SACMH LTD

SOUTH AFRICAN COAL MINING HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1994/009012/06
Share code: SAH ISIN code: ZAE0000102034
("SACMH", "the Group" or "the Company")

REVIEWED PROVISIONAL GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The reviewed condensed annual results for the year ended 31 December 2012 are presented below.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2012

R'000	31 December 2012 Reviewed	31 December 2011 Audited
ASSETS		
Non-current assets	**490 865**	525 715
Property, plant and equipment	**90 597**	111 360
Intangible assets	**349 768**	407 130
Investments	**50 500**	7 225
Current assets	**40 257**	58 731
Inventories	**498**	22 349
Trade and other receivables	**34 129**	35 681
Cash and cash equivalents	**5 630**	701
Non-current assets held for sale	**–**	3 242
Total assets	**531 122**	587 688
EQUITY AND LIABILITIES		
Capital and reserves	**10 585**	59 384
Issued capital and premium	**233 885**	233 885
Accumulated loss	**(223 300)**	(174 501)
Non-current liabilities	**472 276**	380 820
Shareholder's loan	**312 782**	213 353
Interest bearing liabilities	**–**	989
Non-interest bearing liabilities	**23 200**	34 800
Non-current provisions	**41 351**	34 540
Deferred taxation	**94 943**	97 138
Current liabilities	**48 261**	147 484
Trade and other payables	**32 432**	39 416
Current portion of non-interest bearing liabilities	**11 600**	18 200
Current portion of interest bearing liabilities	**1 051**	50 483
Current portion of provisions	**2 933**	16 001
Bank overdraft	**245**	17 224
Non-current liabilities held for sale	**–**	6 160
Total equity and liabilities	**531 122**	587 688

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

R'000	31 December 2012 Reviewed	31 December 2011 Audited
Revenue	**224 168**	347 338
Cost of sales	**(204 176)**	(341 039)
Gross profit	**19 992**	6 299
Foreign exchange losses	**(12 026)**	(31 481)
Net impairment charge	**–**	(4 226)
Profit/(loss) on sale/scrapping of assets	**3 260**	(852)
Operating expenses	**(50 993)**	(63 419)
Operating loss before finance costs and taxation	**(39 767)**	(93 679)
Finance costs	**(11 233)**	(12 881)
Finance income	**6**	1 680
Loss before taxation	**(50 994)**	(104 880)
Taxation	**2 195**	6 344
Loss for the year	**(48 799)**	(98 536)
Other comprehensive income	**–**	–
Total comprehensive income for the year	**(48 799)**	(98 536)
Loss and total comprehensive loss attributable to ordinary shareholders	**(48 799)**	(98 536)
Earnings per share (cents)	**(10,79)**	(21,78)
Diluted earnings per share (cents)	**(10,79)**	(21,78)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

R'000	31 December 2012 Reviewed	31 December 2011 Audited
Cash flows generated from/(utilised in) operations	**7 967**	6 577
Net finance charges paid	**(11 227)**	(11 201)
Tax refunded	**–**	(4)
Net cash utilised operating activities	**(3 260)**	(4 628)
Net cash used in investing activities	**(1 023)**	(36 286)
Net cash from financing activities	**26 191**	18 917
Net decrease in cash and cash equivalents	**21 908**	(21 997)
Cash and cash equivalents at beginning of year	**(16 523)**	5 474
Cash and cash equivalents at end of year	**5 385**	(16 523)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2012

R'000	Share capital	Share premium	Shareholder's loan	Accumulated loss	Total
Balance at 31 December 2010 – Audited	45 246	188 639	15 246	(75 965)	173 166
Increase in equity loans	–	–	(15 246)	–	(15 246)
Total comprehensive loss for the year	–	–	–	(98 536)	(98 536)
Balance at 31 December 2011 – Reviewed	45 246	188 639	–	(174 501)	59 384
Total comprehensive loss for the year	–	–	–	(48 799)	(48 799)
Balance at 31 December 2012 – Reviewed	**45 246**	**188 639**	**–**	**(223 300)**	**10 585**

NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

R'000	31 December 2012 Reviewed	31 December 2011 Audited
Loss for the year	**(48 799)**	(98 536)
Weighted number of ordinary shares in issue ('000)	**452 454**	452 454
Basic and diluted loss per share (cents)	**(10,79)**	(21,78)
Diluted average number of shares ('000)	**452 454**	452 454
Diluted loss per share (cents)	**(10,79)**	(21,78)
Basic earnings loss	**(48 799)**	(98 536)
Adjusted for:		
Impairment of property, plant and equipment	**–**	4 226
Loss/(profit) on sale of non-current assets	**(3 260)**	852
Headline loss	**(52 059)**	(93 458)
Weighted average shares in issue for the year ('000)	**452 454**	452 454
Diluted average shares in issue	**452 454**	452 454
Headline loss per share (cents)	**(11,51)**	(20,66)
Headline diluted loss per share (cents)	**(11,51)**	(20,66)
Net asset value per share (cents)	**2,34**	13,12
Tangible less all intangibles: net asset deficit value per share (cents)	**(53,32)**	(54,34)

Statement of compliance and basis of preparation

The condensed provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and in terms of IAS 34: Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board, the Companies Act of South Africa and the Listings Requirements of the JSE Limited. The accounting policies and methods of computation used to prepare the financial statements have been consistently applied to all periods presented and are consistent with those used in the annual financial statements for the financial year ended 31 December 2011.

The financial statements have been prepared on the going concern basis taking into account the fact that the Group is dependent on JSW Energy Limited, (a company listed on the Indian stock exchanges and operating through its subsidiary JSW Energy Natural Resources South Africa (Proprietary) Limited) ("JSW"), which will continue to support SACMH. JSW have indicated their firm intention to continue financial support in writing subject to the following:

- JSW obtains board approval for the additional funding at the time;
- JSW fulfils all regulatory requirements as prescribed by India legislation; and
- JSW remains the majority shareholder, and retain the management and operational control of SACMH.

JSW have demonstrated their on-going support during the current financial year.

Review opinion

The condensed consolidated Group results have been reviewed by Mazars, who have performed the review in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". A copy of the modified review report with an emphasis of matter on going concern is available at the registered office of the Company.

COMMENTARY

1. **Performance for the 12 months to 31 December 2012**

   Volumes for the year were reduced to 303 384 tons (2011: 379 552 tons) of product which was exported during the 12 months to 31 December 2012 at an average of USD90,76/R738,31 per ton (2011: USD95,20/773,52 per ton) as open cast operations at the Vlakfontein reserve were completed in April 2012 and underground operations at Mooifontein came to end in November 2012.

   The average cost per ton for the period improved to R673 per ton (2011: R899 per ton) despite the lower volumes, resulting in the Group reporting a gross margin of R20,0 million (2011: R6,3 million) or 8,92% (2010: 1,8%) of turnover. The improvement was due to lower costs experienced in underground operations as compared to the open cast operations which made up the bulk of volumes in 2012.

   Mining operations and operational performance

   A total of 401 366 tons (2011: 811 302 tons) of ROM was produced during the year. Production was reduced as a result of the completion of open cast area at Vlakfontein as well as the underground area at Mooifontein. A further 86 604 tons (2011: Nil tons) of ROM was bought in from third parties to supplement own production during the latter half of the year.

   Plans to start mining the Voorslag underground area were suspended as a result of delays in the approval of the Water Use Licence Application (WULA) submitted to the Department of Minerals Resources (DMR). To date no commitment has been received regarding the approval and consequently on completion of underground mining operations at Mooifontein, operations were suspended at the end of November 2012.

   In an effort to curtail costs as a result of the limited income while on 'Care and Maintenance', a retrenchment programme was implemented and a total of 66 staff were retrenched and agreements with existing service providers within the operation were terminated with effect from 31 December 2012. A small staff complement has been retained to ensure that existing assets are adequately safeguarded and that all statutory and environmental regulations are complied with during the period.

   Logistics

   During the year the Group utilised its rail allocation to Richards Bay Coal Terminal (RBCT) in terms of RBCT's Phase V expansion programme of 100 000 tons (2011: 100 000 tons) as well as 157 000 tons (2011: 157 000 tons) made available through the DMR's Quattro allocation scheme.

   Foreign exchange gains/(losses)

   The Group continued to be financially supported by JSW during the year, *inter alia*, through a loan of USD33,3 million loan (2011: USD22,9 million) from a subsidiary of JSW. Changes in the Rand/Dollar exchange rate resulted in an unrealised loss of R14,3 million (2011: R33,4 million) on this loan outstanding at the year end.

