Interim results

DiamondCorp plc
AIM share code: DCP
JSE share code: DMC
ISIN: GB00B183ZC46
(Incorporated in England and Wales)
(Registration number 05400982)
(SA company registration number 2007/031444/10)
('DiamondCorp' or 'the Company' or 'the Group')

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

DiamondCorp plc, a southern Africa focussed diamond mine development and exploration company, releases its unaudited interim results for the six month period ended 30 June 2013.

HIGHLIGHTS

- On 7 January 2013, DiamondCorp finalised a R320 million (£21.23 million at June 30 exchange rate) finance package for the 47 level block cave development at the Lace Mine when it entered into a term loan agreement with Laurelton Diamonds, Inc., a wholly owned subsidiary of Tiffany amp;amp; Co.('Tiffany Loan') for $6 million (£3.94 million). On 10 January 2013 and 10 April 2013, the Tiffany Loan was drawn down in two equal tranches.

- From the proceeds of the Tiffany Loan and the R59.7 million convertible bond issue completed in December 2012, R100 million (£6.64 million) was advanced to the Company's 74%-owned operating subsidiary, Lace Diamond Mines (Pty) Limited ('LDM'). These funds allowed LDM to meet the initial drawdown conditions of a R220 million project loan agreement with the Industrial Development Corporation of South Africa ('IDC Loan') signed in September 2012.

- After the period, the first R30 million (£1.99 million) tranche of the IDC loan was drawn down.

- Underground mine development commenced at Lace in the first quarter and remains on schedule and within budget for commencement of production in the first half of 2015.

- The 1.2 million tonnes per annum Lace diamond recovery plant was refurbished during the period and was successfully commissioned post the period end. Re-treatment of more than 3 million tonnes of tailings that remain on site has recommenced. The preparation of the marketing and sale of the first 5,000 carats of tailings diamonds is underway.

- A number of corporate events were finalised after the period end, including the appointment of Hulme Scholes as an independent Non-Executive Director; the relocation of the finance function from London to the Lace Mine; additional corporate overhead cost efficiencies; and a reorganisation of the Company's share capital to a par value of 0.1 pence each.

- The net loss for the six months ended 30 June 2013 was £2,198,339 (R33,125,232) v. 30 June 2012 £1,556,701 (R23,456,838).

Commenting on the results, DiamondCorp CEO Paul Loudon said: 'The period under review saw us complete the finance package and commence development of the underground mine at Lace. The mine is expected to produce up to 500,000 carats of diamonds per annum for over 25 years commencing in the first half of 2015, and heralds the transition of DiamondCorp from explorer to diamond producer. The period also marks the commencement of a long-term association with Tiffany which allows the prestigious jewellery retailer access to a new supply of diamonds that meets its quality standards and allows for increased traceability from source to end-user.'

2 September 2013
London

CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2013

	Six months ended 30 June 2013 £	Six months ended 30 June 2012 £
Administrative expenses	(1,484,956)	(1,192,493)
Depreciation and amortisation expense	(202,552)	(387,165)
OPERATING LOSS	(1,687,508)	(1,579,658)
Investment revenues - interest on bank deposits	29,128	22,957
Interest expense	(487,459)	-
Finance costs	(52,500)	-
LOSS BEFORE TAX	(2,198,339)	(1,556,701)
Tax	-	-
LOSS FOR THE FINANCIAL PERIOD	(2,198,339)	(1,556,701)
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	(1,884,889)	(1,325,656)
NON CONTROLLING INTEREST	(313,450)	(231,045)
	(2,198,339)	(1,556,701)
BASIC amp;amp; DILUTED LOSS PER SHARE	£0.008	£0.006
	R0.121	R0.090
HEADLINE LOSS PER SHARE	£0.008	£0.006
	R0.121	R0.090

All of the activities of the Group are classed as continuing.

STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 June 2013 £	Six months ended 30 June 2012 £
Opening balance	13,072,716	16,601,837
Loss for the financial period		
Attributable to equity holders of the parent	(1,884,889)	(1,325,656)
Attributable to non-controlling interest	(371,898)	(231,045)
New equity share capital subscribed	180,000	-

Premium on new equity share capital subscribed	90,000	-
Translation reserve	(962,564)	(539,168)
Value attributed to options granted	72,400	-
Closing balance	10,195,765	14,505,968

CONSOLIDATED BALANCE SHEET

	30 June 2013 £	31 December 2012 £
NON-CURRENT ASSETS		
Goodwill	4,606,026	4,606,026
Property, plant and equipment	10,167,428	8,776,273
	14,773,454	13,382,299
CURRENT ASSETS		
Inventories	276,809	297,474
Other receivables	592,582	195,028
Cash and cash equivalents	3,004,318	4,319,776
	3,873,709	4,812,278
TOTAL ASSETS	18,647,163	18,194,577
CURRENT LIABILITIES		
Other payables	(302,038)	(765,501)
Other current borrowings	-	(68,485)
SA Bond Interest Accrual	(16,358)	-
Convertible bond notes payable	(2,576,792)	(2,642,739)
Provisions	(109,454)	(119,745)
Derivative financial instruments	(1,438,791)	(1,525,391)
	(4,443,433)	(5,121,861)
NON-CURRENT LIABILITIES		
Long term loan	(4,007,965)	-
NET ASSETS	10,195,765	13,072,716
EQUITY		
Share capital	8,305,184	8,125,184
Share premium	26,885,360	26,795,360
Warrant reserve	92,000	92,000
Share option reserve	511,636	439,236
Translation reserve	(1,712,714)	(750,150)
Retained losses	(22,409,549)	(20,524,660)

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	11,671,917	14,176,970
NON CONTROLLING INTEREST	(1,476,152)	(1,104,254)
TOTAL EQUITY	10,195,765	13,072,716

