



TRANS HEX

ANNUAL REPORT 2009

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Attached Form of proxy

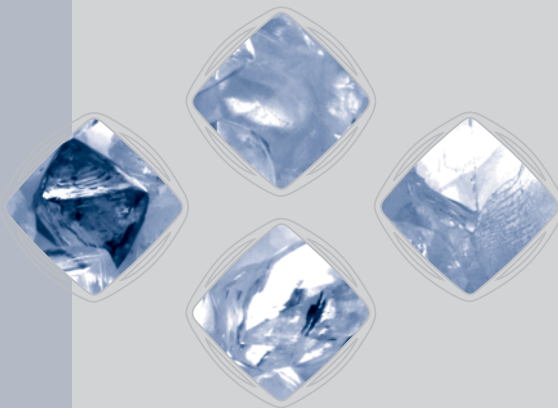
MISSION

we exist to:

- Profitably expand our core business through strategically positioned alliances around the globe
- Attract investors by maintaining a track record of positive growth and acceptable returns
- Extend our diamond-ore reserves to more than 20 years through the aggressive exploration and pursuing new business opportunities
- Upgrade productivity through ongoing research and development and the continual implementation of new technologies
- Manage all activities professionally and at the highest possible standard
- Enhance the quality of life in those communities in which we operate
- Play an active role in the personal growth of each employee so as to attract and retain only the best
- Empower those who work for us with the knowledge and resources to act responsibly in accordance with the shared values of all shareholders
- Foster close relationships with regulators and all levels of Government and statutory bodies, for the benefit of all stakeholders



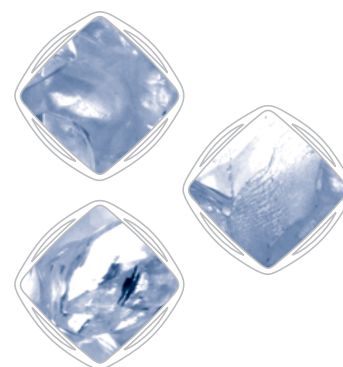
TRANS HEX



CORE VALUES

we stand by the principles of:

- Honesty, integrity, dignity and reliability in all our dealings
- A safe and healthy working environment
- The sanctity of human rights, equality and non-discrimination
- Respect for the cultural diversity of each community and country in which we operate
- Cultivating an environmental conscience which begins with each individual project and extends to the greater planet



VISION

we aspire to enhance our position

as a world-class player in the exploration, mining and marketing of diamonds of the highest quality.

SALIENT FEATURES

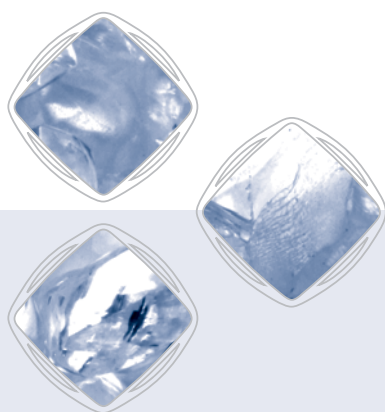
- Revenue negatively impacted by the global credit crisis
- Cash negative operations curtailed and significant ongoing cost reductions
- Cash position of R205 million at year end
- Baken grade recovery in second half of financial year
- Luana feasibility study completed

	2009 R'000	2008 R'000
Revenue – continuing operations	637 301	880 900
Average US\$ exchange rate (R/US\$)	8,87	7,14
Exploration costs	52 557	39 345
Mining (expenses)/income	(235 299)	69 681
Loss for the year – continuing operations	(760 385)	(1 490)
Loss for the year	(797 573)	(18 462)
Headline (loss)/profit	(636 587)	(7 878)
– Continuing operations	(618 389)	9 094
– Discontinued operations	(18 198)	(16 972)
Earnings per share (cents)		
– Basic	(754,6)	(17,5)
– Diluted	(754,6)	(17,5)
– Headline	(602,3)	(7,5)
Total dividend per share (cents)	–	10,0
Total assets	984 685	1 545 289
Net asset value per share (cents)	176	941

FIVE-YEAR CONSOLIDATED FINANCIAL REVIEW

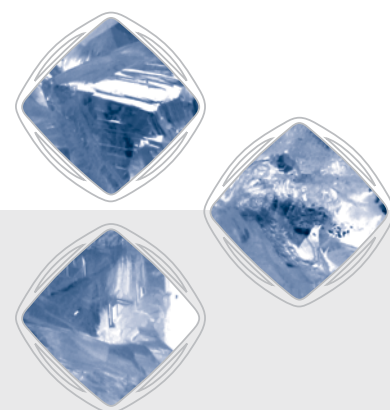
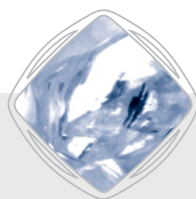
BALANCE SHEET

	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
ASSETS					
Property, plant and equipment	526 198	656 262	679 571	659 027	949 188
Goodwill	–	37 096	37 096	37 096	37 096
Investments in associates	132	142	154	164	171
Financial assets	40 065	270 034	209 553	200 473	250 154
Deferred income tax assets	–	–	5 408	10 166	14 351
Current assets	415 179	428 160	479 619	368 718	365 002
Non-current asset classified as held for sale	3 111	153 595	97 599	82 854	–
Total assets	984 685	1 545 289	1 509 000	1 358 498	1 615 962
EQUITY AND LIABILITIES					
Stated capital	206 276	206 276	207 490	206 417	200 119
Reserves	(19 978)	788 196	801 945	754 956	913 764
Non-current liabilities	415 573	281 152	218 948	178 702	261 352
Current liabilities	382 814	261 427	275 929	213 735	240 727
Liabilities directly associated with non-current assets classified as held for sale	–	8 238	4 688	4 688	–
Total equity and liabilities	984 685	1 545 289	1 509 000	1 358 498	1 615 962
Net asset value per share (cents)	176	941	1 122	1 070	1 250

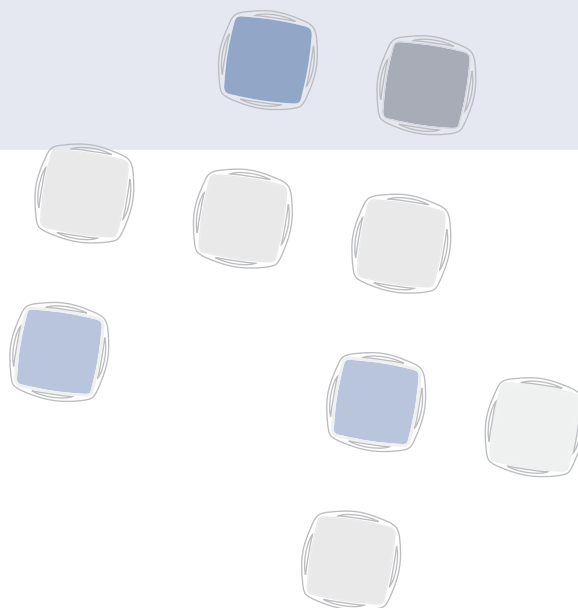
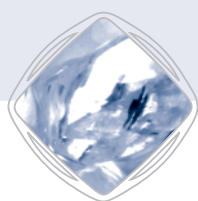


INCOME STATEMENT

	2009	2008	2007	2006	2005
	R'000	R'000	R'000	R'000	R'000
Net operating (loss)/income	(259 586)	59 010	110 560	126 489	216 941
Interest paid	(20 042)	(5 963)	(8 701)	(8 730)	(11 916)
Share of results of associated companies	(7)	(7)	(10)	(6)	(5)
Net impairment of assets	(539 346)	(6 847)	24 286	(218 792)	-
(Loss)/profit before income tax	(818 981)	46 193	126 135	(101 039)	205 020
Income tax	58 596	(47 683)	(74 353)	687	(84 724)
(Loss)/profit for the year from continuing operations	(760 385)	(1 490)	51 782	(100 352)	120 296
Loss for the year from discontinued operations	(37 188)	(16 972)	(10 059)	(18 576)	(23 912)
(Loss)/profit for the year	(797 573)	(18 462)	41 723	(118 928)	96 384
Earnings per share (cents)					
- Basic	(754,6)	(17,5)	39,4	(112,7)	92,0
- Diluted	(754,6)	(17,5)	39,3	(112,7)	91,5
- Headline	(602,3)	(7,5)	21,7	29,9	86,2
Dividend per share (cents)	-	10,0	20,0	30,0	40,0
Dividend cover	-	(0,75)	1,09	1,00	2,16



- Well-established land operations in South Africa with interests in Angolan mining and exploration activities
- The South African operations are cash generative and enable Trans Hex to actively explore [new opportunities](#)
- Continual focus on [exploration](#) and new business activities to increase reserves
- [Strong management](#) team with extensive understanding of industry and regulatory environments
- BEE status fully compliant with the Mining Charter



the Trans Hex group is a world leader in the exploration, mining and marketing of high-quality diamonds.

South Africa

LAND OPERATIONS

The Lower Orange River operations are situated along the banks of the Orange River approximately 50 km upstream from Alexander Bay. They are characterised by the large, high-quality diamonds which they produce.

LOWER ORANGE RIVER

Baken Trans Hex's flagship operation. The Baken Central Plant has a 1 350 tonnes/hour processing capacity.

RICHTERSVELD OPERATIONS

Bloeddrif was recommissioned during November 2007. The current low operating cost structure allows for the potential development of a large-volume, low-cost mining operation.

The Nxodap plant treats in-situ gravel from the Nxodap deposit.

Gariiep is an empowerment joint venture with representatives of the local community.

Angola

Both projects are currently under care and maintenance due to the impact of the global crisis on the diamond industry.

Trans Hex has a 35% interest in the Luarica project and a 32% interest in the Fucauma project.

Exploration

SOUTH AFRICA, ANGOLA, ELSEWHERE IN AFRICA

Alluvial and kimberlite exploration is undertaken in South Africa, Angola and elsewhere in Africa.

SOUTH AFRICA

Kimberlite and alluvial exploration activities in targeted areas throughout South Africa.

ANGOLA

Luana adjacent to the Luarica concession. Trans Hex has a 33% interest in the project. A project feasibility study has been completed and mining contract negotiations have commenced.

OTHER AREAS

Various prospects in other territories are under investigation.

DIRECTORS

P Lazarus Zim (48)

MComm (RAU), DComm (hc) (Univ of Fort Hare)

Non-executive chairman (appointed 2007)

Other directorships include chairman of Mvelaphanda Resources Limited and numerous other mining and financial services companies

Bernard van Rooyen (75)

BA LLB (Wits)

Non-executive deputy chairman (appointed 1993)

Other directorships include numerous mining companies

Representation on Trans Hex committees: audit and remuneration

Llewellyn Delport (47)

BSc (Chem Eng), MBA (UCT)

Chief executive officer (appointed 2004)

Representation on Trans Hex committees: remuneration

Jan Dreyer (59)

BComm (Law) (Stell), LLB (Wits), HDip Tax Law and Co Law

Non-executive director (appointed May 2009)

Other directorships include Remgro Limited

Mervyn Carstens (45)

National Diploma: Human Resources (Vaal), IRDP (Stell)

Executive director: SA Land Operations (appointed November 2007)

Theunis de Bruyn (40)

CA(SA)

Independent non-executive director (appointed May 2008)

Other directorships include ELB Group and numerous other unlisted private companies

Representation on Trans Hex committees: remuneration

Edwin de la H Hertzog (59)

MB, ChB, MMed (Stell), FFA (SA)

Non-executive director (appointed 1990)

Other directorships include Medi-Clinic Corporation Limited and Remgro Limited

Representation on Trans Hex committees: remuneration

Alwyn Martin (71)

BComm (UCT), CA(SA)

Independent non-executive director (appointed 1997)

Other directorships include Barnard Jacobs Mellet Holdings Limited, Medi-Clinic Corporation Limited, Datacentrix Holdings Limited and Petmin Limited

Representation on Trans Hex committees: audit

Graham Muller (43)

BSocSc (UCT), BCompt (Unisa) CA(SA)

Executive director: Finance (appointed February 2008)

Theo van Wyk (61)

BComm LLB (Stell), HDip Tax Law (Wits)

Non-executive director (appointed September 2008)

Other directorships include Remgro Limited, Wispeco Limited and deputy chairman of Business Partners Limited



SENIOR MANAGEMENT

Rosalino Caetano (52)

Country manager: Trans Hex Angola Ltda
B Mining Eng (Agostinho Neto University, Luanda)

Bertus Cilliers (40)

Group manager: New Business
MSc (Stell)

Herman Henning (47)

General manager: Baken
NHD (Met Mining), BEng (Mining), MBA

Tim Lee (43)

Group manager: Marketing
MBA (Newcastle)

Vincent Madlela (38)

Group manager: Stakeholder Relations
LLB (UOFS)

Mike Taylor(64)

Group projects engineer
Certificated mechanical and electrical engineer

Stan Turketti (54)

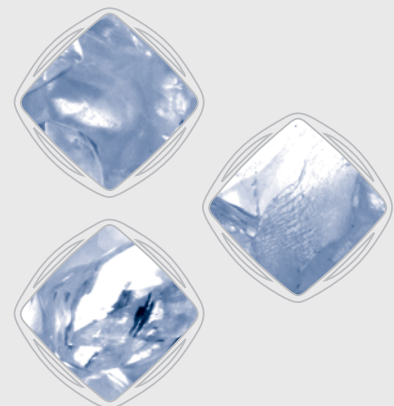
Group risk manager
National Diploma in Police Administration

Greg van Heerden (47)

Group manager: Human Resources
BA (Unisa)

George Zacharias (51)

Group company secretary
BA LLB (Rhodes)





P Lazarus Zim, Chairman

The year under review has probably been one of the most difficult periods in the history of the group as well as the overall diamond industry. Diamond prices dropped to historic lows during our November 2008 and February 2009 tender sales and demand for our product during this period was at an all-time low with some categories of stones not being sold. There has however been a significant improvement in both demand and prices during our March and May 2009 tender sales and we expect this trend to continue for the foreseeable future.

Production at the South African operations was negatively impacted by lower grades achieved at Baken in the first half of the financial year and the cessation of operations during December 2008 and January 2009 in response to the adverse effect of the global economic crisis on the diamond market. Production should improve as planned mining operations move to areas which are anticipated to produce higher grades at Baken, whilst production of high-quality and large stones, characteristic of the Richtersveld operations, is expected to continue.

Management are to be congratulated on their continued focus on cost control and reductions, both prior to and in response to the

global economic crisis, which now positions Trans Hex as one of the lowest operating cost producers in the industry.

Cash outflows to support the Angolan operations of Luarica and Fucauma have been curtailed. No funding is being provided to Luarica, with minimal funding to sustain care and maintenance services at Fucauma and the low-intensity pilot mining at Luana. It is anticipated that mining contract negotiations will be concluded with our Angolan partners during the year, whereafter various funding requirements for the establishment of the mine will be considered.

Although the financial year has been exceedingly difficult, Trans Hex completed the period with a net cash position of R205 million. This places the group in a strong and sustainable position with significantly curtailed cash outflows to the Angolan projects and South African operations which are expected to continue to generate significant cash resources for the group, enabling it to explore new business opportunities.

The board believes that the group's cash position places it in a strong position to withstand the current global economic crisis

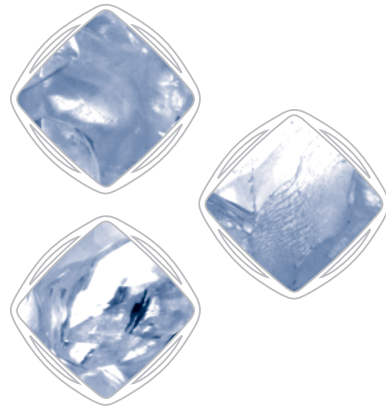


and to sustain its current operations without external funding. The group is accordingly well positioned with a solid foundation for maintaining its status as a world-class player in the exploration, mining and marketing of diamonds of the highest quality.

I extend my appreciation, on behalf of the board, to our employees and stakeholders for their continued efforts and loyalty during this difficult period and look forward to their continued support in assisting the group to achieve its targets and to take advantage of the opportunities that lie ahead for the sustainable growth of the group.



P Lazarus Zim
Chairman



Trans Hex completed the period with a net cash position of R205 million. This places the group in a strong and sustainable position with significantly curtailed cash outflows to the Angolan projects and cash-generating South African operations



L Delport, Chief executive officer

OVERVIEW

The group has over the past three years been actively pursuing cost reductions at all operations as well as the fixing, closing or selling of unprofitable operations. As a result, the Middle Orange River operations were sold during 2008 and the group's deep-water mining vessels ceased operations in April 2008. One mining vessel has been sold and the remaining vessel has been docked pending sale.

Diamond prices dropped significantly from September 2008 to February 2009, and the demand for rough diamonds fell to record lows due to the adverse effect of the global economic crisis on the diamond market. This necessitated further cost cutting and rationalisation of operations, which was immediately implemented.

The group's tender sale in March 2009 resulted in all production being sold and an increase in average prices achieved. The May 2009 tender sale also reflected strengthened demand for Trans Hex's product as well as a further increase in diamond prices.

The group's cash position remained solid at R205 million at year-end which, despite the severe impact of the global economic crisis, is higher than the prior year cash balance of R194 million.

FINANCIAL OVERVIEW

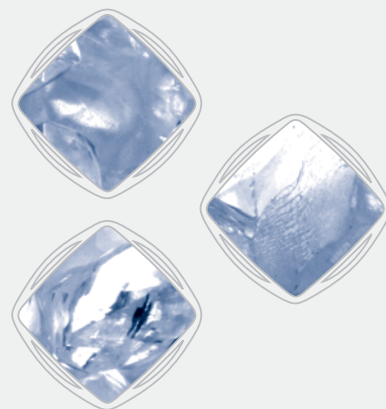
Sales revenue of R637 million (2008: R881 million) was significantly impacted by lower diamond prices in the second half of the financial year.

As a result of the global economic slowdown the group's assets were tested for impairment and a once-off pre-tax cost of R569 million was incurred to revalue the assets to accurately represent their projected income generation. The impairments include an impairment of the group's Angolan investment of R460 million.

The loss for the period was R798 million after accounting for impairments and a revenue loss of R277 million, compared to a loss of R18 million for the corresponding reporting period.

The loss per share for continuing operations was 719,4 cents (2008: loss of 1,4 cents) with a headline loss per share of 585,1 cents (2008: headline earnings of 8,6 cents). Adjusted headline loss per share, after accounting for the full cost of impairment, was 248,4 cents (2008: adjusted headline earnings of 8,6 cents).

The group has over the past three years been actively pursuing cost reductions at all operations as well as the fixing, closing or selling of unprofitable operations.



RESPONSE TO THE GLOBAL ECONOMIC CRISIS

Measures were immediately implemented in response to the exceptionally low rough diamond prices experienced in November 2008 and February 2009, including the following:

- The PK production plant, a satellite operation to the Baken Central Plant, became cash flow negative, and was closed.
- South African production was stopped during December 2008 and January 2009.
- The shallow-water marine operations are in the process of being placed under care and maintenance.
- The Fucauma operation in Angola, of which Trans Hex has management control, has been placed under care and maintenance.
- No funding is being provided for the Luarica investment in Angola.
- Head office costs have been reviewed and reduced.
- Non-essential capital expenditure has been reduced and deferred where appropriate.

OPERATIONS SOUTH AFRICA

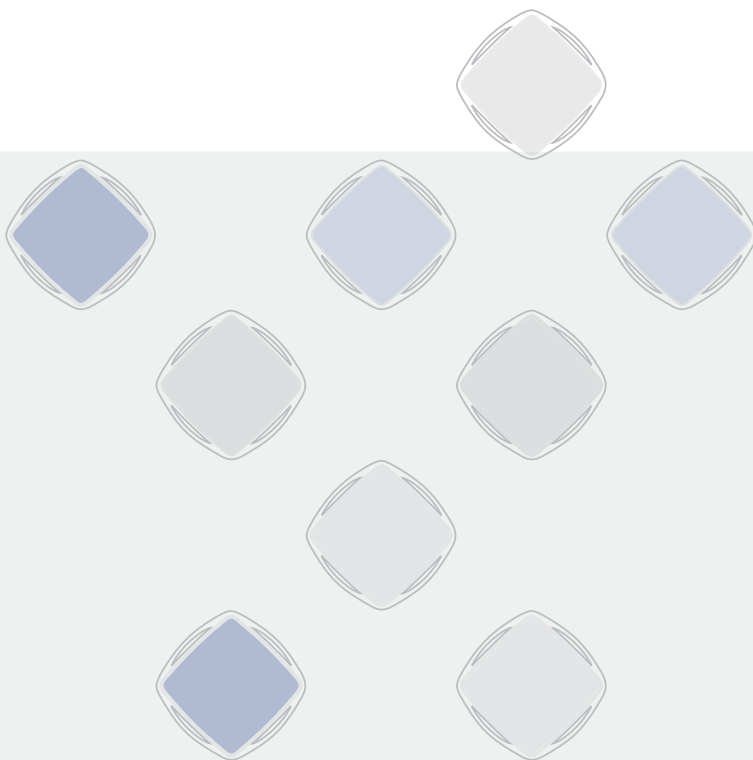
South African carat production decreased from 107 305 carats in 2008 to 88 933 as a result of lower grades achieved in the first half of the financial year and a production stoppage during December 2008 and January 2009, due to the drop in diamond prices. The grade produced by the Baken Central Plant should improve as planned mining operations move to areas which are expected to produce higher grades.

