



(Incorporated in the Republic of South Africa)
 Registration number 1994/009012/06
 Share code: SAH ISIN: ZAE000102034
 ("SACMH" or "the company" or "the Group")

REVIEWED CONDENSED RESULTS OF SACMH AND ITS SUBSIDIARIES ("THE GROUP")

for the six months ended 30 June 2014

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

| R'000 | Reviewed As at 30 June 2014 | Audited As at 31 December 2013 |
|--|-----------------------------|--------------------------------|
| ASSETS | | |
| Non-current assets | 363 456 | 367 094 |
| Property, plant and equipment | 78 538 | 82 176 |
| Intangibles | 234 418 | 234 418 |
| Investments | 50 500 | 50 500 |
| Current assets | 9 028 | 11 451 |
| Trade and other receivables | 7 510 | 7 498 |
| Cash and cash equivalents | 1 518 | 3 953 |
| Total assets | 372 484 | 378 545 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | (188 469) | (149 217) |
| Issued capital and premium | 233 885 | 233 885 |
| Accumulated loss | (422 354) | (383 102) |
| Non-current liabilities | 555 664 | 522 391 |
| Shareholders' loan | 448 735 | 418 395 |
| Non-current provisions | 44 284 | 41 351 |
| Deferred taxation | 62 645 | 62 645 |
| Current liabilities | 5 289 | 5 371 |
| Current portion of non-current liabilities | – | 52 |
| Current portion of provisions | – | 2 933 |
| Trade and other payables | 5 289 | 2 386 |
| Total equity and liabilities | 372 484 | 378 545 |

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| R'000 | Reviewed Six months to 30 June 2014 | Reviewed Six months to 30 June 2013 |
|--|-------------------------------------|-------------------------------------|
| Revenue | 11 328 | 7 568 |
| Turnover | 11 328 | 7 568 |
| Cost of sales | (6 879) | (5 861) |
| Gross profit | 4 449 | 1 707 |
| Foreign exchange loss | (30 497) | (49 997) |
| Depreciation | (3 638) | (7 847) |
| Operating expenses | (4 470) | (3 607) |
| Operating loss before finance costs and taxation | (34 156) | (59 744) |
| Finance costs | (5 095) | (3 861) |
| Loss before taxation | (39 251) | (63 605) |
| Taxation | – | – |
| Loss attributable to equity holders | (39 251) | (63 605) |
| Total comprehensive loss attributable to shareholders | (39 251) | (63 605) |
| Earnings and diluted loss per share | (0,09) | (0,14) |

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW

| R'000 | Reviewed Six months to 30 June 2014 | Reviewed Six months to 30 June 2013 |
|---|-------------------------------------|-------------------------------------|
| Cash flows generated from operations | 2 818 | (2 535) |
| Finance charges paid | – | (3 861) |
| Net cash from/(utilised) in operating activities | 2 818 | (6 396) |
| Cash from financing activities | | |
| New loan from shareholder | – | 2 100 |
| Advances to shareholders | (5 252) | – |
| Net cash from financing activities | (5 252) | 2 100 |
| Net decrease in cash and cash equivalents | (2 434) | (4 296) |
| Cash and cash equivalents at the beginning of the period | 3 952 | 5 385 |
| Cash and cash equivalents at the end of the period | 1 518 | 1 809 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| R'000 | Share capital | Share premium | Accumulated loss | Total |
|------------------------------------|---------------|----------------|------------------|------------------|
| Balance at 31 December 2013 | 45 246 | 188 639 | (223 300) | 10 585 |
| Total comprehensive loss | – | – | (63 605) | (63 605) |
| Balance at 30 June 2013 | 45 246 | 188 639 | (286 905) | (53 020) |
| Balance at 31 December 2013 | 45 246 | 188 639 | (383 102) | (149 217) |
| Total comprehensive loss | – | – | (39 251) | (39 251) |
| Balance at 30 June 2014 | 45 246 | 188 639 | (422 354) | (188 469) |

NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

| Ordinary shares – '000 | Reviewed 30 June 2014 | Reviewed 30 June 2013 |
|---|-----------------------|-----------------------|
| – In issue | 452 454 | 452 454 |
| – Weighted average | 452 454 | 452 454 |
| – Diluted weighted average | 452 454 | 452 454 |
| | R'000 | R'000 |
| Determinations of headline loss: | | |
| Loss attributable to ordinary shareholders | (39 251) | (63 605) |
| Headline loss | (39 251) | (63 605) |
| Headline and diluted loss per share (cents) | (0,09) | (0,14) |

Statement of compliance and basis of preparation

The reviewed condensed consolidated interim results have been prepared, under the supervision of Ajit Pratap Singh, Chief Financial Officer, in accordance with and containing the information required by International Accounting Standard (IAS) 34, Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE and in compliance with the requirements of the South African Companies Act, No 71 of 2008. The accounting policies used are in terms of IFRS and are consistent with those of the Annual Financial Statements as at 31 December 2013.

The condensed consolidated financial report has been prepared in accordance with the historical cost convention except for certain investments which are stated at fair value, and is presented in Rands, which is SACMH's functional and presentation currency.

The interim results have been reviewed by the Group's auditors, Mazars Inc. Their unqualified review opinion with an emphasis of matter on SACMH's ability to continue as a going concern with the details disclosed in commentary point 9, an emphasis of matter on the changes to directorate with details disclosed in commentary point 16 and specific reference to the reportable irregularity reported in terms of section 44(2) and 44(3) of the Auditing Profession Act with

reference to section 94 (4)(b)(i) of the Companies Act and sections 2.13.1, 2.45.2 and 2.57 of King III, is available for inspection at the company's registered office. Their review was conducted in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity."

These financial results have been prepared on the going concern basis taking into account that JSW Energy Limited (a company listed on the Indian Stock Exchanges and operating through its subsidiary, JSW Energy Natural Resources South Africa Proprietary Limited), continues to support SACMH as reflected in the Annual Report for the year ended 31 December 2013 issued in July 2014.

COMMENTARY

1. Performance for the six months to 30 June 2014

Operations at the Group's Umlabu Colliery continue to be suspended pending the finalisation of the Water Use Licence Application (WULA) by the Department of Minerals and Resources (DMR). All assets and infrastructure is being maintained under a "Care and Maintenance" programme.

The Group is utilising its logistical and infrastructural assets to generate rental income to offset the costs incurred while operations remain suspended. Allocation income has increased compared to the same period last year due to greater volumes being processed through on SACMH's allocation apportionment with Richard's Bay Coal Terminal.

2. Foreign exchange loss

The depreciation of the US\$/ZAR rate from R10,13 to R10,74 during the reporting period resulted in an unrealised loss of R30,5 million (2013: R50 million) on the shareholders' loan.

3. Depreciation

Depreciation charges of R3,6 million (2013: R7,8 million) are lower than the previous year due to certain categories of assets having being fully depreciated.

4. Statement of reserves and resources and prospects

There are no changes to the Groups' estimated reserves and resources.

5. Financing activities

Finance costs of R5,1 million (2013: R3,9 million) are as a result of the shareholders' loan value being inflated by the forex rate and subsequently greater interest charges on the increased value being charged.

6. Asset management

Working capital has reduced by 40% due to the suspension of operations at Umlabu Colliery.

7. Taxation

No taxation has been provided as the group has incurred a taxable loss for the period. No adjustment of the deferred tax provisions of R62,2 million was made as there was no change or reduction in the carrying value of the mineral right or rehabilitation liability.

8. Mining Rights

The carrying value of Mining Rights is tested against expected economic benefit based on expected cash flows discounted to their present value to determine whether there is any impairment of the value of the Mineral Rights at year-end. No impairment was considered necessary.

The following significant assumptions have been made in determining the economic value of mineral rights:

- *Selling Prices* – the API4 index as quoted by McCloskeys.
- *Foreign Exchange* – the forecast as quoted by The Standard Bank of South Africa.
- *Discount Rate* – expected future cash flows have been discounted to their present value based on a Weighted Average Cost of Capital (WACC) of 20,7% (2013: 19%).