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2013 £	Six months ended 30 June 2012 £
Operating loss for the period	(1,687,508)	(1,579,658)
Depreciation and amortisation	202,552	387,165
Other non-cash charges	-	5,051
Effect of foreign exchange translation	(224,791)	-
Non-cash bonus payments (in shares and options)	289,900	-
Capitalised interest	115,280	-
Increase in receivables	(397,554)	(38,888)
(Increase) / Decrease in inventories	20,665	(172,467)
(Decrease) / Increase in other payables	(678,428)	(146,332)
NET CASH USED IN OPERATING ACTIVITIES	(2,359,884)	(1,545,129)
INVESTING ACTIVITIES		
Purchase of intangible assets	-	(454,744)
Purchase of property, plant and equipment	(2,594,366)	(81,443)
Interest received	29,128	22,957
NET CASH USED IN INVESTING ACTIVITIES	(2,565,238)	(513,230)
FINANCING ACTIVITIES		
Proceeds on receipt of long term loan	3,830,427	-
NET CASH FROM FINANCING ACTIVITIES	3,830,427	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,094,696)	(2,058,359)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,319,776	2,632,760
Effect of foreign exchange rate changes	(220,762)	(277,826)

CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,004,318	296,575

NOTES TO THE FINANCIAL STATEMENTS

Six months ended 30 June 2013

1. ACCOUNTING POLICIES

These interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods of computation are followed in the condensed interim financial information as applied in the Group's latest annual audited financial statements. The financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods.

These interim financial statements were approved by the Board on 30 August 2013 and do not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. The results for the year ended 31 December 2012 have been extracted from the statutory financial statements of DiamondCorp plc.

A copy of the statutory accounts for the year ended 31 December 2012 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006; however the auditor's report did contain an emphasis of matter in respect of the material uncertainty around the company's ability to continue as a going concern.

These interim financial statements have been prepared using the accounting policies set out in the Group's 2012 statutory accounts.

Results for the six-month period ended 30 June 2013 and 30 June 2012 have not been audited.

The comparative information presented in the income statement has been prepared for the period 1 January 2012 - 30 June 2012. This has been performed in order to comply with the AIM rules and is presented solely for this purpose.

2. LOSS PER SHARE

IAS 33 "Earnings per share" requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss-making company with outstanding share options, net loss per share would only be decreased by the exercise of out-of-money options. Since it seems inappropriate to assume that option holders would exercise out-of-money options, no adjustment has been made to basic loss per share for out-of-money share options.

The calculation of basic and diluted loss per ordinary share is based on the loss attributable to equity holders of the parent of £1,839,889 for the six months ended 30 June 2013 (30 June 2012: £1,325,656) and on 276,839,478 ordinary shares (30 June 2012: 242,28,048) being the weighted-average number of ordinary shares in issue.

The Group presents and alternative measure of loss per share after excluding all capital gains and losses from the loss attributable to ordinary shareholders ("Headline earnings / (loss)"). The impact of this is as follows:

	2013	2012
Basic loss per share	£0.008	£0.006
	R0.121	R0.090
Headline loss per share	£0.008	£0.006
	R0.121	R0.090

3. SHARE CAPITAL

	30 June 2013		31 December 2012	
Called up, allotted and fully paid				
	No.	£	No.	£
Ordinary shares of 3 pence each	276,839,478	8,305,184	270,839,478	8,125,184
		R	R	
		125,145,004		122,432,710

In January 2013, 4,500,000 ordinary shares of 5 pence each were issued to a director and certain employees for successful completion of the project financing to fund the development of Lace mine.

In April 2013, 1,500,000 ordinary shares of 3.5 pence each were issued to a financial advisor in respect of a success fee for introducing Laurelton Diamonds, Inc., a wholly owned subsidiary of Tiffany amp;amp; Co.

4. EVENTS AFTER THE REPORTING PERIOD

A special resolution was passed at the AGM held on 02 July 2013 giving the Group the option of settling the convertible bond debt through the issue of a fixed amount of shares.

Also approved at the meeting held on 02 July resolutions were passed by the majority of votes cast, approving the reorganisation of the Company's share capital.

Pursuant to the share capital reorganisation, dealings in the Company's existing ordinary shares with par value of 3 pence each ceased at the close of business on 2 July 2013 and dealings in the new ordinary shares with par value of 0.1 pence commenced on both AIM and AltX on 3 July 2013.

SHARE CAPITAL AS AT 02 JULY 2013

	02 July 2013		30 June 2013	
Called up, allotted and fully paid				
	No.	£	No.	£
Ordinary shares of 3 pence each	-	-	276,839,478	8,305,184

	02 July 2013		30 June 2013
New Ordinary shares of 0.1 pence each	276,839,478	276,840	-
Deferred Ordinary shares of 2.90 pence each	276,839,478	8,028,344	-

- Existing ordinary shares were sub-divided into one new ordinary share of 0.1 pence each (New Ordinary Share") and one deferred ordinary share of 2.90 pence each (Deferred Ordinary Share).

-The New Ordinary Shares continue to carry the same rights and benefits as those attached to the Company's existing ordinary shares (save for the reduction in nominal value). The number of New Ordinary Shares in issue following the Share Capital Reorganisation is identical to the number of existing ordinary shares in issue immediately prior to the Share Capital Reorganisation.

-The Deferred Ordinary Shares do not entitle the holders to (a) receive notice of or attend and vote at any general meeting of the Company; (b) to receive any dividend or other distribution; or (c) to participate in any return on capital on winding up, other than the nominal amount paid on such shares following a substantial distribution of ordinary shares in the Company.

-The Deferred Ordinary Shares are effectively valueless, non-transferable and have no effect on the economic interest of the Shareholders.

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Johannesburg
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