The Richtersveld operations achieved 27 200 carats (2008: 23 159) at an average stone size of 1,79 (2008: 1,60) carats per stone.

ANGOLA

The adverse effect on the diamond market due to the global economic crisis necessitated the suspension of the recovery plan at Fucauma. The mine was placed under care and maintenance at the end of January 2009.

Prior to the cessation of activities, the project, in which Trans Hex has a 32% interest, achieved 30 423 carats (2008: 41 800 carats), at



an average grade of 11,86 carats/100 m³ (2008: 12,35 carats/100 m³). The average diamond price declined to US\$156 per carat from US\$181 during 2008. The average stone size also declined to 0,32 carats per stone from 0,37 carats per stone in 2008.

Production at Luarica, in which Trans Hex has a 35% interest, decreased to 48 338 carats (2008: 88 500 carats), with the average grade of 12,97 carats/100m³ increasing slightly from 12,57 carats/100m³ year on year. This operation is currently effectively under care and maintenance.

The group is not providing any funding for the Luarica operation and provides minimal funding for care and maintenance services at the Fucauma operation.

Detailed project information is recorded hereunder:

Detailed project information

2009	Average grade per 100m³	Carats produced	Average carats per stone	Average price per carat achieved (US dollar)
South Africa				
Baken	1,46	55 847	1,04	765
Richtersveld Operations	2,34	27 201	1,79	1,047
Shallow Water	n/a	5 874	0,35	376
Angola				
Fucauma	11,86	30 423	0,32	156
Luarica	12,97	48 338	0,35	215
2008				
South Africa				
Baken	1,63	71 856	1,03	905
Richtersveld Operations	1,8	24 083	1,57	1,391
Shallow Water	n/a	11 366	0,4	478
Angola				
Fucauma	12,35	41 800	0,37	181
Luarica	12,57	88 500	0,58	312

EXPLORATION

SOUTH AFRICA

Continued focus on brownfields exploration on the Lower Orange tenement during the year increased the total Resource base by a significant 20% in terms of carats and 23% in terms of volume. At Bloeddrif and Nxodap significant extensions have been found to existing high-grade, large stone size areas which should ensure the continued profitability of these operations in the coming period.

The regional kimberlite exploration work undertaken by the Phakalane joint venture has been completed. All activities in Phakalane are in the final stages of being wound down with all ground work having been completed in December 2008.

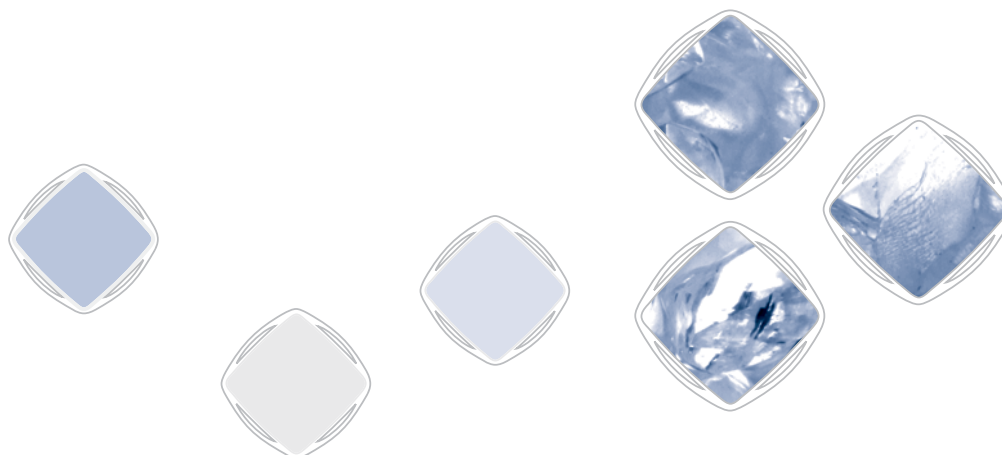
ANGOLA

An extensive programme of drilling and bulk sampling to assess the potential of the west bank of the Luana River on the Luana Concession was completed in July 2008. The results from this programme allowed the delineation of 3 million carats in Indicated resource and over 10 million carats in Inferred resource. Venmyn Rand was commissioned to carry out an independent Competent Person's Report (CPR) on the resources and reserves of the Luana concession. The CPR was completed in November 2008 and validated the work and resource reserve reporting done to date. The findings of the study were presented to Endiama in November 2008 and are currently with the Minister of Geology and Mines for final approval. Negotiations for the conversion of the current prospecting contract to a mining contract have commenced.

Pilot production utilising the bulk sampling equipment is continuing on site and will be ramped up to cover ongoing costs during the interim period. Reverse circulation drilling will commence on the east bank of the Luana River in June 2009, with the objective of further delineating the Calonda deposits on the east bank as well as defining the Calonda channel further east.

DIAMOND RESERVES AND RESOURCES REPORT

The group's diamond reserves and resources report is contained in the annexure to the review of operations.



LIBERIA

Bulk sampling of the five kimberlites on the Kpo joint venture with Stellar Diamonds Liberia has been completed. Initial financial analysis indicated that the pipes were not economically mineable. Stellar Diamonds continued with regional stream and soil sampling but failed to identify any significant new anomalies. Trans Hex has terminated its involvement in the project and is currently finalising the disposal of its fixed and movable assets in Liberia.

NEW BUSINESS

The group continues to evaluate new business opportunities in its existing areas of operations as well as suitable projects in potential new territories of operation within Africa.

THE ROUGH DIAMOND MARKET

Total sales amounted to US\$73 million, of which US\$67,2 million was attributed from the South African operations. The average price of sales from South Africa was \$805 per carat. The first half of the financial year saw strong demand and pricing levels for rough diamonds but this changed rapidly in August when demand fell away and there was minimal buying activity taking place as the effects of the global financial crisis affected both consumer markets and the wholesale industry. With such limited buying activity taking place in the wholesale market, the last six months have proved to be a challenging and testing time for all rough diamond producers.

POLISHING FACTORY

Urembo Diamonds, a small-scale black economically empowered polishing factory, was established in Johannesburg during 2008. The company is now in full production and has significant potential for increasing production beyond current levels.

OPERATIONS CONDUCTED BY MARINE MINING VESSELS

The board resolved to discontinue the operations conducted by the *MV Ivan Prinsep* and the *MV Namakwa* effective 31 March 2008. The *MV Ivan Prinsep* has been successfully sold for R35,6 million, with the *MV Namakwa* being currently docked pending potential sale.

HUMAN CAPITAL

Staff complement

As at 31 March 2009, total direct employment in South Africa and Angola amounted to 770 employees. Indirect employment, through joint ventures and contractors, totalled an additional 520 employees in South Africa and 140 in Angola.

Employment equity

The table below indicates progress towards employment equity targets for South African employment as at 31 March 2009:

EMPLOYMENT EQUITY PROGRESS TABLE

Occupational levels	Actuals as at March 2008	Actuals as at March 2009	Percentage targets 2009
	Non-designated : Designated	Non-designated : Designated	Non-designated : Designated
Top management (F-band)	25% : 75%	33% : 67%	33% : 67%
Senior management (D-upper + E-band)	70% : 30%	66% : 34%	60% : 40%
Professionally qualified (D-lower)	31% : 69%	23% : 77%	30% : 70%
Skilled and technically qualified (C-band)	10% : 90%	8% : 92%	10% : 90%

Total rough diamond sales amounted to US\$73 million, of which US\$67,2 million was attributed from the South African operations.

Training and development

The group continues to aspire towards the achievement of a culture of continuous improvement through the provision of learning and development opportunities for all staff.

Key elements of this approach include adult basic education and training (ABET) classes; on-the-job training, coaching and mentoring, learnerships, formal training courses, experiential training and development assignments, bursaries, study loans and a policy of promotion from within.

HIV/Aids and employee wellness

Trans Hex has a comprehensive employee wellness programme which includes access to on-site clinic facilities and to off-site medical specialists for employees and their family members; a holistic HIV/Aids management programme, incorporating awareness, voluntary testing, provision of condoms, access to treatment and anti-retroviral drug therapy, counselling and other support services; substance abuse and rehabilitation programmes; a 24 hour, 7 days a week employee helpline service; and individual access to professional counsellors and social workers.

The effective planning and implementation of employee wellness programmes is ensured through the operation of project-based and central-level committees, consisting of management, employees and trade union representatives, together with employees trained as peer educators and a full-time HIV/Aids co-ordinator.

Corporate social investment

The group's corporate social investment activities focus on improving the quality of life of disadvantaged communities. Trans Hex is committed to community development, empowerment and sustainability, particularly in those communities surrounding its mining operations and from which it sources its labour.

The Namaqualand Diamond Fund Trust, which represents seven rural districts in Namaqualand and is the primary social development agency in the group's geographic operating area, has received a total of R344 million from the group since its inception.

OUTLOOK

The group's operating mines remain sustainable without external funding being required. In addition the South African operations are expected to generate additional cash. This places the group in a solid position to take advantage of any new business opportunities arising out of the impact of the global economic crisis as well as enabling the group to capitalise on the anticipated long-term diamond supply demand imbalance.



Llewellyn Delport
Chief executive officer

ANNEXURE TO REVIEW OF OPERATIONS

31 March 2009

Diamond reserves

Project name	Probable		
	Ore (m ³ x 1 000)	Grade (ct/100 m ³)	Carats (ct)
Baken	17 408	1.67	290 511
Bloeddrif	1 988	1.85	36 800
Reuning	1 036	2.34	24 293
Luarica*	0	0.00	0
Fucauma*	0	0.00	0
Luana*	6 026	33.10	1 994 593
Total	26 458	8.87	2 346 197

Diamond resources

Project name	Indicated			Inferred		
	Ore (m ³ x 1 000)	Grade (ct/100 m ³)	Carats (ct)	Ore (m ³ x 1 000)	Grade (ct/100 m ³)	Carats (ct)
Baken	23 137	1,51	348 391	65 412	0,63	409 445
Bloeddrif	30 503	0,62	189 632	23 800	0,79	188 300
Reuning	7 013	0,95	58 961	29 142	0,42	159 075
Luarica*	2 222	21,69	482 014	5 880	17,61	1 035 541
Fucauma*	2 264	17,17	388 669	7 177	14,07	1 009 608
Luana*	10 997	28,03	3 082 429	29 809	35,67	10 632 964
Total	76 136	5,98	4 550 096	161 220	8,33	13 434 933

Notes:

Diamond resources are quoted inclusive of diamond reserves.

All resources are quoted as recoverable grades at a bottom screen cutoff of 2 mm for South African and 1,6 mm for Angolan projects.

** Total project reserves and resources are shown for Angola; THG share of these projects is: Luarica 35%, Fucauma 32% and Luana 33%.*

Diamond Reserve grades for Angolan projects are quoted as ROM grades, i.e. bulked and diluted.

All other diamond grades are quoted as in situ grades.

MARINE DIVISION

DIAMOND RESERVES AND RESOURCES

31 March 2009

Diamond resources

Concession	Indicated			Inferred		
	Area (m ²)	Grade (ct/m ²)	Carats (ct)	Area (m ²)	Grade (ct/m ²)	Carats (ct)
2b	515 210	0,21	108 194	1 043 000	0,11	114 730
3b	550 000	0,07	38 500	460 000	0,05	20 700
6b				5 838 711	0,02	99 258
11b	83 000	0,04	3 320			
13b	72 169	0,05	3 608			
Total	1 220 379	0,01	153 622	7 341 711	0,00	234 688

Notes:

No marine resources are stated for the shallow-water areas (<25 m water depth).

In these areas the mineralisation is generally erratic and the lack of suitable technology to sample this zone has prevented definitive resource delineation.

NOTES TO THE RESOURCE RESERVE STATEMENT

I Competent Person and general compliance

The group's Diamond Resources and Diamond Reserves have been prepared under the guidance of the company's Competent Person, Mr LM Cilliers (MSc, Pri Sci. Nat. 400135/00, GSSA 963975), who has 15 years experience in diamond resource and reserve estimation. He is duly registered with the South African Council for Natural Scientific Professions ("SACNASP", sarnap@geoscience.org.za) as required by South African Law. The company's Competent Person has taken into account the definitions included in the SAMREC Code, and the Diamond Resource and Diamond Reserve quantities reported here are considered to be fully compliant in all material respects with the requirements of the Code. All Diamond Resources and Reserves pertain to alluvial diamond deposits.

In line with Trans Hex's objective of transparent and compliant reporting, Venmyn Rand was contracted in 2008 to conduct independent Competent Person reports ("CPR") on the company's Resource and Reserve statement for its Lower Orange and Angolan operations for March 2008. An extract from the CPR states that:

"Venmyn has independently reviewed these statements by assessing the validity of the resource block inventories, the estimates of grade and the modifying factors used to convert the Diamond Resources into Diamond Reserves. Venmyn's review has identified no material issues with respect to the estimates or classifications of the resources and is satisfied that the conversion of the Diamond Resources to Diamond Reserves has been conducted using appropriate and reasonable modifying factors."

II General notes

A total of 55 847 carats were mined from the Baken Reserve during the past year. Lower diamond prices negatively influenced the payability of marginal resources and resulted in an additional decrease of 70 000 carats in the **Baken** Reserve. Venmyn suggested the reclassification of the Measured resources from Baken to the Indicated category to bring it in line with industry practice and the new SAMREC Code of 2007. Continued work on the definition of the complete resource base at Baken resulted in an increase in the total resource of 12% in terms of carats and 30% in terms of volume.

At **Bloeddrif** limited sampling of the large-volume, low-grade Meso deposits was undertaken in the first half of the year and in the second half continued work in the B2 palaeochannel identified a new area where excellent grades are being realised. A total of 7 808 carats were recovered during the year and resource carats were increased by 23%. The **Reuning** Reserve was depleted by 17 071 carats through ongoing mining of the Reuning Central and Nxodap orebodies during the year. At Nxodap good grades continue to be realised while the Resource is continually being extended through additional sampling and drilling work. At Reuning the Resource base was extended by 37% in terms of carats.

In Angola, mining activities at **Luarica** and **Fucauma** depleted 48 338 carats and 30 423 carats respectively during the year.

A pre-feasibility study was completed for the **Luana** project by an external consultancy group in November 2008 which proved the viability of a mining operation at Luana. As part of the study, Venmyn updated the Resources and Reserves on the total Luana concession based on new drilling information as well as historic Diamang sampling and mining information. The result was an increase of 24% in carats in the Luana Resource.

The Marine resources remained unchanged.

Trans Hex Group Limited and its directors have accepted and are fully committed to the following seven commonly accepted characteristics of good corporate governance in accordance with the King II Report: discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. The directors believe that the company has in all material respects complied with the Code of Corporate Practices and Conduct as set out in the King II Committee Report and comment as follows:

BOARD OF DIRECTORS

The group has a unitary board structure. The board meets on a quarterly basis, retains full and effective control over the group and monitors the executive management. The board itself takes key decisions to ensure it retains proper direction and control of the group, strategic issues, the business plan, acquisitions, disposals and other major contracts and commitments, group policies and stakeholder reporting.

The roles of the chairman and chief executive officer do not vest in the same person and the chairman is a non-executive director. The chairman and chief executive officer provide leadership and guidance to the group and encourage proper deliberation of all matters requiring its attention, with optimum input from the other directors.

There is a clear division of responsibility at board level to ensure a balance of power and authority such that no one individual has unfettered power of decision-making.

The board has five non-executive and two independent non-executive directors who are appointed for specific terms. Reappointment is not automatic. Such appointments are formal and transparent and a matter for the board as a whole. There are three executive directors on the board.

During the year under review, the board met five times. The board schedules to meet at least once every quarter. All the members attended all the meetings with the exception of:

- PL Zim 24 October 2008 (extraordinary meeting)
- PL Zim 10 November 2008

The extraordinary meeting was called at short notice. Mr Zim was unable to attend the above meetings due to overseas business commitments.

A number of standing committees of the board have been established. These committees operate with written terms of reference and comprise, in the main, of non-executive directors. The chairman of each committee is a non-executive director.

REMUNERATION COMMITTEE

The members of the remuneration committee are:

Edwin de la H Hertzog (chairman)	(non-executive director)
Theunis de Bruyn	(non-executive director)
Bernard van Rooyen	(non-executive director)

The chief executive officer attends meetings of the remuneration committee, but does not participate in any discussion or decisions regarding his own remuneration.

The remuneration committee reviews and approves the remuneration and terms of employment of executive directors and senior employees of the group. The remuneration committee has satisfied its responsibilities during the year in compliance with its terms of reference. The committee also acts as a nominee committee for director appointments.

The remuneration committee met on four occasions during the year. A quorum was present at each of these meetings.

Non-executive directors do not have service contracts. The remuneration paid to executive and non-executive directors of the group is disclosed in total in note 20 to the annual financial statements.

AUDIT AND RISK COMMITTEE

The members of the audit and risk committee are:

Alwyn Martin (chairman)	(independent non-executive director)
Bernard van Rooyen	(non-executive director)

Both the internal and external auditors have unrestricted access to the audit and risk committee, which ensures that their independence is in no way impaired. Meetings are held regularly and are attended by representatives of the external and internal auditors. The chief executive officer and the financial director attend as representatives of the group's management.

The audit and risk committee deals with issues relating to risk management, the internal and external audit, including accounting policies and financial reporting, health, safety and environmental management, the safeguarding of assets, and internal control within the mandate given by the board. The audit and risk committee has satisfied its responsibilities during the year in compliance with its terms of reference.

The audit and risk committee met on four occasions during the year and all the members attended the meetings.

The group has a group risk management committee (GRMC) and each major operation has an operational subcommittee. This includes Trans Hex Angola which has monthly operational risk meetings and maintains its own risk register for the Angolan investments. The GRMC reports to the audit and risk committee on all risk management issues and ensures compliance with the ongoing process of identifying, evaluating and managing significant risks. Corrective actions and preventive measures are taken and thereafter closely monitored. Any significant risk that is new to the group is reported via the GRMC to the audit and risk committee.

Employees are obliged to report incidents and “near misses” which are captured in an electronic incident reporting system. All incidents and “near misses” are investigated by management and corrective action is implemented and recorded before the close-off of any incidents. All incidents are trended by type, area, cost and location.

Risk management is a key focus area at operational level, with risk management as a fixed agenda point in all meetings. It is at this level that strategies and procedures are set within the policy, programmes are executed and performance reporting is conducted.

The board, through the audit and risk committee, is responsible for the total process of risk management as well as for forming its own opinion on the effectiveness of the process. Management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the company. The risk management policy and mandate has been approved by the board.

The report of the audit and risk committee chairman is included on page 20.

INTERNAL CONTROL

The group maintains adequate accounting records and effective systems of internal control and risk management over financial reporting and the safeguarding of assets against unauthorised acquisition, use or disposition.

These systems are designed to provide reasonable assurance to the company’s management and board of directors regarding the preparation of reliable published financial statements. They include a documented and tested organisational structure and division of responsibility and established policies and procedures, including a code of conduct to foster a strong ethical climate, all of which are communicated to all personnel.

Internal auditors monitor the operation of the internal control systems, report findings and make recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and opportunities for improving the system are constantly sought. The board, operating through its audit and risk committee, supervises the financial reporting process.

The group assessed its internal control system as at 31 March 2009 in relation to the criteria for effective internal control over financial reporting. Based on its assessment, the group is satisfied that its systems met those criteria.

PROFESSIONAL ADVICE

All directors have access to the advice and services of the group company secretary who is responsible to the board for ensuring procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the group and have unrestricted access to company records.

Risk management is a key focus area at operational level.