   Exchange gains on turnover totalled R2,3 million (2011: R1,87 million) for the year.

   Taxation

   Due to the losses incurred during the year no provision has been made for taxation. A reduction in the deferred tax liability of R2 million (2011: R6 million) was recorded as a result of the reduction in the carrying value of the mining right and changes to the rehabilitation liability.

2. **Asset management**

   Capital expenditure

   Limited capital expenditure was incurred during year of R1,4 million (2010: R36,3 million). No further capital expenditure has been committed to, pending the WULA approval outstanding on the Voorslag reserve.

   Assets held for sale

   Assets held for resale in the previous year were transferred to third parties in 2012, at a net profit of R3,3 million (2011: loss R0,8 million).

3. **Impairment of Mining Right**

   The depreciation in the Rand to R8,67 (2011: R8,01), the forecast to R9,25 (2011: R8,35) to the USD as well as the reduction in the carrying value of the Group's assets has offset the effect of the reduction in the forecast API4 index price to USD105,60 (2011: USD116,13). Management is of the opinion that WULA approval will be received to allow for the resumption of activities and consequently no impairment has been recorded.

4. **Going concern**

   The Group's going concern has been underwritten by the support of JSW. JSW has confirmed in writing its intention to continue their financial support of SACMH. This is also evidenced by the further funding made available during the year. In terms of the loan agreements with JSW, the Group has undertaken not to accept repayment of its loan accounts until such stage as SACMH's assets fairly valued exceed its liabilities.

5. **Updated statement of Reserves and Resources**

   Reserves have been reduced by current mining operations of 401 366 (2011: 811 302) tons; no further changes to the statement of Reserves and Resources as published in the Group's annual integrated report released on 6 July 2012 have been recorded.

6. **Financing activities**

   Investments

   In terms of the agreement entered into with RBCT the Group acquired the balance of the 4 000 ordinary RBCT shares (2011: 283 ordinary shares) and repaid the outstanding loan of R48 million (2011: R50 million) in full during the year. The increase in the investment has no effect on the Group's rail entitlement to RBCT. This was financed through the Group's shareholder JSW Energy India.

   JSW

   JSW extended a further R78 million (2011: R27 million) to support the Group during the year as well as to finance debt repayments due by the Group to RBCT and The Standard Bank of South Africa Limited.

Events subsequent to the year end

Further updates have been provided to the DMR to support the Group's WULA, no commitment has been received from the DMR for any approval. The Group continues to engage with prospective Black Empowerment Partners (BEE) in an effort to fulfil its commitments to the DMR in terms of its mining right. The Group's shareholders expect to be able to confirm the introduction of a BEE partner within the foreseeable future.

Capital expenditure commitments

No material commitments have been approved.

Contingencies and commitments

There has been no change in the previously disclosed contingent assets and liabilities.

Prospects

Operations continue to be suspended pending the approval of the WULA and a 'Care & Maintenance' programme has been implemented. The Group continues to receive rental income from its various logistical assets which will allow for it to service current expenditure.

Management together with the Group's major shareholder are actively pursuing various strategic transactions to address the Group's long-term sustainability as well as its BEE status.

Changes to directorate

Mr QMSM Mokoetle was appointed as an independent non-executive director and chairman of the board on 6 February 2012.

Mr AJL Rayment resigned as Chief Executive Officer and also as a director of the Company on 31 October 2012. Consequent to the resignation of Mr AJL Rayment, Mr DGA Miller has been designated as acting CEO of the Company with effect from 1 November 2012.

The reviewed consolidated condensed Group results for the year ended 31 December 2012 have been prepared by the CFO, DGA Miller CA(SA).

For and on behalf of the board

QMSM Mokoetle
Chairman

DGA Miller
Acting Chief Executive Officer

27 March 2013
Johannesburg

Directors: QMSM Mokoetle *(non-executive Chairman)*, DGA Miller *(acting CEO/CFO)*
VP Garg* *(non-executive)*, PP Menon* *(non-executive)* *Indian
Registered office: 3rd Floor, 198 Oxford Road, Illovo, Sandton
Transfer secretary: Computershare Investor Services (Pty) Limited
Sponsor: Exchange Sponsors (2008) (Pty) Limited
Auditors: Mazars
Website: www.sacmh.co.za

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