9. Going concern

The Group incurred a net loss of R39 million (2013: R63 million) during the six months. The Group's going concern has been underwritten by the support of JSW Energy (a company listed on the Indian Stock Exchanges) which operates through its subsidiary JSW Energy Natural Resources South Africa Proprietary Limited ("JSWENRSAL") supporting SACMH. JSW Energy has confirmed its support in writing of their intention to continue financial support of SACMH. Subject to the following:

- JSW obtains Board approval for additional funding at the time;
- JSW fulfils all regulatory requirements as prescribed by Indian legislation; and
- JSW remains the majority shareholder.

In terms of the loan agreements JSW Energy has undertaken not to accept repayment of its loan accounts until such stage as SACMH's assets, fairly valued, exceed its liabilities.

10. Events after the reporting period

10.1 Transnet recently notified SACMH that the lease of its Blinkpan Siding had been cancelled due to a breach of its sub-lease arrangement of the lease. The cancellation of the lease will result in a loss of revenue from the siding facility.

10.2 Management of the company are currently actively engaged with four different BBBEE parties with a view to obtaining a significant shareholding in SAMCH, which will result in changes to the composition of the board, audit and remuneration committees. Confidentiality Agreements have been signed and due diligence exercises commenced. It is expected that negotiations will be finalised by the end of December 2014 and at the latest March 2015.

11. Composition of the audit and remuneration committees

The audit committee consists of one independent non-executive director and two non-executive directors. The latter directors are employed by JSW Energy Limited, India. These appointments fail to meet the requirements of section 94 which stipulates that members of the audit committee must not be employees of a related party or inter-related party of the company. This action was necessitated by the need to reduce expenditure while the business was on care and maintenance and in attempts to engage with a new BBBEE partner. It is believed that the non-executive directors will be able to exercise the necessary controls to protect the rights of all stakeholders with the reduced business activities until the situation has been resolved.

The company does not have a remuneration committee, the board having assumed these responsibilities, failing to meet the requirements of King III which stipulates that the Chairman of the board cannot chair the remuneration committee and the majority of members of that committee should be independent non-executive directors.

12. Capital expenditure commitments

The Group has no capital expenditure commitments.

13. Contingencies and commitments

There have been no changes from those disclosed in the Group's Integrated Report for the period ended 31 December 2013.

14. Prospects

Until such stage as approval of the WULA for the Voorslag reserve at Umlabu Colliery is received, operations will remain suspended. The Group is actively pursuing opportunities to lease its logistical as well as its infrastructure to third parties in the interim to offset the costs of "Care and Maintenance".

No commitment has been received from the DMR with regard to finalisation of the WULA.

15. Related party transactions

During the period under review, Group entities entered into the following trading transactions with related parties that are not members of the Group:

| | 2014 | 2013 |
|---|---------|---------|
| Interest paid | | |
| – Mainsail Trading | 908 | 826 |
| – JSW Energy Natural Resources South Africa (Pty) Limited | 2 902 | 2 449 |
| Loans from related parties | | |
| – Mainsail Trading | 20 783 | 19 005 |
| – JSW Energy Natural Resources South Africa (Pty) Limited | 306 780 | 238 901 |

16. Changes to directorate

Mr David Miller resigned as acting Chief Executive Officer and Chief Financial Officer and was replaced by Mr Ajit Pratap Singh, with effect from 30 June 2014.

Mr Ajit Singh has announced his resignation as CEO/CFO of the company with immediate effect and JSW Energy Limited, the major shareholder, have nominated Mr Chandra Prakash Tated to fill this role, subject to the JSE's approval and in order to finalise the negotiations with BBBEE parties interested in acquiring shares in SACMH.

QMSM Mokoetle

Chairman
29 September 2014

Directors:

QMSM Mokoetle (Independent non-executive Chairman)
AP Singh (CEO/CFO)*, VP Garg (non-executive)*, PP Menon (non-executive)* *India

Registered office:

1st Floor, 198 Oxford Road, Illovo, Sandton

Company secretary:

Mrs PF Smit
Computershare Investor Services (Pty) Limited

Sponsor:

Exchange Sponsors
Mazars Incorporated

Auditors:

Mazars Incorporated

Website:

www.sacmh.co.za