MANAGEMENT REPORTING

The group has comprehensive management reporting disciplines in place, which include the preparation of annual budgets by all operating units. Monthly results and the financial status of operating units are reported against approved budgets and compared to the prior year. Profit projections and forecast cash flows are updated monthly while working capital and borrowing levels are monitored on an ongoing basis.

EMPLOYER/EMPLOYEE RELATIONS

The group uses a variety of participative structures to deal with issues affecting employees directly and materially. These include collective bargaining mechanisms, safety committees, training and development forums, employee wellness structures, and regular project-level meetings between management and employee representatives.

These structures, established with trade union representatives, are designed to achieve sound employer/employee relations through effective sharing of relevant information, regular consultation and the early identification and resolution of potential conflict.

EQUAL OPPORTUNITIES

The group is committed to providing equal opportunities to prospective and current employees in all spheres of its business. Measures have been taken to eliminate all discriminatory provisions, to eliminate barriers to employment and to advance diversity in the workplace. All new appointments are made in compliance with the group's employment equity targets and comprehensive plans for the training and development of employees from the designated groups have been adopted.

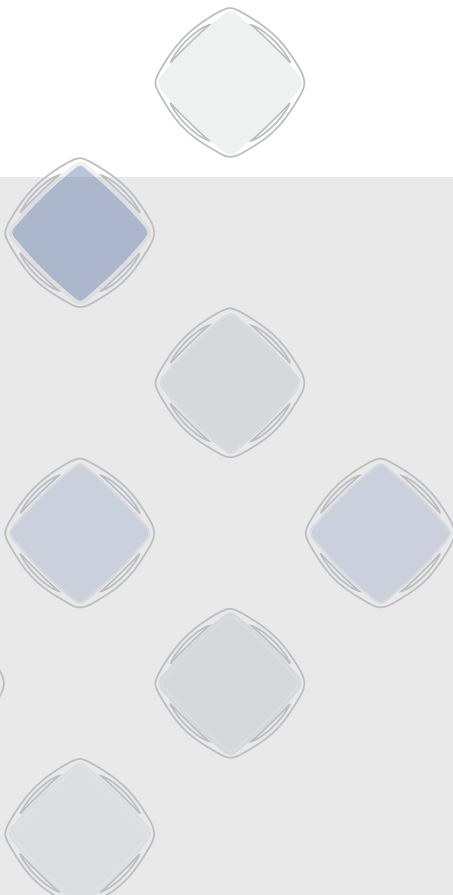
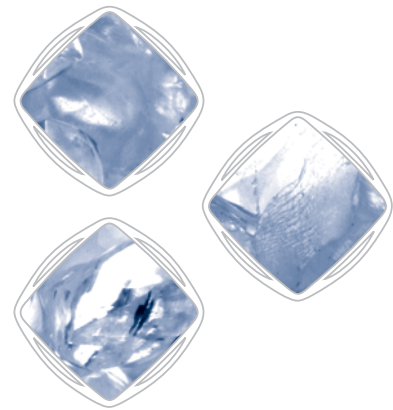
SHARE TRANSACTIONS BY DIRECTORS AND SENIOR PERSONNEL

According to group policy, directors and senior personnel are required to adhere to the code of conduct with regard to dealing in shares of the group during periods of price sensitivity.

CODE OF CONDUCT AND CODE OF ETHICS

The group is committed to the highest standards of integrity, behaviour and ethics in dealing with all stakeholders. The directors have implemented controls to monitor that the values, behaviour and ethics, as outlined in the company's corporate charter and code of ethics, are being adhered to.

A confidential reporting mechanism is in place where employees are assured of anonymity when reporting matters relating to diamond theft, fraud and other crime within the company.



AUDIT AND RISK COMMITTEE REPORT

The legal responsibilities of the Trans Hex Group Audit Committee (the committee) as set out in the Companies Act, 61 of 1973 (as amended), as read with the Corporate Laws Amendment Act, 24 of 2006, are incorporated in the committee's mandate, which is reviewed regularly and approved by the board.

COMPOSITION OF THE COMMITTEE AND INVITEES

The members of the audit and risk committee are:

- AR Martin (Chairman)
- BR van Rooyen

The chief executive officer, financial director, and representatives of the internal auditors as well as the external auditors are invited to attend the committee meetings. Non-executive director, Advocate T van Wyk, is not a committee member but attends meetings by invitation. The external auditors attend all committee meetings and separate meetings are held to afford them the opportunity of discussion, without the presence of management or internal auditors. The internal auditors attend all committee meetings and are similarly afforded separate meetings with the committee.

INTERNAL AUDIT

Internal audit is an independent assurance function. The internal auditors have a direct reporting line to the committee chairperson and also meet regularly with the executive management.

EXTERNAL AUDIT


The group's external auditors are PricewaterhouseCoopers Inc.

The audit committee, after reviewing a report by the external auditors, has confirmed and is satisfied with the independence of the external auditors.

KEY FUNCTIONS AND RESPONSIBILITIES OF THE COMMITTEE

The key functions and responsibilities of the committee as outlined in the committee mandate are to:

1. Enquire as to the adequacy of the company's system of internal controls; review the evaluation of financial controls by external and internal auditors.
2. Review the findings of any significant examination by the external and internal auditors concerning the company's financial matters.
3. Review the terms of engagement and audit scope and approach of the external auditors and review and approve their fees. Evaluate the performance of the external and internal auditors.
4. Review the company's annual consolidated financial statements and auditor's report thereon.
5. Review external auditor's management comment letter and management's responses thereto.
6. Enquire as to any disagreements between management and external auditors or restrictions imposed by management on external auditors.
7. Review the company's annual report and other disclosure documents, including the report of the board of directors containing audited or unaudited financial information.



The group maintains adequate accounting records and effective systems of internal control and risk management.

8. Review any change in the company's accounting policies.
9. Review with management and external auditors any significant financial reporting issues, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting.
10. Review the company's interim consolidated financial statements and recommend their approval to the board of directors.
11. Review with legal counsel any legal matters having a significant impact on the financial reports.
12. Review the company's overall compliance with the legislative environment in which the company operates, including compliance with the JSE Listings Requirements and the King Code on corporate governance.
13. Review the independence of internal and external auditors including a review of any engagements for non-audit services provided by external auditors or their affiliates.
14. Review the appointment, dismissal or reassignment of the internal audit function.
15. Review and make recommendations on the appointment and retention of the external auditor, and any questions of resignation or dismissal of the auditor.
16. Monitoring the ethical conduct of the company, its executives and senior officials. This includes:
 - Reviewing any statements on ethical standards or requirements for the company and assisting in developing such standards and requirements
 - Identification of any violations of ethical conduct
 - Give recommendations on any potential conflict of interest or questionable situations of a material nature
17. Periodically review the policies and practices of the company in regard to cash management, use of financial derivatives, financing, credit, insurance, taxation and related matters.
18. Review the effectiveness of management in ensuring the integrity and security of the company's electronic information systems and records.
19. Provide an open avenue of communication between management, the external auditors and the board of directors.
20. Conduct any independent investigations into any matters, which come under its scope of responsibilities.
21. Review and/or approve other financial matters delegated specifically to it by the board of directors.
22. Review the effectiveness with which the company meets its obligations pertaining to the environment, health and safety.
23. Review the appropriateness of the company's risk philosophy and strategy. A group risk committee will report twice a year to the committee to evaluate the business risks/significant risks pertaining to the company. The evaluation will also include the risk management process and the controls implemented to reduce or prevent the risks and their possible impact. This will assist the audit committee in deciding the nature and extent of assurance it requires from external and internal audit.
24. The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.
25. Report to the board of directors on the activities of the committee with respect to the foregoing matters at each board meeting and at any other time deemed appropriate by the committee or upon request of the board of directors.

EFFECTIVENESS OF INTERNAL CONTROL

The group maintains adequate accounting records and effective systems of internal control and risk management over financial reporting and the safeguarding of assets against unauthorised acquisition, use of or disposal.

These systems are designed to provide reasonable assurance to the company's management and board of directors regarding the preparation of reliable published financial statements. They include a documented and tested organisational structure and division of responsibility and established policies and procedures, including a code of conduct to foster a strong ethical climate, all of which are communicated to all personnel.

It is a function of internal auditors to monitor the operation of the internal control systems, report findings and make recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies, and opportunities for improving the system are constantly sought. The board, operating through its audit and risk committee, supervises the financial reporting process.

The group assessed its internal control system as at 31 March 2009 in relation to the criteria for effective internal control over financial reporting. Based on its assessment, the group is satisfied that its systems met those criteria.

CONFIRMATION AND RECOMMENDATION

Having considered, analysed, reviewed and debated information provided by management, internal audit and external audit, the committee confirmed that:

- the internal controls of the group have been effective in all material aspects throughout the year under review;
- these controls have ensured that the group's assets have been safeguarded;
- proper accounting records have been maintained; and
- resources have been utilised efficiently.

The committee is unable to provide the above confirmation in respect of any joint venture or entity in which it does not have a majority interest or shareholding.

APPROPRIATENESS OF THE EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR

In terms of the JSE Listings Requirements, the audit and risk committee had, at its meeting held on 18 May 2009, satisfied itself as to the appropriateness of the expertise and experience of the financial director.

REAPPOINTMENT OF EXTERNAL AUDITORS

The committee confirms the skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and that it recommends their reappointment in 2009.

ANNUAL FINANCIAL STATEMENTS

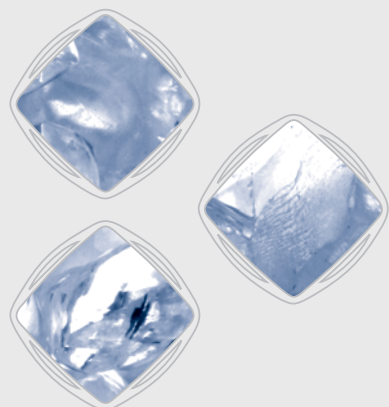
The committee has:

- reviewed and discussed the audited annual financial statements included in the annual report with the external auditors, the chief executive officer and the financial director;
- reviewed the external auditor's management letter and management's response thereto;
- reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences; and
- received and considered reports from the internal auditors.

The committee concurs with and accepts the external auditor's conclusions on the annual financial statements and has recommended the approval thereof to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

AR Martin

Chairman - audit and risk committee



Trans Hex views sustainability as the ongoing ability to protect and grow shareholder value through positively managing the group's impact on and relationship with diverse stakeholder constituencies. In support of our commitment to sustainable development, the group makes available funding, as well as our expertise and business skills, to protect and develop the overall economic, social and natural environment in which we conduct business, by inter alia:

- Aiming to integrate economic, social and environmental concerns and opportunities within decision-making forums at all levels and applying these factors in delivering business goals in line with the group's overall strategy
- Being an efficient, ethical and value-creating business
- Creating meaningful employment in safe and healthy environments
- Reducing its environmental impact and contributing to biodiversity management
- Innovation, technology and process improvement
- Creating social partnerships to address societal problems such as HIV/Aids and lack of rural development
- Striving to ensure that our values and practices reflect international norms and meet community and social expectations

SAFETY, HEALTH AND ENVIRONMENT ENVIRONMENTAL MANAGEMENT

Environmental policy and commitment

Environmental management at all the group's operations is largely governed by its environmental policy, which sets out the company's broad commitment to sound environmental management, as well as its Safety, Health and Environment Group Standards. In addition, compliance with legal requirements, especially the provisions of the Mineral and Petroleum Resources Development Act (MPRDA) No. 28 of 2002, forms the cornerstone of environmental management, and the company's corporate charter pledges this commitment. In order to put into effect the policy commitments, various site-specific implementation tools have been developed.

General environmental management

The group has existing environmental management programmes (EMPs) for its operations that were approved in terms of the Minerals Act (No 50 of 1991). EMPs are revised continuously to ensure that they are still in line with current prospecting and

mining operations and are aligned with the requirements of the MPRDA. An environmental implementation system has been developed and provides for regular monitoring of the activities that have potential environmental impacts. The Safety, Health and Environment Group Standards (SHEGS) protocol sets standards and minimum requirements for risk assessment, projects, resources, personnel, operational activities, medicals, contractor management, emergency preparedness, incident investigation, reporting, performance and compliance auditing.

External environmental performance auditing

Environmental assessment performance audits, both regular internal and biannual external audits are undertaken to assess companies' compliance with environmental management commitments set out in the EMPs as well as to determine the relevance of the EMPs in relation to the current mining operations and general environmental legislation compliance. An external environmental audit was conducted during February 2009. Inherent in the audited environmental components are aspects related to integration of the corrective actions into daily operations and identification of areas of improvement. A newly appointed full-time environmental coordinator will implement the action plans derived from the audit report and monitor compliance in general.

Waste management

Waste management audits were conducted for Richtersveld Operations in February 2009. General waste is disposed of in mine licensed general waste disposal sites. Hazardous waste that is produced by the group is in the form of used lubrication oil, oil filters, oily rags and batteries. Used batteries are generally collected and disposed of by suppliers of new batteries. Any hydrocarbon rehabilitation/soil remediation is done in line with Department of Water Affairs and Forestry minimum requirements, thus ensuring that there is no water pollution and that the soils are re-used for rehabilitation of mining disturbed areas. Ferrosilicon, the heavy-medium separation material used in the company's extraction plants, is an inert substance and poses no threat to the environment. Losses thereof are, nevertheless, limited and closely monitored.

Stakeholder engagement

Stakeholder engagement is undertaken at all mining and prospecting operations as part of the environmental impact assessment

process and through the implementation of the mine's corporate social investment initiatives. Key stakeholder concerns relate to rehabilitation, biodiversity management, energy use and water management. There are key developmental strategies to address these aspects. Integrated water and waste management plans as well as a rehabilitation strategy have been developed for the South African Operations. Water recycling strategies with a target of at least 70% are being implemented. Annual energy consumption strategies are being looked at to ensure that energy efficiency is improved by at least 10%. In line with the mine's broader communication strategy, operations adopt site-specific environmental communication tools.

OCCUPATIONAL MINE HEALTH AND SAFETY SAFETY AND HEALTH DEPARTMENT

The comprehensive Medical Surveillance Programme which was fully implemented as per the revised Mandatory Code of Practice for Minimum Standards of Fitness to perform work at a mine, is 100% complied with.

Health and safety at all operations remains a key focus area in order to:

- Improve the occupational health and safety awareness and well-being of all employees
- Improve and maintain the health and safety management system
- Enhance legal compliance
- Minimise or eliminate risk to the employee
- Prevent all injuries to employees and the damage to company property

Health and safety management system

An internal audit on the Trans Hex Safety Management System has been conducted during the first quarter of 2009 in order to ensure compliance and to highlight shortcomings.

Continuous inspections, follow-ups and observations are key drivers to ensure sustainability, assessing safety behaviour and to ensure compliance. Numerous basic key elements, for example, risk assessments, planned inspections, task observations and communications are part of day-to-day safety management.

Senior health and safety officers have been appointed at Reuning and Baken. This ensures better control over the health and safety system and more effective communication. A full-time health and safety representative has been appointed for the South African land operations.

The responsibility for health and safety training has been decentralised to the line managers. The involvement of the line managers simplifies the system and thus makes the system more audit friendly.

There is a drive to create a health and safety culture within the organisation. One of the methods that have been implemented to create such a culture is the five-minute Safety Talk. With every shift change the whole shift has a safety topic they discuss. Training records are being kept of the five-minute Safety Talk.

The health and safety culture is further being promoted by the running of team-building workshops for all members involved in health and safety. The workshops thus far have been a major success.

It is clear that every employee is being involved and made part of the health and safety culture; this multilevel approach is already achieving good results.

A competition for the South African land operations commenced on 1 June 2008. The competition is divided into three categories, namely, Individual Safety Incentive Scheme, Trans Hex Safety Shield Competition and Annual Safety Competition. Prizes and

Continuous inspections, follow-ups and observations are key drivers to ensure sustainability, assessing safety behaviour and to ensure compliance.



shields will be awarded after a 12-month period. The Annual Safety Day has been scheduled for 22 June 2009.

The objective of this competition is to enhance a health and safety culture, improve and maintain health and safety management systems and to give recognition for individual and section safety performance at all operations.

Risk assessments

The continuous risk assessment method is fully implemented as per the Safety Management System and teams are participating in risk assessments prior to task performance.

Accident investigations

The Lower Orange River adopts the approach that every incident has the potential of a high severity. All events are therefore investigated in order to identify repetitive behaviour and to ensure remedial actions, simply to prevent events from recurring.

Accident record and statistics

Further objectives are to minimise all types of injuries thereby maintaining an LTIFR of less than 0,5, reduce absenteeism in order to eliminate safety risks, encourage ‘near miss’ reporting, eliminate property damage and encourage team performance.

The accident rate calculations are based on the 200 000 man-hours worked norm, as per the NOSA formula. Frequency rates are calculated for the four categories, i.e. fatal injuries (FIFR), reportable injuries (RIFR), disabling injuries (DIFR) and minor injuries (MIFR), all expressed on a calendar-year basis.

Trans Hex Group safety performance – Calendar year on year

	2005	2006	2007	2008	2009
Number of disabling injuries	10	5	7	1	2
Disabling injury-free rate (DIFR)	0,51	0,25	0,39	0,25	0,30
Change (year on year) %	(69)	(51)	56	(36)	20

CORPORATE SOCIAL INVESTMENT

The group’s corporate social investment activities focus on improving quality of life for disadvantaged communities. The group is committed to community development, empowerment and sustainability, especially in the surrounding communities where its mining operations occur.

The group contributes specifically towards interventions relating to education, adult literacy, healthcare, and arts and culture projects.

The Namaqualand Diamond Fund Trust, which comprises representatives of seven rural areas in the Namaqualand, was a beneficiary of R24 million (2008: R31 million) during the reporting period and has received a total of R344 million from the group since it started operating.

THE SOUTH AFRICAN MINING CHARTER

Trans Hex is actively implementing various projects and interventions in line with the requirements of the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry (“the mining charter”).

Participative structures, including a transformation committee, are in place to ensure the implementation of all aspects of the mining charter scorecard as reported below.

HUMAN RESOURCES DEVELOPMENT

The company is committed to providing meaningful development opportunities to all its employees. Training and development programmes include adult basic education and training (ABET), learnerships, formal training courses, coaching, mentoring and leadership development.

EMPLOYMENT EQUITY

Trans Hex currently exceeds its representation targets as stipulated in the mining charter. The employment equity status report is published in the Review of Operations section of this report.

As at 31 March 2009, 16,2% of the group’s South African employees were women and 7,4% of all management positions were occupied by women.

MIGRANT LABOUR

The group does not employ migrant labour and the majority of its employees are sourced from local communities.

HOUSING AND LIVING CONDITIONS

Trans Hex seeks to promote and facilitate home ownership by its employees and provides a range of housing benefits, including housing subsidies, allowances and interest-free housing loans.

At the projects, employees are provided with free accommodation in single quarters, flats and houses. Subsidised meals are provided by a specialist contractor and are regularly monitored for nutritional content.

The company provides a holistic employee wellness programme which includes information and advice on diet, health and lifestyle choices.

MINE COMMUNITY AND RURAL DEVELOPMENT

The group plays a significant role in the ongoing development of communities and of infrastructure in the Richtersveld and Namakwa District municipalities.

Trans Hex is committed to the development of small, medium and micro enterprises and has initiated a range of successful projects which it continues to support. These include a gymnasium and an internet café offering computer skills training for community members; convenience stores; guesthouses; a fuel station; cleaning services; tourism services; and transport services. All of these ventures are operated by local community members.

In addition, the group has made significant contributions towards road improvements and maintenance, the provision of fresh water to local communities, and the improvement of various educational facilities.

Plans for significant further investment in community and infrastructure development over the next five years were completed during the reporting period. These plans are aligned with the Integrated Development Plans (IDPs) of both the Richtersveld and Namakwa District municipalities. Approved projects will include the following:

- Providing additional teachers in the Richtersveld
- Transporting learners for school activities
- Road maintenance from Alexander Bay to Sanddrift, Kuboes and Sendelingsdrift
- Supply of fresh water to Sanddrift and Kuboes
- Improving infrastructure for waste management at Sanddrift
- Upgrading of the Sanddrift Primary School

- Upgrading of crèches in local communities
- Development of a commercially viable agricultural project
- Assisting tourism strategies by increasing public awareness of conservation and cultural issues

At Hondeklip Bay, the company donated a building and land to the Department of Education for the benefit of the community. Hondeklip Bay schoolchildren are also transported from various towns to Hondeklip Bay on a monthly basis. The company provided for a mobile library, donate computers and also assisted with the provision of an extra educator for maths and science education.

