(302 501)
- Non controlling interest	**(1 046)**	-	(21 948)
Continuing operations	**(1 046)**	-	(21 948)
Discontinued operations	**-**	-	-
Basic and diluted loss per share (cents)	**(7,40)**	**(5,50)**	**(61,27)**
- continuing operations (cents)	**(0,80)**	**(1,26)**	**(19,84)**
- discontinued operations (cents)	**(6,60)**	**(4,24)**	**(41,43)**
Shares in issue at end of the period excluding treasury shares ('000)	1 162 010	581 005	1 162 010
Weighted average shares in issue at the end of the period excluding treasury shares ('000) (2015 restated for the rights issue)	1 162 010	596 708	730 200

**Restated due to Benicon Opencast, CCT and Benicon Sales being classified as discontinued operations*.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited six months to December 2016	Reviewed six months to September 2015 Restated	Audited fifteen months to June 2016 Restated
Loss for the period	**(87 028)**	(32 853)	(469 377)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation differences for foreign operations	**(10 704)**	978	(21 843)
Other comprehensive income for the period, net of income tax	**(10 704)**	978	(21 843)
Total comprehensive loss for the period	**(97 732)**	(31 875)	(491 220)
Loss attributable to:			
- Owners of the parent	**(96 686)**	(31 875)	(469 272)
Continuing operations	**(19 947)**	(6 566)	(166 771)
Discontinued operations	**(76 739)**	(25 309)	(302 501)
- Non controlling interest	**(1 046)**	-	(21 948)
Continuing operations	**(1 046)**	-	(21 948)
Discontinued operations	**-**	-	-

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited six months to December 2016	Reviewed six months to September 2015	Audited fifteen months to June 2016
ASSETS			
Total non-current assets	**488 185**	962 528	654 052
Property, plant and equipment	**418 437**	896 511	586 014
Restricted investments	**4 560**	285	2 850
Goodwill	**37 427**	37 427	37 427
Deferred income tax asset	**27 761**	28 305	27 761
Total current assets	**299 485**	366 582	283 737
Inventories	**25 575**	66 190	33 402
Trade and other receivables	**242 312**	276 268	213 792
Cash and cash equivalents	**29 799**	24 117	32 822
Current tax receivable	**1 799**	7	3 721
Assets of disposal group classified as held-for-sale	**109 408**	2 946	105 174
Total assets	**897 078**	1 332 056	1 042 963
EQUITY AND LIABILITIES			
Total equity attributable to equity holders of the parent	**268 723**	700 137	365 409
Share capital	**2 097 075**	1 994 406	2 097 075
Reserves	**75 590**	111 667	86 294
Accumulated loss	**(1 903 942)**	(1 405 936)	(1 817 960)
Non-controlling interest	**(22 994)**	-	(21 948)
Total equity	**245 729**	700 137	343 461
LIABILITIES			
Total non-current liabilities	**144 547**	163 689	147 284
Loans and borrowings	**-**	1 143	-
Rehabilitation provision	**71 172**	67 981	69 889
Finance lease obligations	**10 902**	27 129	14 301
Deferred income tax liabilities	**62 473**	67 436	63 094
Total current liabilities	**504 791**	468 230	525 048
Trade and other payables	**257 318**	218 847	230 179
Megacube arbitration award	**92 331**	-	92 331
Deferred revenue	**5 331**	-	25 331
Loans and borrowings	**18 827**	94 809	33 500
Finance lease obligations	**16 421**	20 988	9 840
Bank overdraft	**68 678**	80 179	86 841
Current income tax liabilities	**45 885**	53 407	47 026
Liabilities of disposal group classified as held-for-sale	**2 011**	-	27 170
Total liabilities	**651 349**	631 919	699 502
TOTAL EQUITY AND LIABILITIES	**897 078**	1 332 056	1 042 963
Net asset value per share (excluding treasury shares)	**23 cents**	121 cents	31 cents
Tangible net asset value per share (excluding goodwill)- excluding treasury shares) (2015 restated for the rights issue)	**20 cents**	114 cents	28 cents