SMALL-SCALE MINING

As part of the group's commitment to the development of SMMEs, small-scale miners are given opportunities to mine in the group's areas.

The group recognises that greater ownership of mining industry assets by historically disadvantaged South Africans (HDSAs) is a means of encouraging and giving effect to the entry of HDSAs into the mining industry, thereby allowing the mining and mineral resources of South Africa to be of benefit to all South Africans. The Gariep joint venture was the first of such ventures and has proved to be self-sufficient. Its revenue for the financial year amounted to R38,3 million.

Trans Hex is committed to the development of small, medium and micro enterprises and has initiated a range of successful projects which it continues to support.

PROCUREMENT

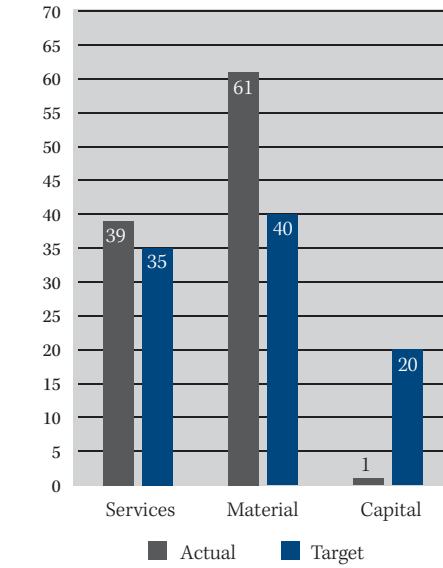
The group procurement management committee monitors the procurement process on an ongoing basis to ensure that the BEE spending targets are met.

Total spent with BEE vendors during the reporting period was R258 million (2008: R213 million), being 51,5% (2008: 33%) of the total procurement spend.

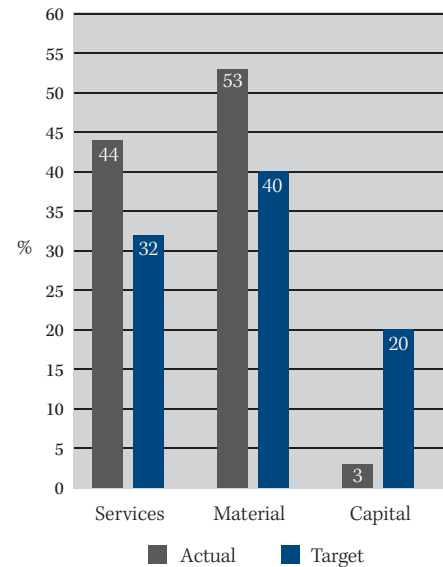
OWNERSHIP AND JOINT VENTURES

The group is committed to achieving 26% ownership by HDSAs within ten years. Mvelaphanda Resources Limited ("Mvela"), an HDSA-controlled company, currently controls approximately 20,31% of the group, with other HDSA-controlled companies currently holding 5,6%. The group is listed on the JSE Limited and the Namibian Stock Exchange and many of its institutional and nominee account shareholders are HDSAs.

2009



2008



BEE PROCUREMENT EXPENDITURE

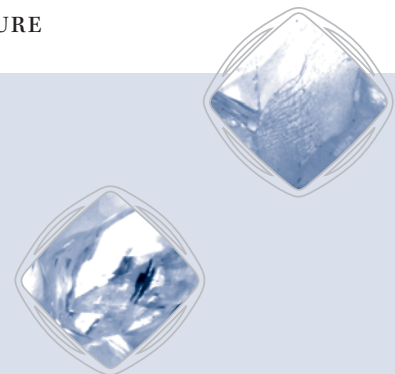
BENEFICIATION

Sale of rough diamonds

The group makes its total South African production available to the local industry. By utilising a tender sales system, we ensure that the second largest diamond production, by value, in South Africa is available to all potential purchasers rather than being sold to a select number of clients. The group also offers, on a regular basis, small-value tender sales at the Diamond Export and Exchange Centre in Johannesburg to aid the local low-capital participants in the South African diamond manufacturing industry.

Polishing factory

A small-scale black economically empowered polishing factory has been established in Johannesburg. The establishment of the factory forms part of the group's local beneficiation strategy and further aims to support the government's objectives in regard to the local beneficiation of diamonds.



MANAGEMENT'S STATEMENT ON THE EFFECTIVENESS OF INTERNAL CONTROL

INTRODUCTION

Trans Hex management has developed and put into place appropriate internal controls that comply with the Kimberley Process with regard to a 'verifiable chain of warranties' for rough diamonds produced and sold.

Management's assertion below addresses internal control over those aspects of Trans Hex's diamond mining operations, as specified in the assessment criteria that follow, relating to the demonstration of a 'verifiable chain of warranties'.

MANAGEMENT'S ASSERTION

Trans Hex is responsible for maintaining internal control over those aspects of its diamond mining operations, as set forth in the assessment criteria that follow. Trans Hex has assessed its internal control over its diamond mining operations, and has determined that for the period 1 April 2008 to 31 March 2009 internal control provided reasonable assurance that the objectives set forth in the assessment criteria were met.

We assert that Trans Hex:

- has developed practices to ensure a 'verifiable chain of warranties' as required by the Kimberley Process;
- complies with such practices; and
- maintains effective controls to provide reasonable assurance that:
 - all practices are consistently applied;
 - practices are monitored on a continuous basis to ensure compliance;
 - physical access to rough diamonds is limited to authorised personnel only;
 - rough diamonds produced and sold are recorded completely and accurately; and
 - the region of origin of rough diamonds can be accurately established;

in conformity with the criteria presented below.

ASSESSMENT CRITERIA

1. Trans Hex's policies regarding the rough diamond audit trail include, but are not limited to, the following items:
 - Access controls with regard to all phases of production and sale of rough diamonds

- Weighing and recording of rough diamonds throughout production and sale
- Recording of rough diamonds in the diamond register
- Management monitoring of production and sale of rough diamonds

2. Trans Hex discloses its 'verifiable chain of warranties' for all rough diamonds marketed and sold locally, or exported, as part of its sales process.
3. Trans Hex maintains physical access controls over its diamond mining operations during the following phases:
 - Primary extraction of diamond-bearing ore
 - Transport of diamond-bearing ore to processing facilities
 - Processing of diamond-bearing ore and extraction of rough diamonds
 - Classification and sorting of rough diamonds
 - Transport of rough diamonds
4. Trans Hex maintains controls over the weighing and recording of rough diamonds throughout the following phases:
 - Initial entry at diamond-mining facilities
 - Before and after each phase of the rough diamond-handling activities
 - Before and after the physical transport of rough diamonds
5. Trans Hex maintains a detailed diamond register that tracks the movement of rough diamonds throughout the following phases:
 - Initial entry at diamond-mining facility
 - Movement of rough diamonds between facilities
 - Sale of rough diamonds
6. Trans Hex management monitors the following:
 - Compliance with Trans Hex policies regarding the production and sale of rough diamonds
 - Reported breaches of security procedures and other control practices
 - Discrepancies and differences in the weight of rough diamonds throughout all phases
 - Analytical review of rough diamond yields by mining facility

To the management of Trans Hex Group Limited

Independent accountant's report on the rough diamond audit trail:

We have examined management's assertions that for the period 1 April 2008 to 31 March 2009, Trans Hex Group Limited:

- disclosed its rough diamond audit trail control practices;
- complied with such practices; and
- maintained effective controls to provide reasonable assurance that Trans Hex Group Limited exclusively marketed and exported diamonds produced from South African mining operations in conformity with Trans Hex Group Limited's rough diamond audit trail control practices.

These practices, disclosures, compliance and controls are the responsibility of Trans Hex Group Limited's management. Our responsibility is to express an opinion based on our examination. This examination was limited to the South African production and mining operations of Trans Hex Group Limited.

Our examination was conducted in accordance with guidance provided by the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of Trans Hex Group Limited's disclosed practices and the related controls over the rough diamond audit trail, testing compliance with the disclosed practices, testing and evaluating the operating effectiveness of the controls, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Trans Hex Group Limited's management assertion referred to above is fairly stated, in all material respects, based on the assessment criteria defined within the assertion.

Because of inherent limitations in controls, error or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes made to the system or controls, changes in processing requirements, changes required because of the passage of time, or the degree of compliance with the policies or procedures, may alter the validity of such conclusions.

The PricewaterhouseCoopers Custom Online Assurance (COLA) Rough Diamond Audit Trail Seal on the Trans Hex Group Limited website constitutes a symbolic representation of the contents of this report and it is not intended, nor should it be construed, to update this report or provide any additional assurance.

PricewaterhouseCoopers Inc.

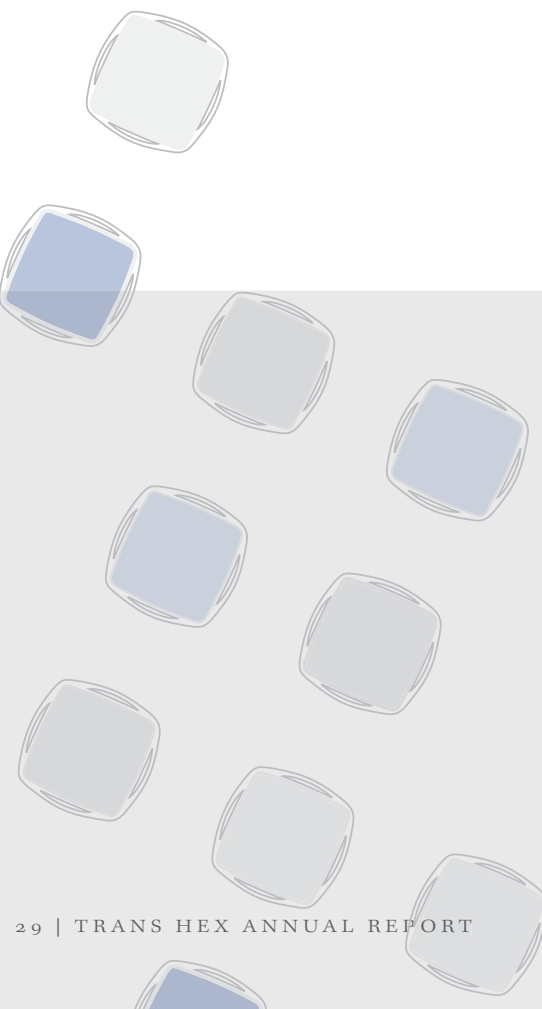
PricewaterhouseCoopers Inc.

Director: T Blok

Registered Auditor

Cape Town

31 March 2009



VALUE ADDED STATEMENT

	Notes	CONSOLIDATED		2008 R'000
		2009 %	2009 R'000	
VALUE ADDED				
Revenue			637 961	929 155
Less: Purchase of goods and services needed to operate the mines			(473 076)	(482 446)
Value added by operations		85,3	164 885	446 709
Interest received		14,7	28 332	23 014
		100,0	193 217	469 723
VALUE DISTRIBUTED				
Salaries, wages and other benefits net of PAYE and SITE				
		125,5	242 401	236 153
- Salaries, wages and other benefits	19		286 483	277 861
- PAYE and SITE			(44 082)	(41 708)
Government				
		17,0	32 949	77 750
- South African normal and deferred income tax			(15 181)	32 544
- Foreign and withholding taxation			-	(3)
- Other diamond royalties			497	1 364
- South African indirect taxes			47 633	43 845
Community				
Royalties: Namaqualand Diamond Fund Trust		12,5	24 103	31 386
Providers of capital				
		10,4	20 042	23 959
- Financing costs			20 042	5 963
- Dividends			-	17 996
Total value distributed			319 495	369 248
Reinvested in the group				
		(65,4)	(126 278)	100 475
- Depreciation			150 757	130 086
- Retained income			(277 035)	(29 611)
		100,0	193 217	469 723

CONTENTS TO THE ANNUAL FINANCIAL STATEMENTS

32	Approval of annual financial statements
32	Certificate by the company secretary
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34	Report of the board of directors
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50	Statements of changes in equity
51	Cash flow statements
52	Notes to the annual financial statements
76	Annexure A – Investments
78	Non-public/public shareholders and shareholder spread



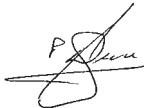
TRANS HEX

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

In approving the annual financial statements the directors hereby confirm:

1. The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of Trans Hex Group Limited and its subsidiaries. The auditors are responsible for auditing and reporting on whether the financial statements are fairly presented. Their report appears on page 33.
2. The annual financial statements presented on pages 34 to 78 have been prepared in accordance with International Financial Reporting Standards. They conform with and adhere to applicable accounting standards and are presented applying accounting policies supported by reasonable and prudent judgements and estimates made by management, which have been consistently applied.
3. Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire accounting period.
4. The directors have reviewed the additional information included in the annual report and they are responsible for both its accuracy and its consistency with the annual financial statements.
5. The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.
6. The annual financial statements have been audited by the independent auditor, PricewaterhouseCoopers Inc., who was given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during their audit are valid and appropriate. The audit report of PricewaterhouseCoopers Inc. is presented on page 33.
7. A corporate governance report appears on pages 17 to 19 and includes confirmation that the King II Code has been adhered to in all material respects.

The annual financial statements were approved by the board of directors on 26 May 2009 and are signed on its behalf by:



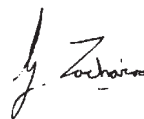
P Lazarus Zim
Chairman



Llewellyn Delport
Chief executive officer

CERTIFICATE BY THE COMPANY SECRETARY

I, George John Zacharias, being the group company secretary of Trans Hex Group Limited, hereby certify in terms of the Companies Act that all returns required of a public company have, in respect of the year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.



George Zacharias
Group company secretary

26 May 2009

TO THE MEMBERS OF TRANS HEX GROUP LIMITED

We have audited the annual financial statements and group annual financial statements of Trans Hex Group Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 March 2009, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 78.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

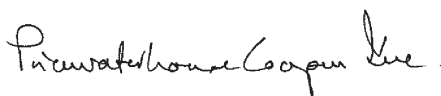
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 31 March 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc.
Director: H Zeelie

Stellenbosch
26 May 2009



TRANS HEX

REPORT OF THE BOARD OF DIRECTORS

We take pleasure in reporting on the activities and financial results of the group for the year under review.

NATURE OF ACTIVITIES

Trans Hex is an integrated, international company engaged directly and through joint-venture agreements with others in the exploration for, and mining and marketing of, high-quality diamonds from alluvial deposits.

OPERATING RESULTS

Year ended 31 March	2009	2008
Headline (loss)/income (R'000)		
– Continuing operations	(618 389)	9 094
– Discontinued operations	(18 198)	(16 972)
Headline (loss)/earnings per share (cents)		
– Continuing operations	(585,1)	8,6
– Discontinued operations	(17,2)	(16,1)
Diluted headline (loss)/earnings per share (cents)		
– Continuing operations	(585,1)	8,6
– Discontinued operations	(17,2)	(16,1)
(Loss)/profit for the year (R'000)		
– Continuing operations	(760 385)	(1 490)
– Discontinued operations	(37 188)	(16 972)
Basic earnings/(loss) per share (cents)		
– Continuing operations	(719,4)	(1,4)
– Discontinued operations	(35,2)	(16,1)
Diluted earnings/(loss) per share (cents)		
– Continuing operations	(719,4)	(1,4)
– Discontinued operations	(35,2)	(16,1)
Dividends (R'000)	–	9 806
– Interim dividend per share (cents)	–	5,0
– Final dividend per share (cents)	–	5,0

SPECIAL RESOLUTIONS PASSED

No special resolutions in the group or any subsidiary company have been passed since the previous report of the board of directors.

CORPORATE ACTIVITIES

The group resolved on 7 March 2008 to discontinue the deep-water marine operations as a result of continued losses sustained. These operations consist of two mining vessels, one mining vessel has been sold and the remaining vessel has been docked pending sale.

LITIGATION STATEMENT

As previously reported, Gemfarm Investments (Pty) Limited (Gemfarm) instituted legal proceedings in March 2004 in Namibia against the group alleging infringement of a patent relating to the alleged use by the group's marine mining vessels of a mining aid. The directors are of the opinion that the action instituted by Gemfarm is without foundation. The matter has been defended and is ongoing.

GROUP FINANCIAL REVIEW

BALANCE SHEET

Shareholders' interest at book value on 31 March 2009 amounted to R186,3 million or R1,76 per share (2008: R994,5 million or R9,41 per share).

INCOME STATEMENT

The consolidated loss after income tax for the year ended 31 March 2009 amounted to R797,6 million or 754,6 cents per share (2008: R18,5 million).

Composition	2009 R'000	2008 R'000
Subsidiary companies		
– (Losses)/profits	(68 797)	37 702
– Impairment of assets	(77 697)	(6 847)
Associated companies		
– Share of net loss	(7)	(7)
Joint ventures		
– Share of net loss	(206 727)	(60 413)
– Impairment of assets	(442 841)	–
The company		
– Excluding intergroup dividends	(1 504)	11 103
	(797 573)	(18 462)

The financial statements on pages 48 to 78 set out fully the financial position, results of operations and cash flows of the group for the financial year ended 31 March 2009. Segment information is presented in note 31.

DIVIDENDS

In order to maintain cash resources, the directors deemed it prudent not to declare an interim or a final dividend for the year ended 31 March 2009.

SUBSIDIARIES AND INVESTMENTS

Details of subsidiaries, associated companies and other investments are set out in Annexure A. Amounts owing in respect of subsidiary companies to the holding company is presented in note 4.

DIRECTORS

The directors' profiles appear on page 6.

Directors' appointments and resignations during the period 1 April 2008 to date of this report are as follows:

APPOINTMENTS

Advocate Theo van Wyk was appointed as a non-executive director on 15 September 2008 and Mr Jan Dreyer was appointed as a non-executive director with effect from 25 May 2009.

RESIGNATIONS AND RETIREMENTS

Mr Niel Hoogenhout retired as a director on 1 August 2008 and Mr Dennis Martin Falck resigned as a director effective 15 September 2008.

In terms of the provision of the company's articles of association, one third of the non-executive directors retire annually. Directors appointed during the year retain office only until the next annual general meeting of the company. Accordingly Messrs JW Dreyer, BR van Rooyen and T van Wyk retire by rotation at the forthcoming annual general meeting and are eligible for re-election.

DIRECTORS' INTEREST

As at 31 March 2009 the aggregate of the direct and indirect beneficial interest of directors was 0,04% (2008: 0,17%) of the issued share capital of the company. Indirect interests through listed public companies have not been taken into account. Individual directors' interest in the issued share capital of the company are reflected in note 20 of the financial statements. Since the end of the financial year and until the date of this report there were no material changes in the interests of the directors.

DIRECTORS' FEES

Your board recommends that non-executive directors' fees for services rendered during the past financial year be fixed at R897 133 (2008: R757 435).

SECRETARY


Mr GJ Zacharias was appointed as secretary with effect from 1 May 1999. The registered address of the company appears on the inside back cover.

POST-BALANCE SHEET EVENTS

No events which may have a material effect on the group occurred between the balance sheet date and the date of signing this report.

AUDITORS

In terms of section 270(2) of the Companies Act (1973), PricewaterhouseCoopers Inc. has been reappointed as auditors.



Lazarus Zim
Chairman



Llewellyn Delport
Chief executive officer

Parow
26 May 2009

SIGNIFICANT ACCOUNTING POLICIES**BASIS OF PREPARATION**

The annual financial statements are prepared on the historical cost basis, except for the revaluation of available-for-sale investments and financial assets at fair value through profit or loss, and are consistent with those of the previous year unless otherwise stated. The annual financial statements incorporate the following accounting policies, which conform to International Financial Reporting Standards (IFRS).

Standards, interpretations and amendments effective for the first time in 2009

The following standards, amendments and interpretations are mandatory for the group's accounting periods ending 31 March 2009. None of these standards had a material impact on the group.

- (i) *IFRIC 12 – Service Concession Arrangements (effective for years beginning on or after 1 January 2008)*
IFRIC 12 addresses how service concession operators should apply existing IFRS to account for the obligations they undertake and rights they receive in service concession arrangements.
- (ii) *IFRIC 14 – IAS 19 – The Limit on a Defined-benefit Asset, Minimum Funding Requirements and their Interaction (effective for years beginning on or after 1 January 2008)*
IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

Standards, interpretations and amendments not yet effective and not early adopted by the group in 2009

The following standards, amendments and interpretations are mandatory for the group's accounting periods beginning on or after 1 April 2009. None of these standards are expected to have a material impact on the group.

- (i) *IFRS 8 – Operating Segments (effective for years beginning on or after 1 January 2009)*
IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
- (ii) *IAS 23 – Borrowing Costs – Revised (effective for years beginning on or after 1 January 2009)*
The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
- (iii) *IAS 1 – Presentation of Financial Statements – Revised (effective for years beginning on or after 1 January 2009)*
The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.
- (iv) *IAS 27 – Consolidated and Separate Financial Statements – Revised (effective for years beginning on or after 1 July 2009)*
IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss.
- (v) *IFRS 3 – Business Combinations – Revised (effective for years beginning on or after 1 July 2009)*
The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
- (vi) *Amendment to IFRS 2 – Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (effective for years beginning on or after 1 January 2009)*
The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

- (vii) *Amendments to IFRS 1 and IAS 27 – Borrowing Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for years beginning on or after 1 January 2009)*

The amendment allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.

The following standards, amendments and interpretations are currently not relevant to the group's operations:

- (i) *IFRIC 13 – Customer Loyalty Programmes (effective for years beginning on or after 1 July 2008)*
- (ii) *IFRIC 15 – Agreements for the Construction of Real Estate (effective for years beginning on or after 1 January 2009)*
- (iii) *IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective for years beginning on or after 1 October 2008)*
- (iv) *Amendment to IAS 32 and IAS 1 – Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for years beginning on or after 1 January 2009)*

BASIS OF CONSOLIDATION

The consolidated annual financial statements include the results of Trans Hex Group Limited and all its subsidiaries, associated companies and joint ventures.

SUBSIDIARIES

Subsidiaries are those companies in which the group, directly or indirectly, has an interest of more than half of the voting rights, or otherwise has power to exercise control over their financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group consolidates a special-purpose entity (SPE) when the substance of the relationship between the group and the SPE indicates that the group controls the SPE.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated as part of the consolidation process. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

ASSOCIATED COMPANIES

Companies in which the group holds a long-term interest, and over whose financial and operating policies a significant influence can be exercised, are accounted for as associated companies according to the equity method of accounting and are initially recognised at cost. Associated companies are entities over which the group generally has between 20% and 50% of the voting rights but which it does not control. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses in associates are recognised in the income statement.

JOINT VENTURES

The group's interest in jointly controlled entities is accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

GOODWILL

In the case of subsidiaries, associated companies or joint ventures, any excess or deficit of the purchase price, when compared to the fair value acquired, is attributed to goodwill. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The group allocates goodwill to each business segment in each country in which it operates.

FOREIGN CURRENCY TRANSLATION FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in South African rand, which is the company's functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

GROUP COMPANIES

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- (ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- (iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss of sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with maturity of six months or less at the date of purchase and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

INVENTORIES

Inventories, which include rough diamonds, are stated at the lower of cost-of-production on the weighted average basis or estimated net realisable value. Cost price includes direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less marketing costs. Consumable stores are stated at the lower of cost on the weighted average basis or estimated replacement value.

FINANCIAL ASSETS

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise trade and other receivables, long-term receivables from joint ventures and cash and cash equivalents in the balance sheet (note 4.2, 6 and 7).

Loans and trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective-interest method, less provision for impairment. A provision for impairment of loans and trade receivables is established when there is objective evidence that the group will not be able to collect or realise all amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statements during the year in which it is identified.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of financial assets are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains – net', in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective-interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions,

reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives are designated as hedging instruments and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

CASH FLOW HEDGE

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING OR ARE NOT DESIGNATED AS HEDGING INSTRUMENTS

Certain derivatives do not qualify for hedge accounting or are not designated as hedging instruments. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When any company in the group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable additional costs (net of income taxes), is deducted from equity attributable to the group's equity holders until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the group's shareholders.

COMPULSORILY CONVERTIBLE DEBENTURES

On issue of convertible debentures, the fair value of the conversion option is determined. This amount is recognised and presented separately in shareholders' equity. The group does not recognise any change in the value of this option in subsequent periods. The obligation to make future payments of principal and interest to debenture holders is calculated using a market interest rate for an equivalent non-convertible debenture and is carried as a long-term liability on the amortised cost basis until extinguished on conversion.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective-interest method.

ACCOUNTING POLICIES – continued

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which a reliable estimate can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as financial expense.

Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method.

EXPLORATION COSTS

Exploration costs are expensed until the point is reached at which there is a high degree of confidence in the project's viability and it is considered probable that future economic benefits will flow to the group. Revenue earned from the discovery of diamonds during the exploration phase is included in sales revenue in the income statement. The estimated costs of production of diamonds sold, not exceeding related revenue, are credited against exploration expenditure and included in cost of sales.

MINE DEVELOPMENT COSTS

Mine development costs, relating to major programmes at existing mines, are capitalised. Development costs consist primarily of expenditure to expand the capacity of operating mines. Day-to-day mine development costs to maintain production are expensed as incurred. Following completion of a favourable feasibility study, initial development and pre-production costs relating to a new ore body are capitalised until the ore body is brought into commercial levels of production. At this time the costs are amortised as set out in the depreciation and amortisation policy.

Revenues from discovery of diamonds during the mine development phase are included in sales revenue in the income statement. The estimated costs of production of diamonds sold, not exceeding related revenue, are credited against mine development costs and included in cost of sales.

DEFERRED STRIPPING COSTS

Where stripping costs have been incurred in excess of the expected pit life average stripping ratio, these costs are deferred and charged to production when the exposed reserves are mined. Deferred stripping costs are included in mine development costs.

PROPERTY, PLANT AND EQUIPMENT

All property, mining plant and equipment are initially recorded at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items and the estimated closedown and restoration costs associated with the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation and amortisation of alluvial mining properties, mine development costs and mine plant facilities are computed over the life of the mine principally by the units-of-production method. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Earthmoving equipment is depreciated based on hours worked to allocate their costs to their residual values over their estimated useful hours. Depreciation and amortisation of marine mining properties, mine development costs and mine plant facilities are computed over the estimated useful life of 20 years.

Other property, plant and equipment are depreciated principally on a straight-line basis to allocate their costs to their residual values over their estimated useful lives of three to 20 years. The asset's residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Long-life assets of the group, including development costs and deferred stripping costs, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Fair value is assessed either by estimating future net cash flows from each mine using estimates of production, future sales prices (considering historical and current prices, price trends and related factors), production and rehabilitation costs plus capital, or with reference to recent transactions for similar assets.

Management's estimates of future cash flows are subject to risks and uncertainties. Therefore it is possible that changes could occur which may affect recoverability of the group's investments in mineral properties and other assets.

Undeveloped properties and mineral rights, upon which the group has not performed sufficient exploration work to determine whether significant mineralisation exists, are carried at original acquisition cost. If it is subsequently determined that significant mineralisation does not exist, the property will be written down to estimated net recoverable value at the time of such determination.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

REHABILITATION COSTS

Rehabilitation costs and related accrued liabilities, based on the group's assessment of current environmental and regulatory requirements, are accrued to reflect the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. The costs so provided are capitalised as part of mining assets and depreciated accordingly. Annual increases in the provision is split between finance costs relating to the change in the net present value of the provision, inflationary increases in the provision estimate and restoration costs relating to additional environmental disturbances that have occurred. Remediation liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are identified, probable and may be reasonably estimated.

The group's estimated future rehabilitation liability is funded by way of annual payments to the Trans Hex Rehabilitation Trust Fund. Assets of the Rehabilitation Trust Fund are included in investments. This fund was established with the approval of the South African Revenue Service. Interest earned on monies paid to the Rehabilitation Trust Fund is accrued on an annual basis. It is reasonably possible that the group's estimate of its ultimate rehabilitation liabilities could change as a result of changes in regulations or cost estimates.

PROVIDENT FUNDS

The group has provident funds, consisting of two defined-contribution plans. A defined-contribution plan is a plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The provident funds are funded through monthly contributions and administered independently of the finances of the group by financial institutions. The group's contributions are charged against income in the year which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Both funds are governed by the South African Pension Funds Act of 1956, as amended.

POST-RETIREMENT MEDICAL BENEFITS

The present value of the liability of the group in respect of future contributions is determined annually by independent actuaries. The actuarial valuation method used is the projected unit credit method prescribed by the relevant accounting standard. Future benefits are projected using specified actuarial assumptions and the liability for in-service members is accrued over expected working lifetime.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined-benefit obligation, are charged or credited to income over the expected average remaining working lives of the related employees.

OTHER LONG-TERM EMPLOYEE BENEFITS

The Group provides for long-service awards that accrue to employees. Independent actuaries calculate the liability recognised in the balance sheet in respect of long-service awards annually. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised immediately in the income statement.

SHARE-BASED COMPENSATION

Equity-settled share-based payments

Share options were granted to management and senior employees until the end of the 2004 financial year. Options were granted at the market price of the shares at the lowest average five consecutive trading day price for a 60-day period immediately prior to the offer date and are exercisable at that price. A portion of the options is deliverable, beginning two years from the date of grant and has a contractual option term of five years.

The group applies the requirements of IFRS 2, Share-based Payments. The fair value of the employee services received in exchange for the grant of the options after 7 November 2002 that have not yet vested on 1 April 2005, is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Cash-settled share-based payments

Share appreciation units were granted to executive management from the 2007 financial year. Units are granted linked to the share price with appreciation payable beginning one year from the date of grant with a contractual option term of five years. The settlement is in cash.

The group adopts the requirements of IFRS 2, Share-based Payments. The fair value of the employee services received in exchange for the share appreciation units is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the units granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

The share appreciation units are valued at each balance sheet date, with any change in fair value recognised in the income statement over the vesting period of the rights. The fair value of the share appreciation units is determined through the use of option pricing models, which takes into account market prices and the terms and conditions on which the share appreciation units were granted.

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value added taxation and after eliminating sales within the group. Revenue is recognised as follows:

- Sale of goods – product sales are recognised when risk and reward passes at the shipment or delivery point.
- Rendering of services – charter fees are recognised when the service has been rendered.
- Interest income – as it accrues, taking into account the effective yield of the asset, unless collectability is in doubt.
- Dividend income – when the shareholder's right to receive payment is established, recognised on the last date of registration.

LEASES

Leases of property, plant and equipment, where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the assets. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount are deferred and amortised over the lease term.

SEGMENT REPORTING

Geographical segments are engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those operating in other economic environments.

MINING INCOME

Mining income represents the gross profits earned from operational mines after the deduction of royalties and selling and administration costs.

DEFERRED INCOME TAX

The group follows the liability method of accounting for deferred income tax, prior to taking State lease consideration into account, whereby deferred income tax is recognised for the tax consequences of temporary differences. This translates into applying the currently

enacted tax rates to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. Changes in deferred tax assets and liabilities include the impact of any tax rate change enacted during the year.

No provision is made for deferred State lease consideration since the rate, according to the applicable formula, is not determinable in advance. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets relating to unredeemed capital expenditure and calculated tax losses are raised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

CURRENT INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

SECONDARY TAX ON COMPANIES (“STC”)

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

BORROWING COSTS

Borrowing costs are expensed in the income statement during the period in which they are incurred.

DIVIDEND DISTRIBUTION

Dividend distribution to the company’s shareholders is recognised as a liability in the group’s financial statements in the period in which the dividends are approved by the directors or shareholders.

EARNINGS PER SHARE

Basic earnings per share are computed by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue during the year. The group’s basic and diluted earnings per share differ as a result of share options granted to employees.

CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

(a) Critical accounting estimates and assumptions

(i) Impairment of long-lived assets

The recoverable amount of each long-lived asset is determined as the higher of the asset’s fair value less costs to sell and its value in use in accordance with the relevant accounting standard. When events or changes in circumstances impact on a particular asset, its carrying value is assessed by reference to its recoverable amount being the higher of fair value less costs to sell and value in use (being the net present value of expected future cash flows of the relevant long-lived asset). The best evidence of an asset’s fair value is its value obtained from an active market or binding sale agreement. Where neither exists, fair value less costs to sell is based on the best information available to reflect the amount the group could receive for the long-lived asset in an arm’s length transaction. Critical judgements made in applying these estimates are noted in (b) below.

(ii) Restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the accounting policy. Provision is made for the anticipated costs of future restoration and

rehabilitation of mining sites to the extent that a legal or constructive obligation exists in accordance with the accounting policy. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. A change in any of the assumptions used may have a material impact on the carrying value of rehabilitation provisions.

(iii) *Retirement benefit obligations*

An asset or liability in respect of defined-benefit pension or medical plans is recognised on the balance sheet in accordance with the accounting policy. The present value of a defined-benefit obligation is dependent upon a number of factors that are determined on an actuarial basis.

(iv) *Ore reserves estimates*

There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and deferred stripping calculations.

(v) *Share-based payments*

The group issued equity-settled share-based payments to certain employees and third parties outside the group. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using the actuarial binomial pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(b) Critical judgements in applying the group's accounting policies

(i) *Interest in Angolan joint ventures*

Classification

The group's interests in its Angolan operations, Luarica and Fucauma, are via interests of 35% and 32% respectively in two Associação em Participação, being unincorporated joint-venture structures in the Republic of Angola. For purposes of IAS 31, Interests in Joint Ventures, the group classifies its interests in the two Associação em Participação as interests in jointly controlled entities, based on management's judgement of the long-term strategic relationship with its joint-venture partners.

The group's interest in its Angolan joint ventures is reflected on the group balance sheet as the group's share of consolidated assets and liabilities of the joint ventures, as well as long-term receivables from the joint ventures.

The long-term receivables were assessed on the basis of management's estimates of future cash flows to be derived from the respective Angolan cash-generating units (CGUs). Estimated future cash flows are based on the following key assumptions:

	Luarica		Fucauma	
	2009	2008	2009	2008
Resource base (carats)	609 000	1 280 000	530 000	1 345 000
Future production (average carats per annum from 2011)	87 000	160 000	66 000	163 000
Diamond price in US\$	173	319	126	220
Increase in diamond price per annum thereafter (real rate)	1%	1%	1%	1%

The global economic downturn has had a significant impact on management's expectations and forecasts. Calculations based on the revised assumptions indicated that the group will not be able to recover the receivable. Impairment losses, as disclosed in note 18, have been recognised.

For purposes of assessment of impairment at CGU level, Luarica and Fucauma are regarded as separate CGUs. The carrying values of the CGUs, which include allocated goodwill, is assessed by reference to their recoverable amounts, being the higher of fair value less costs to sell and value in use.

In terms of IAS 36, Impairment of Assets, the best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in arm's length transactions, or its market price less costs of disposal if the asset is traded in an active market. For Luarica and Fucauma neither a binding sales agreement nor an active market is available.

Management calculated the CGUs' value-in-use in accordance with IAS 36, based on the key assumptions in the table above, discounted at a US dollar discount rate of 10% (2008: 10%). This assessment indicated that the carrying amount of the group's Angolan CGUs are not recoverable. Impairment losses, as disclosed in note 18, have been recognised.

(ii) *Impairment assessment of South African CGUs*

The estimates used for impairment reviews are based on detailed mine plans and operating plans.

Future cash flows are based on estimates of:

- the quantities of the reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices (assuming the current market prices will revert to the group's assessment of the long-term average price, generally over a period of three to five years); and
- future cash costs of production, capital expenditure, closedown, restoration and environmental clean-up.

The cash flow forecasts are based on best estimates of expected future revenues and costs. These may include net cash flows expected to be realised from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proved or probable ore reserves. Such non-reserve material is included where there is a high degree of confidence in its economic extraction.

This expectation is usually based on preliminary drilling and sampling of areas of mineralisation that are contiguous with existing reserves. Typically, the additional evaluation to achieve reserve status for such material has not yet been done because this would involve incurring costs earlier than is required for the efficient planning and operation of the mine.

Based on this assessment, management concluded that the carrying value of the group's South African CGUs is recoverable. Actual outcomes may, however, vary.

(iii) *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

(iv) *Impairment of available-for-sale financial assets*

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. Based on management's judgement, an impairment loss was recognised on available-for-sale financial instruments (refer note 18).

(v) *Production start date*

The group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project such as the complexity of a plant and its location. The group considers various relevant criteria to assess when the mine is substantially complete and ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to, the following:

- High degree of confidence in the project's viability and it is considered probable that future economic benefits will flow to the group
- The level of capital expenditure compared to the construction cost estimates
- Completion of a reasonable period of testing of the mine plant and equipment
- Commercial levels of production being reached

BALANCE SHEETS AT 31 MARCH 2009

	Notes	COMPANY		CONSOLIDATED	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
ASSETS					
Non-current assets		114 309	313 454	566 395	963 534
Property, plant and equipment	1	–	–	526 198	656 262
Goodwill	2	–	–	–	37 096
Investments in associates	3	–	–	132	142
Financial assets	4	114 309	313 454	40 065	270 034
Current assets		3 640	3 532	415 179	428 160
Inventories	5	–	–	160 223	112 720
Trade and other receivables	6	106	820	23 057	57 051
Current income tax		511	511	–	24 401
Financial assets	4	–	–	–	11 588
Cash and cash equivalents	7	3 023	2 201	231 899	222 400
Non-current assets classified as held for sale	8	–	–	3 111	153 595
Total assets		117 949	316 986	984 685	1 545 289
EQUITY					
Capital and reserves		114 660	314 210	186 298	994 472
Stated capital	9	208 092	208 092	206 276	206 276
Other reserves	10	68 291	68 291	27 290	32 588
Retained earnings		(161 723)	37 827	(47 268)	755 608
LIABILITIES		3 289	2 776	798 387	542 579
Non-current liabilities		–	–	415 573	281 152
Borrowings	11	–	–	151 368	22 489
Deferred income tax liabilities	12	–	–	173 698	203 819
Provisions	13	–	–	65 999	54 844
Deferred income	14	–	–	24 508	–
Current liabilities		3 289	2 776	382 814	261 427
Trade and other payables	15	3 289	2 776	256 880	198 095
Current income tax liabilities		–	–	8 313	4 996
Borrowings	11	–	–	91 060	30 088
Bank overdraft	7	–	–	26 561	28 248
Liabilities directly associated with non-current assets classified as held for sale	8	–	–	–	8 238
Total equity and liabilities		117 949	316 986	984 685	1 545 289

The notes on pages 52 to 75 are an integral part of these consolidated financial statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Notes	COMPANY		CONSOLIDATED	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
Continuing operations					
Revenue	16			637 301	880 900
Cost of goods sold				786 799	702 934
Gross (loss)/profit				(149 498)	177 966
Royalties: Namaqualand Diamond Fund Trust				(24 103)	(31 386)
Selling and administration costs				(61 698)	(76 899)
Mining (expenses)/income				(235 299)	69 681
Exploration costs				(52 557)	(39 345)
Other (expenses)/income		(747)	10	-	-
Other (losses)/gains – net	17			(62)	5 660
Finance income		-	19 115	28 332	23 014
Finance costs		(220)	(466)	(20 042)	(5 963)
Impairment of assets	18	(192 743)	-	(536 913)	19 513
Impairment of available-for-sale investment	18			(2 433)	(26 360)
Share of results of associated companies				(7)	(7)
(Loss)/profit before income tax	19 & 20	(193 710)	18 659	(818 981)	46 193
Income tax	21	537	7 556	(58 596)	47 683
(Loss)/profit for the year from continuing operations		(194 247)	11 103	(760 385)	(1 490)
Discontinued operations					
Loss for the year from discontinued operations	22			(37 188)	(16 972)
(Loss)/profit for the year		(194 247)	11 103	(797 573)	(18 462)
				Cents	Cents
Earnings per share for continuing operations	23				
– Basic				(719,4)	(1,4)
– Diluted				(719,4)	(1,4)
Earnings per share for discontinued operations	23				
– Basic				(35,2)	(16,1)
– Diluted				(35,2)	(16,1)
Dividend per share				-	10,0

The notes on pages 52 to 75 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

GROUP	Stated capital (Note 9) R'000	Other reserves (Note 10) R'000	Retained earnings R'000	Total R'000
Balance at 31 March 2007	207 490	9 879	792 066	1 009 435
Loss for the year			(18 462)	(18 462)
Dividends paid			(17 996)	(17 996)
Translation differences on foreign subsidiaries		(3 699)		(3 699)
Impairment of available-for-sale financial assets		26 360		26 360
Treasury shares held by group	(1 816)			(1 816)
Issue of share capital	602			602
Share-based payments		48		48
Balance at 31 March 2008	206 276	32 588	755 608	994 472
Loss for the year			(797 573)	(797 573)
Dividends paid			(5 303)	(5 303)
Translation differences on foreign subsidiaries		(5 298)		(5 298)
Balance at 31 March 2009	206 276	27 290	(47 268)	186 298
COMPANY				
Balance at 31 March 2007	207 490	68 291	44 720	320 501
Profit for the year			11 103	11 103
Dividends paid			(17 996)	(17 996)
Issue of share capital	602			602
Balance at 31 March 2008	208 092	68 291	37 827	314 210
Loss for the year			(194 247)	(194 247)
Dividends paid			(5 303)	(5 303)
Balance at 31 March 2009	208 092	68 291	(161 723)	114 660

The notes on pages 52 to 75 are an integral part of these consolidated financial statements.