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

R'000	Unaudited six months to December 2016	Reviewed six months to September 2015	Audited fifteen months to June 2016
Cash flows from operating activities	**(19 828)**	75 253	53 475
Cash flows from operating activities before working capital changes	**9 367**	48 968	(17 390)
Changes in working capital	**(19 622)**	52 258	118 119
Income taxes paid	**(1 442)**	(8 720)	(9 719)
Interest paid	**(8 131)**	(17 253)	(37 535)
Cash flows from investing activities	**42 545**	(19 692)	6 485
Interest received	**396**	583	1 699
Purchase of property, plant and equipment	**(12 237)**	(25 792)	(56 888)
Proceeds from disposal of property, plant and equipment	**53 365**	3 505	61 733
Proceeds from disposal of assets held-for-sale	**2 731**	2 297	2 791
Movement in restricted investments	**(1 710)**	(285)	(2 850)
Cash flows from financing activities	**(11 497)**	(51 902)	(47 220)
Decrease in borrowings	**(14 679)**	(40 882)	(101 606)
Finance lease advances	**10 231**	-	1 371
Finance lease payments	**(7 049)**	(11 020)	(49 654)
Proceeds from the rights issue	**-**	-	104 581
Payment of transaction costs related to the rights issue	**-**	-	(1 912)
Net increase in cash and cash equivalents	**11 220**	3 659	12 740
Cash and cash equivalents at the beginning of the period	**(49 120)**	(60 569)	(60 569)
Exchange (loss)\gain on cash and cash equivalents	**(946)**	848	(1 291)
Cash and cash equivalents at the end of the period	**(38 846)**	(56 062)	(49 120)
Cash and cash equivalents classified as held-for-sale	**33**	-	4 899
Cash and cash equivalents per statement of financial position	**(38 879)**	(56 062)	(54 019)
Cash and cash equivalents at the end of the period	**(38 846)**	(56 062)	(49 120)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Share-based payment reserve	Treasury shares	Foreign currency translation reserve	Accumulated loss	Total	Non-controlling interest	Total ordinary shareholders' funds
Restated 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 period	-	-	-	-	(32 853)	(32 853)	-	(32 853)
Other comprehensive income	-	-	-	978	-	978	-	978
Balance as at 30 September 2015	**2 020 304**	**34 184**	**(25 898)**	**77 483**	**(1 405 936)**	**700 137**	**-**	**700 137**
Loss for the period	-	-	-	-	(414 576)	(414 576)	(21 948)	(436 524)
Other comprehensive loss	-	-	-	(22 821)	-	(22 821)	-	(22 821)
Transactions with owners, recorded directly in equity								
Shares issued for cash	104 581	-	-	-	-	104 581	-	104 581
Rights issue transaction costs	(1 912)	-	-	-	-	(1 912)	-	(1 912)
Share options forfeited	-	(2 552)	-	-	2 552	-	-	-
Balance as at 30 June 2016	**2 122 973**	**31 632**	**(25 898)**	**54 662**	**(1 817 960)**	**365 409**	**(21 948)**	**343 461**
Loss for the period	**-**	**-**	**-**	**-**	**(85 982)**	**(85 982)**	**(1 046)**	**(87 028)**
Other comprehensive loss	**-**	**-**	**-**	**(10 704)**	**-**	**(10 704)**	**-**	**(10 704)**
Balance as at 31 December 2016	**2 122 973**	**31 632**	**(25 898)**	**43 958**	**(1 903 942)**	**268 723**	**(22 994)**	**245 729**

INFORMATION ABOUT REPORTABLE SEGMENTS

The Group is organised into five operating segments, namely Overburden Drilling and Blasting, Mobile Crane Hire, Exploration Drilling, Anthracite Mining and Opencast Mining Services, as described below. The strategic business units offer different services within the mining industry and are managed separately due to different equipment, technology and skills requirements.

Benicon and CCT have been disclosed as discontinued operations due to the wind-down of these operations. Benicon Sales is in the process of being disposed of and has been disclosed as a discontinued operation. Sentula Coal is included in opencast mining services continued operations. Segment performance is measured based on the segment profit before interest and income tax. Inter-segment revenue is priced on an arm's length basis.