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	COMPANY		CONSOLIDATED	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
Cash (utilised in)/generated from operations	24	480	(122)	(153 553)	189 076
Income tax received/(paid)	25	(537)	(2 151)	8 507	(51 043)
Net cash (utilised in)/generated from operating activities		(57)	(2 273)	(145 046)	138 033
Cash flows from investment activities		-	19 115	(8 975)	(151 733)
- Proceeds from disposal of property, plant and equipment		-	-	129 466	14 794
- Replacement of property, plant and equipment		-	-	(70 121)	(152 077)
- Addition to property, plant and equipment	26	-	-	(41 198)	(29 180)
- Proceeds from sale of financial assets		-	-	5 306	-
- Loan to Angolan joint ventures		-	-	(66 524)	3 486
- Funding to Trans Hex Rehabilitation Trust Fund		-	-	(975)	(2 747)
- Interest received		-	19 115	35 071	13 991
Cash flows from financing activities		879	(17 073)	165 207	(41 418)
- Cash received on issue of shares		-	602	-	602
- Borrowings		-	(18 649)	189 851	(18 061)
- Loans to subsidiary companies		6 402	19 436	-	-
- Interest paid		(220)	(466)	(19 341)	(5 963)
- Dividends paid		(5 303)	(17 996)	(5 303)	(17 996)
Net increase/(decrease) in cash and cash equivalents		822	(231)	11 186	(55 118)
Cash and cash equivalents at beginning of year		2 201	2 432	194 152	249 270
Cash and cash equivalents at end of year	7	3 023	2 201	205 338	194 152

The notes on pages 52 to 75 are an integral part of these consolidated financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

	CONSOLIDATED		
	Cost R'000	Accumulated depreciation and impairment R'000	Net value R'000
I. PROPERTY, PLANT AND EQUIPMENT			
2009			
Land and buildings	98 615	54 424	44 191
Mining rights	114 004	114 004	-
Mine development costs	125 871	113 178	12 693
Mining plant and equipment	1 257 167	787 853	469 314
	1 595 657	1 069 459	526 198
2008			
Land and buildings	91 906	46 009	45 897
Mining rights	114 004	59 257	54 747
Mine development costs	124 148	102 820	21 328
Mining plant and equipment	1 152 714	618 424	534 290
	1 482 772	826 510	656 262

Reconciliation of net value at beginning and end of year

	Land and buildings R'000	Mining rights R'000	Mine development costs R'000	Mining plant and equipment R'000	Total R'000
2009					
Additions	316	-	-	144 423	144 739
Disposals	-	-	-	(18 506)	(18 506)
Exchange rate differences	2 217	-	1 003	13 754	16 974
Transfers	661	499	-	(1 160)	-
Classified as held for sale	2 311	-	-	(3 750)	(1 439)
Impairment	(3 087)	(54 756)	(6 660)	(56 572)	(121 075)
Depreciation charge	(4 124)	(490)	(2 978)	(143 165)	(150 757)
Movement for the year	(1 706)	(54 747)	(8 635)	(64 976)	(130 064)
2008					
Additions	1 774	-	-	181 287	183 061
Disposals	(723)	(12 064)	-	(12 951)	(25 738)
Exchange rate differences	1 338	(326)	644	5 893	7 549
Transfers	-	(13 795)	-	(5 044)	(18 839)
Classified as held for sale	-	-	-	(55 782)	(55 782)
Impairment reversal	-	12 064	-	4 462	16 526
Depreciation charge	(4 135)	(3 642)	(2 973)	(119 336)	(130 086)
Movement for the year	(1 746)	(17 763)	(2 329)	(1 471)	(23 309)

Fixed buildings and water supply equipment erected on leasehold mining property with a book value of R6 894 702 (2008: R7 838 112) will, on termination of the mining rights, become the property of the respective transitional council without payment of compensation. The registers containing details of land and buildings are available for inspection by members or their authorised representatives at the registered offices of the companies owning the relevant properties.

Depreciation expense of R149 423 980 (2008: R128 265 170) has been included in cost of goods sold.

Assets in the course of construction amounted to R1 576 755 (2008: R12 845 000).

Included in mining plant and equipment are earthmoving equipment, financed in terms of an instalment sale agreement and pledged as security, with a book value of R128 134 488 (2008: Rnil) (note 11).

	CONSOLIDATED	
	2009	2008
	R'000	R'000
2. GOODWILL		
At 31 March		
Cost less accumulated impairment	–	37 096
Reconciliation of net book value at beginning and end of year		
Opening net book value	37 096	37 096
Impairment charge	(37 096)	–
Closing net book value	–	37 096
Impairment tests for goodwill		
Goodwill, which relates primarily to Angolan operations, is allocated across the group's cash-generating units in Angola. The critical estimates and assumptions applied in impairment testing for Angolan cash-generating units are set out on pages 46 and 47.		
The group performs goodwill impairment testing on at least an annual basis, or when there are indicators of impairment. The most recent test was undertaken at 31 March 2009 and has resulted in an impairment to the carrying amount.		
	2009	2008
	R'000	R'000
3. INVESTMENTS IN ASSOCIATES		
Beginning of year	157	164
Equity accounted loss	(7)	(7)
End of year	150	157
Loans at book value	(18)	(15)
	132	142
Directors' valuation of unlisted investments (including loans)	132	142
4. FINANCIAL ASSETS		
4.1 Company		
Unlisted subsidiary companies (refer to Annexure A):		
Shares at book value	4 280	4 280
Advances and loans	302 772	309 174
Less: Provision for impairment	(192 743)	–
	114 309	313 454
The loans are unsecured, interest-free with no fixed payment terms.		
4.2 Consolidated		
<i>Interest in joint ventures</i>		
Long-term receivable from Angolan joint ventures		
Gross value	345 546	232 340
Less: Provision for impairment	(345 546)	–
	–	232 340

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	CONSOLIDATED	
	2009	2008
	R'000	R'000
4. FINANCIAL ASSETS (continued)		
4.3 Available-for-sale investments		
<i>Listed investments at fair value</i>		
Equity shares – international listed		
Diamond Fields International Ltd 2% (2008: 2%)	211	2 644
Assets held by the Trans Hex Rehabilitation Trust Fund (primarily cash and cash equivalents)	39 854	35 050
Market value	40 065	37 694
Total long-term investments	40 065	270 034
4.4 Short-term investments		
Other financial assets at fair value through profit or loss		
Listed investments at fair value		
Equity shares – international listed		
Etruscan Resources Inc (1%)	–	11 588
Market value	–	11 588
Total investments	40 065	281 622

International listed investments

All international listed investments are denominated in Canadian dollars and were translated to rands at the closing exchange rate at 31 March 2009 of C\$=R7,7836 (2008: R8,016).

Long-term receivable from Angolan joint ventures

Interest rates on the US dollar-denominated loans vary between Libor plus 3% and 15,7% and the fixed assets of the joint ventures serve as security for the loans. The long-term receivables are repaid based on the level of diamond sales from the Angolan joint ventures. The long-term receivable from the Angolan joint venture, as well as the fixed assets of the joint ventures which serve as security, has been fully impaired in the current financial year. Refer note 18.

Trans Hex Rehabilitation Trust Fund

The rehabilitation trust fund in South Africa receives cash contributions to accumulate funds for the group's rehabilitation liability relating to the eventual closure of the group's operations. Amounts are paid out from the trust fund following completion and approval of the rehabilitation work by the South African Department of Minerals and Energy. The contributions to the fund are placed with investment banks who are responsible for making investments in equity and money market instruments. The trust fund is to be used according to the terms of the trust deed and the assets are not available for the general purpose of the group. The trust fund is carried at fair value.

	CONSOLIDATED	
	2009	2008
	R'000	R'000
5. INVENTORIES		
Diamonds	128 583	75 188
Consumables	31 640	37 532
	160 223	112 720

The carrying value of diamond inventories carried at net realisable value amounted to R88 965 955 (2008: R12 279 753).

	COMPANY		CONSOLIDATED	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
6. TRADE AND OTHER RECEIVABLES				
Trade receivables	-	-	3 706	13 382
Receivables from joint-venture partners	-	-	842	9 001
Prepayments	106	171	5 209	2 177
State – other taxes	553	649	5 956	9 704
Interest accrued	-	-	1 058	9 023
Staff loans	-	-	4 326	5 495
Other receivables	-	-	5 136	8 269
	659	820	26 233	57 051
Provision for impairment of trade and other receivables	(553)	-	(3 176)	-
	106	820	23 057	57 051

The movement for the group's provision for impairment of trade and other receivables is as follows:

Balance at beginning of year	-	-	-	-
Provision for impairment	553	-	3 176	-
Balance at end of year	553	-	3 176	-

7. CASH AND CASH EQUIVALENTS

Cash at the bank and in hand	3 023	2 201	25 161	22 045
Short-term bank deposits	-	-	206 738	200 355
	3 023	2 201	231 899	222 400

The effective interest rates on short-term bank deposits varied between 4% and 9% (2008: 3% and 11%). These deposits have average maturity of between 1 and 31 days.

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

Cash and cash equivalents	3 023	2 201	231 899	222 400
Bank overdrafts	-	-	(26 561)	(28 248)
	3 023	2 201	205 338	194 152

8. NON-CURRENT ASSETS HELD FOR SALE

The board approved the sale of the group's Middle Orange River operations on 7 November 2005, and a sales agreement was finalised on 3 March 2007. The sale was concluded on 11 April 2008. The Middle Orange River disposal group was included in the group's South African segment.

The board approved the sale of its marine mining vessels on 7 March 2008. The *MV Ivan Prinsep* was sold on 8 October 2008 for gross proceeds of R35 600 000. The *MV Namakwa* has been impaired to a value of R3 111 000. The marine mining vessels are included in the group's Namibian segment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	CONSOLIDATED	
	2009 R'000	2008 R'000
8. NON-CURRENT ASSETS HELD FOR SALE (continued)		
Non-current assets classified as held for sale		
Items of property, plant and equipment relating to:		
Middle Orange River operations	–	96 675
Marine mining vessels	3 111	49 820
Other	–	7 100
	3 111	153 595
Liabilities directly associated with non-current assets classified as held for sale:		
Rehabilitation liabilities – Middle Orange River operations	–	8 238

	COMPANY		CONSOLIDATED	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000

9. STATED CAPITAL				
Authorised				
300 000 000 ordinary shares of no par value				
Issued				
106 051 275 ordinary shares of no par value				
(2008: 106 051 275 ordinary shares of no par value)	208 092	208 092	206 276	206 276

The unissued shares were placed under the control of the board of directors until the forthcoming annual general meeting.

Share option scheme

No new share options were granted to eligible directors and employees. Outstanding options at 31 March were as follows:

	Number of options at beginning of year	Number of options exercised during the year	Number of options lapsed during the year	Number of options outstanding
2009				
Other employees	423 997	–	74 598	349 399
2008				
Other employees	697 865	–	273 868	423 997
	Exercise price R	2009 000	Exercise price R	2008 000

Share options outstanding at the end of the year have the following terms:

Expiry date – 31 March

2008	–	–	17,49	418
2009	17,67	349	22,86	6
		349		424

The weighted average fair value of options granted was determined using the actuarial binomial valuation model.

9. STATED CAPITAL *(continued)*

Share appreciation units

During the financial year 7 330 248 units were issued to qualifying employees. At 31 March the units issued were as follows:

	Issue date	Issue price R	Number of units at beginning of year	Number of units issued during the year	Number of units lapsed during the year	Number of units outstanding
L Delport	5 July 2006	11,08	336 765			336 765
L Delport	5 July 2007	14,24	242 573			242 573
L Delport	5 July 2008	9,14		421 244		421 244
L Delport	22 January 2009	2,58		1 329 665		1 329 665
MJ Carstens	5 July 2006	11,08	193 351			193 351
MJ Carstens	5 July 2007	14,24	132 855			132 855
MJ Carstens	5 July 2008	9,14		231 094		231 094
MJ Carstens	22 January 2009	2,58		645 383		645 383
MS Loubser	5 July 2006	11,08	193 351		193 351	–
MS Loubser	5 July 2007	14,24	128 773		128 773	–
AG Müller	5 July 2008	9,14		282 572		282 572
AG Müller	22 January 2009	2,58		552 639		552 639
Other employees	5 July 2006	11,08	591 395		225 261	366 134
Other employees	5 July 2007	14,24	587 111		149 528	437 583
Other employees	5 July 2008	9,14		1 092 774	84 620	1 008 154
Other employees	22 January 2009	2,58		2 774 877		2 774 877
			2 406 174	7 330 248	781 533	8 954 889

	COMPANY		CONSOLIDATED	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
10. OTHER RESERVES				
Translation reserves	–	–	(43 915)	(38 617)
Equity portion of redeemed debentures	68 291	68 291	68 291	68 291
Share-based payments	–	–	2 914	2 914
	68 291	68 291	27 290	32 588

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	CONSOLIDATED	
	2009	2008
	R'000	R'000
11. BORROWINGS		
Non-current		
Unsecured loans, bearing interest at a variable rate of 2% below South African prime, per annum, payable monthly in advance, with a final redemption on 1 November 2011	1 467	1 900
Less: Portion of loans repayable within one year, included in current liabilities	501	436
	966	1 464
Secured loan on earthmoving equipment financed in terms of an instalment sale agreement (note 1), bearing interest at Jibar, payable quarterly in arrears for sixty months, with a final redemption on 2 December 2013.	155 033	–
Less: Portion of loans repayable within one year, included in current liabilities	32 606	–
	122 427	–
US dollar denominated loan secured by 70% of Fucauma diamond sales, bearing interest at Libor plus 3,5% per annum, payable over 33 equal monthly instalments in arrears, with a final redemption on 29 December 2010	23 478	19 791
Less: Portion of loans repayable within one year, included in current liabilities	17 076	7 197
	6 402	12 594
US dollar-denominated loan secured by Fucauma diamond sales and fixed assets with a book value of Rnil (2008: R1 009 500), bearing interest at 12-month Libor plus 3% per annum, repayable within 12 months	266	1 346
Less: Portion of loans repayable within one year, included in current liabilities	266	1 346
	–	–
US dollar denominated loans secured by Luarica diamond sales and fixed assets with a book value of Rnil (2008: R13 651 000), bearing interest at between 8% and 10% (2008: 8% and 9%) per annum, repayable within 12 months	17 156	17 207
Less: Portion of loans repayable within one year, included in current liabilities	17 156	17 207
	–	–
US dollar denominated loan secured by Luarica fixed assets with a book value of Rnil (2008: R7 846 500) bearing interest at Libor plus 3% (2008: Libor plus 2,5%) per annum, payable over 48 equal monthly instalments in arrears, with a final redemption on 20 October 2011	14 444	12 333
Less: Portion of loans repayable within one year, included in current liabilities	8 164	3 902
	6 280	8 431
US dollar-denominated loans secured by 35% of Luarica diamond sales, bearing interest at 15,7% per annum, repayable over 36 equal monthly instalments, with a final redemption on 30 September 2011.	30 584	–
Less: Portion of loans repayable within one year, included in current liabilities	15 291	–
	15 293	–
Total non-current borrowings	151 368	22 489
Current		
Total current borrowings	91 060	30 088
Total borrowings	242 428	52 577

Total interest-bearing borrowings increased by R190 million, primarily as a result of the replacement of earth-moving equipment at the group's Lower Orange operations.

	CONSOLIDATED	
	2009	2008
	R'000	R'000
12. DEFERRED INCOME TAX		
Deferred income tax liabilities		
At beginning of year	203 819	159 561
Income statement charge	(78 534)	18 916
Tax charge to equity	48 413	25 342
	173 698	203 819
Comprised of:		
Capital allowances	126 351	165 306
Provisions	(37 157)	(18 687)
Mining rights	–	21 110
Foreign subsidiaries	84 504	36 090
	173 698	203 819
13. PROVISIONS		
Provisions for post-retirement medical benefits		
The amount included in the balance sheet arising from the group's obligation in respect of the defined-benefit plan is as follows:		
– Present value of unfunded obligations	15 398	13 346
– Unrecognised actuarial losses	(3 104)	(2 040)
	12 294	11 306
Amounts recognised in the income statement are as follows:		
– Current service cost	90	131
– Interest cost	1 128	972
– Expected employer benefit payments	(671)	(609)
– Net actuarial losses recognised in year	441	825
	988	1 319
Movements in the liability recognised in the balance sheet were as follows:		
– At beginning of year	11 306	9 987
– Amounts charged to the income statement	988	1 319
At end of year	12 294	11 306
The provision is independently actuarially determined at least every third year, with independent forecasts for the years inbetween. The last independent actuarial valuation was at the end of March 2009.		
Key assumptions used:	%	%
– Discount rate	9,00	8,75
– Healthcare cost inflation	7,25	7,50
– Expected retirement age (years)	60	60
– Mortality tables used		
• During employment: SA85-90 (Light) ultimate table PA(90)		
• Post-employment: PA(90) ultimate table rated down two years plus 1% improvement per annum (from a base year of 2006)		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	CONSOLIDATED	
	R'000	%
13. PROVISIONS (continued)		
The sensitivity of the present value of funded obligations for changes in certain key assumptions used is as follows :		
Healthcare cost inflation		
– Liability at 31 March 2009: -1%	13 648	(11,4)
– Liability at 31 March 2009: +1%	17 524	13,8
– Current service cost and interest cost for the year ending 31 March 2010: -1%	1 220	(12,1)
– Current service cost and interest cost for the year ending 31 March 2010: +1%	1 593	14,8
– Liability at 31 March 2009: +5% for 5 years	18 777	21,9
– Liability at 31 March 2009: +10% for 5 years	22 778	47,9
Discount rate		
– Liability at 31 March 2009: -1%	17 541	13,9
– Liability at 31 March 2009: +1%	13 662	(11,3)
Expected retirement age		
– Liability at 31 March 2009: 1 year younger	15 445	0,3
– Liability at 31 March 2009: 1 year older	15 354	(0,3)

The liability and fair value of plan assets relating to the post-retirement medical plan, were as follows for the current and four preceding financial years:

	Present value of obligations	Fair value of plan assets	Fair value of obligations in excess of plan assets	Experience adjustments in respect of present value of obligations	Experience adjustments in respect of fair value of plan assets
	R'000	R'000	R'000	R'000	R'000
2005	9 004	(15)	8 989	1 714	(234)
2006	11 816	(7)	11 809	167	(9)
2007	12 945	–	12 945	(710)	(8)
2008	13 346	–	13 346	(371)	–
2009	15 398	–	15 398	(2 517)	–

The expected contributions to be paid for the period 1 April 2009 to 31 March 2010 amount to R837 000.