(R'000)	Opencast mining services	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Anthracite mining	Corporate and other services	Total
Unaudited six months ended 31 December 2016							
Total segment revenue	356 095	82 924	147 406	41 114	95 632	-	723 171
Inter-segment revenue	(1 775)	(1 606)	(19 986)	(127)	-	-	(23 494)
External revenue	**354 320**	**81 318**	**127 420**	**40 987**	**95 632**	**-**	**699 677**
External revenue from continuing operations	270 075	81 318	127 420	40 987	95 632	-	615 432
External revenue from discontinued operations	84 245	-	-	-	-	-	84 245
Total segment results pre-impairment	4 506	3 162	3 994	13 215	(1 508)	(9 164)	14 205
Impairment of plant and equipment	(11 535)	-	-	-	-	-	(11 535)
Net gain on disposal of assets	-	115	105	65	-	-	285
Operating profit\(loss) from continuing operations	**(7 029)**	**3 277**	**4 099**	**13 280**	**(1 508)**	**(9 164)**	**2 955**
Total segment results pre-impairment	(50 084)	-	-	-	-	-	(50 084)
Net gain on disposal of assets	2 193	-	-	-	-	-	2 193
Impairment of property, plant and equipment	(27 106)	-	-	-	-	-	(27 106)
Impairment of assets held-for-sale	(3 258)	-	-	-	-	-	(3 258)
Operating loss from discontinued operations	**(78 255)**	**-**	**-**	**-**	**-**	**-**	**(78 255)**
Reviewed six months ended 30 September 2015 - restated							
Total segment revenue	411 266	111 538	170 042	37 777	57 568	550	788 741
Inter-segment revenue	(387)	(1 189)	-	(55)	(10 102)	(550)	(12 283)
External revenue	**410 879**	**110 349**	**170 042**	**37 722**	**47 466**	**-**	**776 458**
External revenue from continuing operations	34 383	110 349	170 042	37 722	47 466	-	399 962
External revenue from discontinued operations	376 496	-	-	-	-	-	376 496
Total segment results pre-impairment	1 136	(3 362)	22 001	11 685	(2 675)	(19 152)	9 633
Net gain on disposal of assets	-	-	58	-	(4)	2	56
Gain on disposal of assets held-for-sale	865	-	-	-	-	-	865
Operating profit\(loss) from continuing operations	**2 001**	**(3 362)**	**22 059**	**11 685**	**(2 679)**	**(19 150)**	**10 554**
Total segment results pre-impairment	(21 778)	-	-	-	-	-	(21 778)
Loss on disposal of assets	(378)	-	-	-	-	-	(378)
Operating loss from discontinued operations	**(22 156)**	**-**	**-**	**-**	**-**	**-**	**(22 156)**

RECONCILIATION OF HEADLINE LOSS

R'000	**Unaudited six months to December 2016**			Reviewed six months to September 2015 - Restated			Audited fifteen months to June 2016 - Restated		
	Continuing operations	**Discon-tinued operations**	**Group**	Continuing operations	Discon-tinued operations	**Group**	Continuing operations	Discon-tinued operations	**Group**
Loss for the period attributable to equity holders of the parent	**(9 243)**	**(76 739)**	**(85 982)**	(7 544)	(25 309)	**(32 853)**	(144 928)	(302 501)	**(447 429)**
Adjusted for:									
Profit on disposal of plant and equipment	**(285)**	**-**	**(285)**	(60)	-	**(60)**	(1 831)	(8 607)	**(10 438)**
Loss on disposal of plant and equipment	**-**	**4 656**	**4 656**	4	379	**383**	-	776	**776**
Profit on disposal of held-for-sale assets	**-**	**(6 849)**	**(6 849)**	(865)	-	**(865)**	-	-	**-**
Scrapping of assets	**-**	**-**	**-**	-	-	**-**	-	511	**511**
Impairment of assets held-for-sale	**-**	**3 258**	**3 258**	-	-	**-**	-	-	**-**
Impairment of property, plant and equipment	**11 535**	**27 106**	**38 641**	-	-	**-**	-	138 846	**138 846**
Tax effect of above adjustments	**-**	**-**	**-**	16	-	**16**	-	53	**53**
Headline profit\(loss) attributed to ordinary shareholders	**2 007**	**(48 568)**	**(46 561)**	(8 449)	(24 930)	**(33 379)**	(146 759)	(170 922)	**(317 681)**
Weighted headline and diluted earnings\(loss) per share (cents) (2015 restated for the rights issue)	**0,17**	**(4,18)**	**(4,01)**	(1,42)	(4,17)	**(5,59)**	(20,10)	(23,41)	**(43,51)**

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2016 were prepared under the supervision of Mr JC Lemmer (CA) SA in accordance with International Financial Reporting Standards IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the fifteen months ended 30 June 2016, which have been prepared in accordance with International Financial Reporting Standards as issued by the Internal Accounting Standards Board (IASB).