	CONSOLIDATED	
	2009	2008
	R'000	R'000
Provision for long-service awards		
Amounts recognised in the income statement are as follows:		
Current service cost	654	5 091
Interest cost	702	610
Expected employer benefit payments	(451)	(622)
Actuarial gain recognised in year	(980)	(312)
Effect of curtailment	–	(556)
	(75)	4 211

	CONSOLIDATED	
	2009	2008
	R'000	R'000
13. PROVISIONS (continued)		
Movements in the liability recognised in the balance sheet were as follows:		
At the beginning of the year	8 192	3 981
Amounts charged to the income statement	(75)	4 211
At end of year	8 117	8 192
Key assumptions used:	%	%
Discount rate	9,00	8,75
Salary inflation	6,75	7,00
Expected retirement age (years)	63	63
CPI inflation	5,25	5,5
Mortality tables used		
– During employment: SA85-90 (Light) ultimate table		
	R'000	%
The sensitivity of the liability recognised for changes in certain key assumptions used is as follows:		
Salary inflation		
– Liability at 31 March 2009: -1%	7 532	(7,2)
– Liability at 31 March 2009: +1%	8 769	8,0
Discount rate		
– Liability at 31 March 2009: -1%	8 772	8,1
– Liability at 31 March 2009: +1%	7 540	(7,1)
Expected retirement age		
– Liability at 31 March 2009: 1 year younger	7 703	(5,1)
– Liability at 31 March 2009: 1 year older	8 294	2,2
Withdrawal tables		
– Liability at 31 March 2009: No withdrawals	9 173	13,0
	2009	2008
	R'000	R'000
Provision for rehabilitation liabilities		
At beginning of year	35 346	31 243
Capitalised as mining assets	–	1 804
Increase in costs debited to income statement	7 096	–
Rehabilitation provision – unwinding of discount	3 146	2 299
At end of year	45 588	35 346
Comprised of:		
Decommissioning and dismantling	4 500	3 284
Environmental restoration	41 088	32 062
	45 588	35 346
A provision is recognised for the restoration and rehabilitation of current mining activities based on current environmental and regulatory requirements.		
Key assumptions used:	%	%
Inflation rate	7,3	7,3
Risk-free rate	6,4 – 8,6	8,9

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	COMPANY		CONSOLIDATED	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
13. PROVISIONS (continued)				
Total provisions (R'000)			65 999	54 844
14. DEFERRED INCOME				
Excess of sales proceeds over carrying amount of assets sold and leased back			33 420	–
Credited to income statement			(2 228)	–
			31 192	–
Less: Current portion			(6 684)	–
			24 508	–
15. TRADE AND OTHER PAYABLES				
Trade payables	2 986	2 776	192 063	128 215
Government royalties	–	–	24 126	22 560
Marine contractor fees payable	–	–	851	5 090
Accrued leave pay and bonuses	–	–	14 896	27 146
State – other taxes	303	–	14 914	14 350
Other payables	–	–	10 030	734
	3 289	2 776	256 880	198 095
16. REVENUE				
Diamonds: Mining	–	–	637 301	880 900
17. OTHER (LOSSES)/GAINS – NET				
Other (losses)/gains consists mainly of the following principal categories:				
– Net foreign exchange gains			9 366	8 871
– Loss on other financial assets at fair value through profit or loss			(6 282)	(912)
– Rehabilitation provision – unwinding of discount			(3 146)	(2 299)
			(62)	5 660
18. IMPAIRMENT OF ASSETS				
As a result of the global economic slowdown and a subsequent decrease in rough diamond prices, the group reviewed the carrying amounts of its assets. The review indicated impairment to the value of these assets and the value of these assets were reduced during the 2009 financial year.				
In the comparative period, due to the sale of the Tirisano Mine (September 2007), the value of the operation was reassessed, resulting in an impairment reversal of R19,5 million.				
Continuing operations				
Details of the impairment (charge)/reversal are as follows:				
Total				
Land and buildings			(3 087)	–
Mining rights			(71 504)	12 064
Mine development costs			(6 660)	–
Mining plant and equipment			(50 419)	4 462
Goodwill			(37 096)	–
Long-term receivable from Angolan joint ventures			(345 546)	–
Net current assets			(22 601)	2 987
Impairment (charge)/reversal of assets before tax			(536 913)	19 513
Taxation			47 401	–
Net impairment (charge)/reversal			(489 512)	19 513

	CONSOLIDATED	
	2009	2008
	R'000	R'000
18. IMPAIRMENT OF ASSETS (continued)		
South Africa		
Middle Orange River Operations		
Land and buildings	(2 311)	-
Mining rights	(16 747)	-
Mining plant and equipment	12 247	-
Impairment of assets before tax	(6 811)	-
Impairments and reversal of impairments on individual assets upon finalisation of the sale of the group's Middle Orange River operations.		
Marine operations		
Land and buildings	(776)	-
Mining rights	(54 757)	-
Mine development costs	(25)	-
Mining plant and equipment	(6 184)	-
Impairment of assets before tax	(61 742)	-
Impairment of individual assets as a result of the group's decision to suspend the Marine operations.		
Other mine development costs		
Net impairment charge	(851)	-
Angola		
Luarica		
Goodwill	(18 548)	-
Mining plant and equipment	(23 776)	-
Long-term receivable from Angolan joint ventures	(136 958)	-
Net current assets	(9 286)	-
Impairment of assets before tax	(188 568)	-
The Luarica cash-generating unit represents the group's share of the alluvial mining operations of the Luarica Association. The recoverable amount was based on value in use, with key assumptions disclosed on page 46.		
Fucauma		
Goodwill	(18 548)	-
Mine development costs	(5 784)	-
Mining plant and equipment	(21 468)	-
Long-term receivable from Angolan joint ventures	(208 588)	-
Net current assets	(11 062)	-
Impairment of assets before tax	(265 450)	-
The Fucauma cash-generating unit represents the group's share of the alluvial mining operations of the Fucauma Association. The recoverable amount was based on value in use, with key assumptions disclosed on page 46.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	CONSOLIDATED	
	2009 R'000	2008 R'000
18. IMPAIRMENT OF ASSETS (continued)		
Other individual exploration assets		
Mining plant and equipment	(5 789)	–
Net current assets	(476)	–
Impairment of assets before tax	(6 265)	–
Liberia individual assets		
Mining plant and equipment	(5 449)	–
Net current assets	(1 777)	–
Impairment of assets before tax	(7 226)	–
Impairment of individual assets as a result of the group's decision to cease exploration activities in Liberia.		
Discontinued operations		
Details of the impairment charge are as follows:		
Mining plant and equipment	(27 058)	–
Net current assets	(2 131)	–
Impairment of assets before tax	(29 189)	–
Taxation	596	–
Net impairment charge	(28 593)	–
Impairment of individual assets as a result of the group's decision to cease deep water mining operations.		
Total impairment (charge)/reversal of assets before tax	(566 102)	19 513
Taxation	47 997	–
Total net impairment (charge)/reversal	(518 105)	19 513
Impairment of available-for-sale investment		
In light of a significant and prolonged decline in the fair value of the shares held in Diamond Fields International Ltd, the cumulative loss previously recognised in equity, has been reclassified to profit or loss during the comparative period. A further impairment charge was recorded during the current period.		
	(2 433)	(26 360)
COMPANY		
Impairment of advances and loans	(192 743)	–

	COMPANY		CONSOLIDATED	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
19. (LOSS)/PROFIT BEFORE INCOME TAX				
The following items have been charged in arriving at (loss)/profit before income tax:				
Income				
Income from subsidiary companies:				
– Administration fees	3 052	2 250	–	–
Profit on sale of property, plant and equipment	–	–	217	–
Expenses				
Auditor's remuneration:				
– Audit	45	41	5 141	3 657
– Taxation services	–	–	640	432
– Other services	–	–	184	111
Depreciation	–	–	150 718	130 086
Loss on sale of property, plant and equipment	–	–	–	3 142
Maintenance and material	–	–	232 367	246 222
Operating lease payments	–	–	17 670	9 331
Total staff costs	–	–	286 483	277 861
Staff costs				
Salaries and wages			258 469	255 946
Termination benefits			9 275	2 898
Company contributions to retirement benefits			17 751	17 698
Other post-retirement medical benefits (Note 13)			988	1 319
Total staff costs			286 483	277 861

	CONSOLIDATED					
	2009			2008		
	Executive R'000	Non- executive R'000	Total R'000	Executive R'000	Non- executive R'000	Total R'000
20. DIRECTORS' REMUNERATION						
The directors' remuneration for the year ended 31 March were as follows:						
Salaries and fees	3 693	897	4 590	2 557	757	3 314
Retirement contributions	903	–	903	624	–	624
Performance bonus	342	–	342	2 533	–	2 533
Loss of office	–	–	–	1 966	–	1 966
Other benefits	971	–	971	933	–	933
Total paid	5 909	897	6 806	8 613	757	9 370
Company			897			757
Subsidiaries			5 909			8 613

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	Salaries and fees R'000	Retirement contributions R'000	Performance bonus R'000	Other benefits* R'000	2009 R'000	2008 R'000
20. DIRECTORS' REMUNERATION <i>((continued))</i>						
Executives						
L Delpont	1 658	403	153	390	2 604	3 346
MJ Carstens	1 113	273	103	287	1 776	1 233
MS Loubser	–	–	–	–	–	3 814
AG Müller	922	227	86	294	1 529	220
Subtotal	3 693	903	342	971	5 909	8 613
Non-executives						
PL Zim	77	–	–	–	77	81
BR van Rooyen	166	–	–	–	166	142
T de Bruyn	94	–	–	–	94	–
E de la H Hertzog	113	–	–	–	113	89
DM Falck	58	–	–	–	58	110
DM Hoogenhout	71	–	–	–	71	142
AR Martin	148	–	–	–	148	129
PC Pienaar	81	–	–	–	81	64
T van Wyk	89	–	–	–	89	–
Subtotal	897	–	–	–	897	757
Total	4 590	903	342	971	6 806	9 370

* Other benefits mainly comprise car allowances, but include leave encashments, acting allowances and medical-aid contributions

Directors' and director-related entities

No material transactions other than directors' emoluments disclosed in Note 20 were entered into during the year.

Share option transactions with directors and their director-related entities

The aggregate number of share options held by directors of the company and their director-related entities during the year is disclosed in Note 9. All issues were made on terms and conditions no more favourable than those offered to other option holders.

REMUNERATION PHILOSOPHY

The remuneration committee establishes executive remuneration. The committee adopted a philosophy of remuneration for executives based on clearly defined individual goals, designed in such a manner as to complement each other to ensure corporate goals and shareholders' expectations are met. The practice of paying an annual bonus to the equivalent of one month's basic salary to executives was discontinued during the 2002 financial year and replaced by a short-term incentive cash bonus.

As at 31 March, the directors held, directly or indirectly, interest in the issued capital of the company as reflected in the table below:

	Direct		Indirect		Total
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	
2009					
E de la H Hertzog			38 800		38 800
GJ Zacharias*	7 000				7 000
	7 000	–	38 800	–	45 800
2008					
E de la H Hertzog			38 800		38 800
DM Hoogenhout			138 084	64 800	202 884
GJ Zacharias*	7 000				7 000
	7 000	–	176 884	64 800	248 684

* Group company secretary

	COMPANY		CONSOLIDATED	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
21. INCOME TAX				
21.1 Income tax per income statement				
Foreign tax	-	-	-	(3)
RSA tax				
- Current	7	11	15 756	21 227
• Current year	7	11	16 734	21 225
• (Over)/underprovision prior year	-	-	(978)	2
- Secondary tax on companies				
• Current year	530	2 137	3 855	2 137
- Deferred	-	5 408	(78 207)	24 322
• Current year	-	5 408	(80 390)	28 827
• Overprovision prior year	-	-	2 183	-
• Change in tax rate	-	-	-	(4 505)
	537	7 556	(58 596)	47 683

Tax losses and unredeemed capital of certain subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies are estimated at R432,8 million (2008: R417,3 million).

	%	%	%	%
21.2 Reconciliation of effective income tax rate with standard rate				
Effective income tax rate	(2,8)	40,5	(6,9)	103,2
Increase/(decrease) in rate as a result of:				
Expenses not deductible for income tax purposes	28,0	-	(18,2)	(21,4)
Secondary taxation on companies	2,8	(11,5)	(0,4)	(4,6)
Effect of different foreign tax rates	-	-	-	14,0
Change in tax rate	-	-	-	12,3
Unrecognised tax losses in loss-making affiliates	-	-	(2,5)	(74,5)
Standard rate	28,0	29,0	(28,0)	29,0

	CONSOLIDATED	
	2009 R'000	2008 R'000
22. DISCONTINUED OPERATIONS		
During the previous year it was decided to discontinue with the group's marine vessel operations in Namibia. The results of these operations were as follows:		
Revenue	660	48 255
Expenses	(17 603)	(78 232)
	(16 943)	(29 977)
Impairment of assets	(29 189)	-
Profit on sale of assets	8 217	-
Loss before income tax	(37 915)	(29 977)
Income tax	727	13 005
Loss for the year	(37 188)	(16 972)
Net operating cash flows	(4 896)	(2 133)
Net investing cash flows	31 712	-
Net financing cash flows	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	CONSOLIDATED	
	2009 R'000	2008 R'000
23. EARNINGS PER SHARE		
Basic earnings per share		
Loss for the year from continuing operations	(760 385)	(1 490)
Loss for the year from discontinuing operations	(37 188)	(16 972)
Weighted average number of ordinary shares in issue (thousands)	105 699	105 643
Basic loss per share – continuing operations (cents)	(719,4)	(1,4)
Basic loss per share – discontinuing operations (cents)	(35,2)	(16,1)

In accordance with the revised IAS 33, Earnings per Share, mandatory convertible instruments will be included in weighted average number of share calculation for basic earnings per share.

Diluted earnings per share

No adjustment to basic earnings per share was required.

	Continuing operations		Discontinued operations	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Headline earnings per share				
Loss for the year	(760 385)	(1 490)	(37 188)	(16 972)
Loss/(profit) on sale of assets	8 000	3 142	(8 217)	–
– Taxation impact	(1 952)	595	150	–
Impairment of assets	168 766	(19 513)	27 057	–
– Taxation impact	(35 251)	–	–	–
Impairment of available-for-sale investments	2 433	26 360	–	–
– Taxation impact	–	–	–	–
Headline (loss)/earnings	(618 389)	9 094	(18 198)	(16 972)
Headline (loss)/earnings per share (cents)	(585,1)	8,6	(17,2)	(16,1)

	COMPANY		CONSOLIDATED	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
24. RECONCILIATION OF NET (LOSS)/ INCOME BEFORE INCOME TAX WITH CASH (UTILISED IN)/GENERATED FROM OPERATIONS				
(Loss)/profit before income tax	(193 710)	18 659	(856 896)	16 216
Adjusted for:				
Depreciation	-	-	150 718	130 086
Loss on sale of assets and investments	-	-	6 065	4 054
Impairments of assets and investments	192 743	-	568 536	6 847
Deferred income credited	-	-	(2 228)	-
Exchange rate adjustments	-	-	(21 659)	(3 362)
Share-based payments	-	-	-	48
Increase for post-retirement medical benefit	-	-	988	1 319
(Decrease)/increase for long-service awards	-	-	(75)	4 211
Increase in rehabilitation liabilities	-	-	10 242	5 849
Income from Trans Hex Rehabilitation Trust Fund	-	-	(3 829)	(2 817)
Consolidation of treasury shares	-	-	-	(1 816)
Share of results of associated company	-	-	7	7
Net interest (received)/paid	220	(18 649)	(15 730)	(17 051)
Operating (loss)/income before movements in working capital	(747)	10	(163 861)	143 591
Movement in working capital	1 227	(132)	10 308	45 485
Inventory	-	-	(69 534)	2 503
Trade and other receivables	714	(37)	31 291	37 343
Trade and other payables	513	(95)	48 551	5 639
Cash (utilised in)/generated from operations	480	(122)	(153 553)	189 076
25. RECONCILIATION OF INCOME TAX PAID WITH AMOUNT DISCLOSED IN THE INCOME STATEMENT				
Amount unpaid at beginning of year	(511)	(508)	(19 405)	21 283
Amount per income statement	537	2 148	19 211	10 355
Amount unpaid at end of year	511	511	(8 313)	19 405
Amount (received)/paid	537	2 151	(8 507)	51 043
26. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT				
Earthmoving equipment			31 584	7 100
Plant extensions			3 118	14 379
Housing and personnel benefits			1 760	2 342
Operational buildings			55	706
Computer hardware and software			194	7
Transport vehicles			213	2 631
Other			4 274	2 015
			41 198	29 180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

	CONSOLIDATED	
	2009	2008
	%	%
27. JOINT VENTURES		
The group holds the following interest in joint ventures which are engaged in alluvial diamond mining:		
Fucauma Association (Angola)	32	32
Luarica Association (Angola)	35	35
Mvelaphanda Exploration (Pty) Ltd (South Africa)	50	50
Northbank Diamonds Ltd (Namibia)	50	50
Trans Hex Gariep Venture (South Africa)	50	50
	R'000	R'000
These investments are accounted for using the proportionate consolidation method. The following amounts represent the group's effective interest in the assets, liabilities, sales and results of the joint ventures:		
Property, plant and equipment	1 153	56 091
Current assets	4 402	28 056
Non-current assets classified as held for sale	–	542
	5 555	84 689
Non-current liabilities	28 941	1 464
Current liabilities	214 169	123 025
	243 110	124 489
Net assets	(237 555)	(39 800)
Revenue	68 121	97 679
Loss before income tax	(204 127)	(60 583)
Income tax	(2 600)	170
Loss after income tax	(206 727)	(60 413)

28. FINANCIAL INSTRUMENTS

Financial instruments as disclosed in the balance sheet include long and short-term borrowings, investments, cash resources, long-term receivables, trade receivables and trade payables.

Categories of financial instruments

CONSOLIDATED	Loans and receivables R'000	At fair value through profit and loss R'000	Available for sale R'000	Other financial liabilities R'000
At 31 March 2009				
Available-for-sale investments	–	–	40 065	–
Trade and other receivables	11 892	–	–	–
Cash and cash equivalents	231 899	–	–	–
Borrowings	–	–	–	(268 989)
Trade and other payables	–	–	–	(202 944)
At 31 March 2008				
Available-for-sale investments	–	–	37 694	–
Long-term receivable from Angolan joint ventures	232 340	–	–	–
Trade and other receivables	45 170	–	–	–
Other financial assets at fair value through profit or loss	–	11 588	–	–
Cash and cash equivalents	222 400	–	–	–
Borrowings	–	–	–	(80 825)
Trade and other payables	–	–	–	(134 039)

COMPANY	Loans and receivables R'000	At fair value through profit and loss R'000	Available for sale R'000	Other financial liabilities R'000
28. FINANCIAL INSTRUMENTS (continued)				
Categories of financial instruments				
At 31 March 2009				
Cash and cash equivalents	3 024	-	-	-
Trade and other payables	-	-	-	(3 289)
At 31 March 2008				
Cash and cash equivalents	2 201	-	-	-
Trade and other payables	-	-	-	(2 776)

29. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, credit risk, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as foreign exchange contracts and options to hedge certain exposures.

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Entities in the group use forward contracts to hedge their exposure to foreign currency risk. External foreign exchange contracts are designated at group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions. The group also hedges the foreign currency exposure of its contract commitments to purchase certain production equipment. The forward contracts used in its programme are consistent with the related purchase commitments.

At 31 March 2009, if the currency had strengthened/weakened by 5% against the US dollar, pre-tax equity for the year would have been R17 277 000 (2008: R11 617 000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of the US dollar-denominated long-term receivable from Angolan joint ventures.

(ii) Equity market price risk

The group is exposed to equity market price risk because of investments held by the group and classified on the consolidated balance sheet as available for sale and at fair value through profit or loss. The group is not exposed to commodity price risk.

At 31 March 2009, if the price of the investments had strengthened/weakened by 5%, post-tax profit for the year would have increased/decreased as a result of gains/losses on equity securities classified as other financial assets at fair value through profit or loss by Rnil (2008: R579 391) and other components of equity would have increased/decreased as a result of gains/losses on equity securities classified as available for sale by R10 573 (2008: R132 226).

(iii) Interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates. The group sometimes borrows at variable rates. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group interest rate exposure and effective interest rates are summarised in notes 7 and 11.

At 31 March 2009, if the interest rate had increased/decreased by 1%, post-tax profit for the year would have increased/decreased as a result of interest received/paid on cash and cash equivalents and borrowings by R557 000 (2008: R787 000).

The other financial instruments in the group's balance sheet are not exposed to interest rate risk.

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29. FINANCIAL RISK MANAGEMENT (*continued*)

(iv) Credit risk

The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

The group minimises its credit risk by investing its cash and cash equivalents with major banks and financial institutions located principally in South Africa, Belgium and Angola. The majority of cash funds are held at South African financial institutions all of which have a F1 or F2 Fitch short-term credit rating. The group believes that no concentration of credit risk exists with respect to investment of its cash and cash equivalents.

Amounts past due at balance sheet date has been impaired in full.

The group's maximum exposure to credit risk at the reporting date is the fair value of each class of financial assets.

(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the group aims to maintain flexibility in funding by keeping committed credit lines available. In terms of the articles of association, the group has unlimited borrowing powers.

The group has undrawn borrowing facilities of R50 million (2008: R548 million). These facilities are at floating rates and expire within one year. These facilities are subject to an annual review.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payable balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

CONSOLIDATED	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000
At 31 March 2009			
Borrowings	114 535	69 628	114 395
Trade and other payables	193 230	–	–
Bank overdraft	26 561	–	–
At 31 March 2008			
Borrowings	32 599	13 210	11 349
Trade and other payables	138 149	–	–
Bank overdraft	28 248	–	–
COMPANY			
At 31 March 2009			
Trade and other payables	3 289	–	–
At 31 March 2008			
Trade and other payables	2 776	–	–

Defaults and breaches

As at 31 March 2009 borrowings with a principal amount of R91 216 585 and accrued interest of R4 922 172 due by joint ventures to external credit providers, were in default.