The accounting standards and amendments to issued accounting standards and interpretations, which are relevant to the Group, but not yet effective on 31 December 2016 have not been early adopted. It is expected that, where applicable, these standards and amendments will be adopted on each respective effective date, except where specifically identified.

These results have not been audited or reviewed by the Group's auditors.

2. Change in year-end

As announced by the Company on SENS on 22 March 2016, Sentula has, with effect from 30 June 2016, amended its financial year-end from 31 March to 30 June. When comparing results for the six months ended 31 December 2016 to the six months ended 30 September 2015, it should be noted that rain during the summer months as well as the December holiday season might have a seasonality impact on the results.

3. Accounting policies

The significant accounting policies, judgements, estimates and methods of computation are in terms of IFRS and are consistent in all material respects with those applied in the financial statements for the fifteen months ended 30 June 2016 and are presented in South African rand, which is the functional and presentational currency.

There have been no material changes to the items measured at fair value as disclosed in the financial statements subsequent to 30 June 2016. The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost approximate their fair values.

4. Assets and liabilities classified as held-for-sale

R'000	Unaudited six months to December 2016	Reviewed six months to September 2015	Audited fifteen months to June 2016
Assets held-for-sale			
Property, plant and equipment	**98 477**	2 946	59 003
Inventories	**8 508**	-	-
Trade and other receivables	**2 390**	-	41 272
Cash and cash equivalents	**33**	-	4 899
	109 408	2 946	105 174
Liabilities held-for-sale			
Trade and other payables	**2 011**	-	27 170
	2 011	-	27 170

R'000	Unaudited six months to December 2016	Reviewed six months to September 2015	Audited fifteen months to June 2016
Assets held-for-sale			
Sentula Coal	**-**	-	46 171
Benicon Sales	**10 953**	-	-
Benicon Property	**30 595**	-	-
Surplus plant and equipment	**67 860**	2 946	59 003
	109 408	2 946	105 174
Liabilities held-for-sale			
Sentula Coal	**-**	-	27 170
Benicon Sales	**2 011**	-	-
	2 011	-	27 170

Sentula Coal transaction

During the previous financial period, Sentula Coal was classified as held-for-sale as a result of a merger agreement entered into between Sentula, Sentula Coal and Close-Up, as announced on SENS on 27 June 2016. The transaction has been cancelled due to various Conditions Precedent not being met. Sentula Coal can therefore no longer be classified as held-for-sale as the requirements of IFRS 5 are not met.

Benicon Sales transaction

During the period, the Board took a decision to dispose of Benicon Sales. As all the requirements of IFRS 5 have been met, Benicon Sales has been classified as held-for-sale and a discontinued operation.

Benicon Opencast Property disposal

As announced on SENS on 13 February 2017, Sentula Mining Services Proprietary Limited will dispose of its property situated in Witbank (portion 568 of the Farm Naauwpoort No.335) to Inala Mining Services Proprietary Limited. An impairment loss of R10.1 million was recognised on the property before being transferred to assets held-for-sale.

CCT assets

During the period, the operations at CCT were discontinued and all the plant and equipment is in the process of being disposed of to settle the senior debt.

5. Discontinued operations and re-presentation on prior year results

Sentula is in the process of closing down Benicon and CCT and they have been presented as discontinued operations. Benicon Sales is in the process of being disposed of and has also been disclosed as a discontinued operation in the opencast mining segment. The comparative figures in the Income Statement, Statement of Comprehensive Income, basic and headline loss per share have been restated.

Financial performance relating to these discontinued operations for the period is set out below:

R'000	Unaudited six months to December 2016	Reviewed six months to September 2015	Audited fifteen months to June 2016
Revenue	**84 245**	376 496	805 267
Cost of sales	**(125 808)**	(370 512)	(925 551)
Gross (loss)\profit	**(41 563)**	5 984	(120 284)
Other income	**411**	32	7 238
Net gain on disposal of assets held-for-sale	**2 193**	-	-
Profit\(loss) on disposal of assets	**-**	(378)	7 834
Impairment of property, plant and equipment	**(27 106)**	-	(138 846)
Impairment of assets held-for-sale	**(3 258)**	-	-
Administration expenses	**(8 932)**	(27 794)	(54 814)
Operating loss	**(78 255)**	(22 156)	(298 872)
Net finance expense	**(1 894)**	(5 019)	(9 815)
Loss before taxation	**(80 149)**	(27 175)	(308 687)
Taxation	**3 410**	1 866	6 186
Loss for the period from discontinued operations	**(76 739)**	(25 309)	(302 501)

6. Rights issue

During the first quarter of 2016, Sentula embarked on a partially underwritten renounceable rights offer in terms of which 100 rights offer shares were issued for every 100 shares held at a subscription price of 18 cents per rights offer share. The Company raised R104.6 million. Following the issue of the rights offer shares, the number of Sentula shares in issue is 1 167 564 491. The 30 September 2015 number of issued shares has been adjusted by 15 702 846 shares to account for the bonus component of the Rights issue.

7. Contingent assets

During 2010 and as part of the winding up process in the insolvent estate of the Golden Autumn Trust ("**GAT**"), a trust controlled by former director Jason Holland, the trustees of the GAT instituted action against Argent Industrial Limited ("Argent") for R8.8 million plus interest, and costs. On 4 March 2015, judgment was granted in favor of the GAT trustees against Argent for payment of R8.8 million plus interest and costs. Argent applied for leave to appeal, which was granted on 8 May 2015. The appeal is expected to be heard in September 2017. The estimated total quantum of the trustees' claim is currently approximately R20 million, including interest and has not been accounted for in the accounting records.

8. Contingent liabilities

Keaton sought, in one of its claims in the arbitration, compensation for the value of run of mine ("ROM") coal allegedly not extracted amounting to R39.5 million based on 386 592 tons. As an alternative to this claim Keaton claimed an amount of R48.6 million in respect of the cost to remove the overburden above the coal allegedly not extracted. The higher amount of R48.6 million was provided for.

However, the arbitrator awarded Keaton tonnage substantially in excess of what it sought, namely for 657 583 tons ROM coal allegedly not extracted. The additional 270 991 tons of ROM coal awarded under this claim, with an estimated value of R45 million, is challenged in the mentioned high court application. As a result, no further provision has been made above the compensation originally sought by Keaton.

9. Events after the reporting period

On 24 February 2017 Sentula announced on SENS that Nkomati has successfully secured a loan in the amount of R151.6 million from the IDC. The advancement of the loan remains subject to various conditions precedent, including, inter alia, the submission by Nkomati of copies of all relevant environmental management approvals to the IDC; and the warehousing by the shareholders in Nkomati of an aggregate 16.1% of the issued share capital of Nkomati for the benefit of the local community.

On 13 February 2017 Sentula announced on SENS that it will dispose of its Benicon property, situated in Witbank (Portion 568 of the Farm Naauwpoort No. 335) for an amount of R30.9 million. As part of the consideration for the Disposal Sentula's liabilities arising out of or in relation to the initial acquisition by Sentula of Nkomati in March 2007 will be settled.

The directors are not aware of any other subsequent events that occurred between the reporting period up to the date of this report, not otherwise dealt within this report.

10. Going concern

The financial statements have been prepared on the going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Although the current liabilities of the Group exceed its current assets, due to the nature of these liabilities the directors have every reason to believe that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Based on Sentula subsidiaries' cash flow forecasts for the 2017 financial year, the Group is expected to meet all its obligations during this period.

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

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

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Abbreviations: ("Argent") Argent Industrial Limited; ("Benicon") Benicon Opencast Mining Proprietary Limited; ("Close-Up") Close-Up Mining Proprietary Limited; ("CCT") Classic Challenge Trading Proprietary Limited; ('Geosearch") Companies in the Group that performs exploration drilling services; ("IDC") Industrial Development Corporation of South Africa Limited; ("JEF") JEF Drill and Blast Proprietary Limited; ("Megacube") Megacube Proprietary Limited; ("Nkomati") Nkomati Anthracite Proprietary Limited; ("Ritchie") Ritchie Crane Hire Proprietary Limited; ("Sentula Coal") Sentula Coal Proprietary Limited; "Sentula" Sentula Mining Limited ; "the Group" Sentula Mining Limited, its subsidiaries associates and affiliates; ('ROM") run of mine; ("Benicon Sales") Benicon Sales Proprietary Limited.