29. FINANCIAL RISK MANAGEMENT *(continued)*

CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The group's strategy in managing capital is based on a strategy of no significant gearing.

Total capital is considered to be "equity" as shown in the consolidated balance sheet.

FAIR VALUE ESTIMATION

The fair value of publicly traded derivatives and trading and available-for-sale investments is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less impairment provisions of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

30. RELATED-PARTY TRANSACTIONS

Controlling entities

The company's major shareholders are Tegniese Mynbeleggings Bpk (a wholly owned subsidiary of Remgro Ltd), which holds 28,5% (2008: 28,5%) of the company's shares, and Mvelaphanda Resources Ltd, which holds 20,3% (2008: 20,3%).

Subsidiaries and joint ventures

The group holds several interests in subsidiary and joint ventures. A detailed list of investments in subsidiaries is disclosed under Annexure A. A detailed list of joint ventures is disclosed under note 27.

The following transactions were carried out with related parties:

	CONSOLIDATED	
	2009	2008
	R'000	R'000
(i) Payment for services rendered		
Controlling entities		
Management fee paid to M&I Group Services Ltd (a fellow subsidiary of the company's major shareholder)	2 236	2 215
Internal audit fee paid to M&I Group Services Ltd (a fellow subsidiary of the company's major shareholder)	89	405
	2 325	2 620
The management services were carried out on commercial terms and conditions.		
(ii) Purchase of goods		
Subsidiary	–	31
These transactions were carried out on commercial terms and conditions.		
(iii) Purchase of services		
Joint ventures	22	88
These transactions were carried out on commercial terms and conditions.		
(iv) Sale of goods		
Joint ventures	8 194	440

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 – continued

		CONSOLIDATED	
		2009	2008
		R'000	R'000
30. RELATED-PARTY TRANSACTIONS (continued)			
(v) Receipts for services rendered			
Joint ventures		3 726	4 168
The sale of goods and rendering of services are usually negotiated with related parties on a cost-plus basis, allowing for a margin ranging from 2,5% to 7,5%.			
(vi) Executive directors and key management compensation			
Salaries and other short-term benefits		16 200	19 372
Termination benefits		628	2 332
Other long-term benefits		2 193	1 743
(vii) Year-end balances arising from sales of goods and services			
Receivables from joint ventures		211	24 500
(viii) Loans to related parties			
Loans to joint ventures at end of year		–	168 503

		COMPANY	
(i) Receipts for services rendered			
Subsidiaries		3 052	2 250
(ii) Loans to subsidiaries at end of year			
		110 029	309 174

31. SEGMENT INFORMATION

Primary reporting format – geographic segments

2009	Continuing			Discontinued	
	South Africa R'000	Angola R'000	Liberia R'000	Total R'000	Namibia R'000
Revenue	588 326	48 975	–	637 301	660
Operating income/(loss)	13 478	(98 059)	–	(84 581)	(8 726)
Depreciation	(118 630)	(32 078)	(10)	(150 718)	–
Mining loss	(105 152)	(130 137)	(10)	(235 299)	(8 726)
Net financial income/(expense)	18 080	(9 852)	–	8 228	–
Exploration costs	(5 805)	(43 276)	(3 476)	(52 557)	–
Impairment of assets	(69 403)	(460 284)	(7 226)	(536 913)	(29 189)
Share of associate's results	(7)	–	–	(7)	–
Loss before income tax	(162 287)	(643 549)	(10 712)	(816 548)	(37 915)
Impairment of available-for-sale investment (other)	–	–	–	(2 433)	–
	(162 287)	(643 549)	(10 712)	(818 981)	(37 915)
Assets	898 127	82 581	866	981 574	–
Non-current assets classified as held for sale	–	–	–	–	3 111
Liabilities	545 529	252 858	–	798 387	–
Capital expenditure	78 039	33 280	–	111 319	–

2008	Continuing			Discontinued	
	South Africa R'000	Angola R'000	Liberia R'000	Total R'000	Namibia R'000
31. SEGMENT INFORMATION					
<i>(continued)</i>					
Revenue	791 891	89 009	–	880 900	48 255
Operating income/(loss)	226 220	(37 425)	–	188 795	(20 308)
Depreciation	(82 282)	(36 832)	–	(119 114)	(7 197)
Mining income/(loss)	143 938	(74 257)	–	69 681	(27 505)
Net financial income/(expense)	31 917	(9 206)	–	22 711	–
Exploration costs	(4 691)	(25 900)	(8 754)	(39 345)	(2 472)
Impairment of assets	19 513	–	–	19 513	–
Share of associate's results	(7)	–	–	(7)	–
Profit/(loss) before income tax	190 670	(109 363)	(8 754)	72 553	(29 977)
Impairment of available-for-sale investment (other)	–	–	–	(26 360)	–
	190 670	(109 363)	(8 754)	46 193	(29 977)
Assets	1 028 403	358 057	5 234	1 391 694	13 624
Non-current assets classified as held for sale	96 675	542	6 558	103 775	49 820
Liabilities	401 619	147 440	–	549 059	1 758
Capital expenditure	177 607	5 454	–	183 061	–

32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The group is subject to claims which arise in the ordinary course of business. The group has provided performance guarantees to banks and other third parties amounting to R11,5 million (2008: R10,9 million). The group has been advised that a potential foreign claim exists in respect of a guarantee on a loan from a financial institution of R84,8 million. The directors have been advised that such a claim would be very unlikely to succeed.

There were no contingent assets in the group at either 31 March 2009 or 31 March 2008.

	CONSOLIDATED	
	2009 R'000	2008 R'000
33. COMMITMENTS		
Capital commitments		
Incomplete contracts for capital expenditure	1 368	42 657
Capital expenditure authorised but not yet contracted for	44 966	119 280
	46 334	161 937
Operating lease commitments		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
No later than 1 year	2 572	5 582
Later than 1 year and no later than 5 years	8 818	4 056
Later than 5 years	2 147	1 201
	13 537	10 839

ANNEXURE A – INVESTMENTS

Name of company Incorporated in South Africa (unless stated otherwise)	Issued share capital		Effective interest		Held by the company			
	2009	2008	2009	2008	Shares		Loan	
	%	R	%	%	2009	2008	2009	2008
					%	R'000	%	R'000
Company								
Buffelsbank Diamante Bpk	50	50	100	100	1 481	1 481	110 029	309 174
Trans Hex Bemarking Bpk	100	100	100	100	–	–	–	–
Trans Hex Finansiering Bpk	10	10	100	100	2 294	2 294	–	–
Trans Hex Diamante Bpk	4 000	4 000	100	100	505	505	–	–
					4 280	4 280	110 029	309 174

Name of company Incorporated in South Africa (unless stated otherwise)	Issued share capital		Effective interest	
	2009	2008	2009	2008
	R	R	%	%

Group

Benguela Concessions Ltd	1 077 509	1 077 509	100	100
Benguela Exploration Company (Pty) Ltd	500	500	100	100
Daisy Street Investments No 27 (Pty) Ltd	100	100	100	100
Diamond Fields International Ltd – Canada (US\$) (listed)	46 921 346	48 717 520	2	2
Dokolwayo Diamond Mines (Pty) Ltd – Swaziland (E)	15 008	15 008	50	50
Etruscan Resources Inc – Canada (C\$) (listed)	–	249 438 948	–	1
Gem Diamond Mining Corporation Ltd	2 833 324	2 833 324	100	100
Hoanib Diamonds (Pty) Ltd – Namibia (N\$)	1 000	1 000	90	90
K P Delwery (Edms) Bpk	100	100	100	100
KPO Liberia – Liberia (US\$)	4	4	50	50
Luderitz Ocean Diamonds (Pty) Ltd – Namibia (N\$)	1	1	100	100
Marine West (Pty) Ltd	1 355 000	1 355 000	100	100
Matikara Prestacao De Servicos SARL – Angola (Kwanza)	100	100	49	49
Mineracao Barra Grande Limitada – Brazil (R\$)	1 000	1 000	65	65
Moonstone Diamonds (Namibia) (Pty) Ltd – Namibia (N\$)	4 000	4 000	77,5	77,5
Moonstone Diamonds (South Africa) (Pty) Ltd	2	2	100	100
Mvelaphanda Exploration (Pty) Ltd	12	12	50	50
Mvelaphanda Trade Solutions (Pty) Ltd	100	100	100	100
Namex (Edms) Bpk	120 900	120 900	100	100
Newdico (Pty) Ltd – Botswana (Pula)	100	100	6	7
Niewejaarskraal Mine (Pty) Ltd	–	120	–	100
Northbank Diamonds Ltd – Namibia (N\$)	8	8	50	50
North Bay Mining (Pty) Ltd	1 000	1 000	100	100
Northern Cape Diamond Mining and Exploration (Pty) Ltd	100	100	100	100
Ocean Diamond Mining 6C (Pty) Ltd	100	100	100	100
Ocean Diamond Mining 14C (Pty) Ltd	100	100	100	100
Oranje-Kunene Diamante Bpk	57	57	100	100
Pioneer Minerals (Pty) Ltd	16 700	16 700	100	100
Saxendrift Mine (Pty) Ltd	–	100	–	100

Name of company Incorporated in South Africa (unless stated otherwise)	Issued share capital		Effective interest	
	2009 R	2008 R	2009 %	2008 %
See-Diamantkonsessie 2B (Edms) Bpk	200	200	49	49
Trans Hex Angola Ltda – Angola (Kwanza)	50 000	50 000	100	100
Trans Hex België N V – Belgium (Euro)	62 000	62 000	100	100
Trans Bamothibi (Pty) Ltd	200	200	100	100
Trans Hex Brasil Limitada – Brazil (R\$)	3 568 601	3 568 601	100	100
Trans Hex Liberia (THL) Ltd – Liberia (US\$)	100	100	100	100
Trans Hex Marine (Namibia) (Pty) Ltd – Namibia (N\$)	100	100	100	100
Trans Hex Mynbou Bpk	500 000	500 000	100	100
Trans Hex Namibia (Pty) Ltd – Namibia (N\$)	5	5	100	100
Trans Hex Operations (Pty) Ltd	12 768	12 768	100	100
Trans Hex (Swaziland) (Pty) Ltd – Swaziland (E)	3	3	100	100
Trans Hex UK Ltd – UK (GBP)	1 000	1 000	100	100
Trans Hex (Zimbabwe) Ltd – Zimbabwe (Z\$)	30 000	30 000	100	100
Trans Tropic Trading Incorporated – British Virgin Islands (US\$)	250 000	250 000	100	100
Urembo Diamonds (Pty) Ltd	100	100	75	75
WADU – Investimentos Mineiros SARL – Angola (Kwanza)	100	100	80	80
Weasua Diamonds Ltd – Seychelles (US\$)	178 555	178 555	50	50
Zwemrem Mine (Pty) Ltd	–	100	–	100

All the companies are unlisted unless stated otherwise

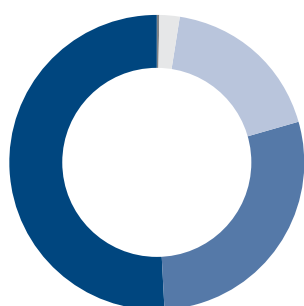
NON-PUBLIC/PUBLIC SHAREHOLDERS AND SHAREHOLDER SPREAD

NON-PUBLIC/PUBLIC SHAREHOLDERS

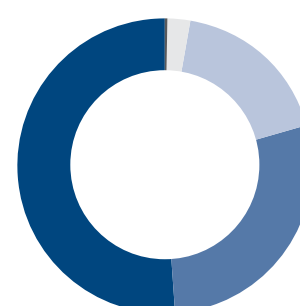
Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 31 March 2009, appears below:

	2009 %	2008 %
Tegniese Mynbeleggings Bpk	28,49	28,49
Mvelaphanda Resources Ltd	17,92	17,92
Mvelaphanda Resources Share Trust	2,39	2,39
Trans Hex Group Share Trust	0,33	0,33
Directors and associates	0,04	0,17
Public shareholders	50,83	50,70

NON-PUBLIC/PUBLIC
SHAREHOLDERS 2009



NON-PUBLIC/PUBLIC
SHAREHOLDERS 2008



SHAREHOLDER SPREAD

(non-public/public shareholders)	Number of shareholders	% of shareholders	Number of shares	% of total shares
Non-public shareholding	5	0,21	52 140 527	49,17
Directors and associates of the company holdings	1	0,04	38 800	0,04
Share trusts	2	0,09	2 886 727	2,72
Tegniese Mynbeleggings Limited (Remgro)	1	0,04	30 215 000	28,49
Mvelaphanda Resources Limited	1	0,04	19 000 000	17,92
Public shareholding	2 297	99,79	53 910 748	50,83
Total	2 302	100,00	106 051 275	100,00

Major shareholders as at 31 March 2009

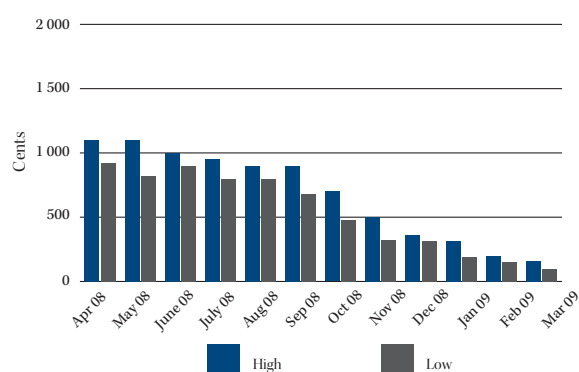
According to information available to the directors, shareholders beneficially holding (either directly or via nominee companies) in excess of 3% of the issued share capital, were as follows:

Shareholder	Number of shares held	Percentage
Tegniese Mynbeleggings Bpk	30 215 000	28,49
Mvelaphanda Resources Ltd	19 000 000	17,92
Regarding Capital Management (Pty) Ltd	14 099 162	13,29
Sanlam Investment Management	6 542 393	6,17
Coronation Fund Managers	5 179 629	4,88
Cadiz African Harvest Asset Management	4 902 821	4,62

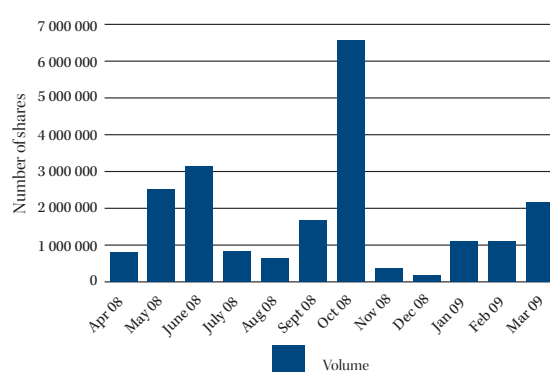
Trans Hex's ordinary shares are quoted on the JSE Limited (JSE) and the Namibian Stock Exchange (NSX). Share trading codes are TSX for the JSE and THX for the NSX.

SHARE TRADING

MONTHLY HIGHS AND LOWS FOR 2008/09



MONTHLY VOLUMES TRADED FOR 2008/09



GENERAL STATISTICS AND RATIOS FOR 2008/09

	2009	2008
Total number of shares in issue at year-end	106 051 275	106 051 275
Weighted average number of shares in issue	105 698 947	105 642 840
Total shares traded	21 031 212	19 129 946
Volume traded as a percentage of shares in issue (%)	22,3	20,29
Closing price as at 31 March (cents)	145	1 050
Volume weighted average annual price per share (cents)	642	1 310
Price/earnings ratio as at 31 March	(0,24)	(140)
Earnings yield as at 31 March (%)	(415,4)	(0,71)
Dividend yield as at 31 March (%)	-	0,95
Market capitalisation at 31 March (Rm)	153	1 114
Headline earnings per share (cents)	(602,3)	(7,5)
Interim dividend (cents)	-	5
Final dividend (cents)	-	5
Net asset value per share (cents)	176	941

ADDITIONAL SHAREHOLDER INFORMATION - continued

SHAREHOLDER CATEGORIES AS AT 31 MARCH 2009

Category	Number of shareholders	Number of shares	% of issued shares
Holding company (Tegniese Mynbeleggings Bpk)	1	30 215 000	28,49
Individuals	1 767	4 186 798	3,95
Banks	40	478 561	0,45
Investment companies and corporate bodies	194	24 997 912	23,57
Pension and endowment funds	46	15 445 015	14,56
Mutual funds	38	24 863 763	23,45
Insurance companies	11	3 287 817	3,11
Nominee companies and trusts	203	2 568 373	2,42
Medical aid schemes	1	3 900	0,00
Own holding	1	4 136	0,00
	2 302	106 051 275	100,00

SHAREHOLDING ANALYSIS AS AT 31 MARCH 2009

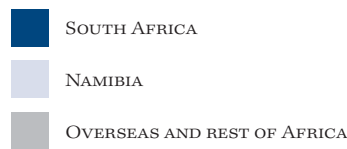
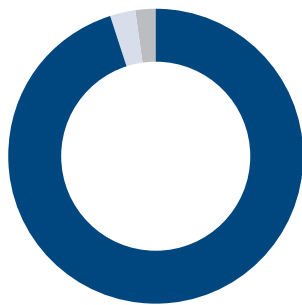
Holdings	Number of shareholders	%	Number of shares	%
1 - 5 000	1 964	85,32	1 774 139	1,67
5 001 - 10 000	134	5,82	1 034 065	0,98
10 001 - 100 000	135	5,86	4 012 409	3,78
100 001 - 500 000	41	1,78	9 606 932	9,06
500 001 - 1 000 000	8	0,35	5 268 057	4,97
Over 1 000 000	20	0,87	84 355 673	79,54
Total	2 302	100,00	106 051 275	100,00

ADDITIONAL INFORMATION

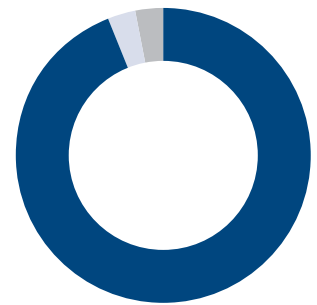
Based on all available information the pie charts below represent the best estimates of the domicile of investors in Trans Hex shares.

	2009 %	2008 %
South African shareholders	95	94
Namibia	3	3
Overseas and the rest of Africa	2	3

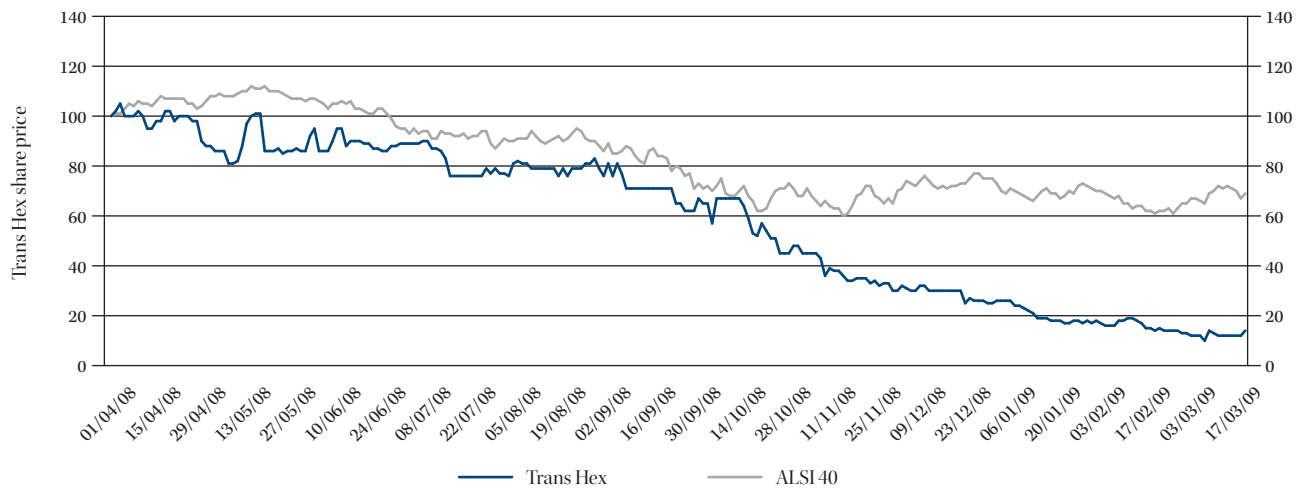
ADDITIONAL INFORMATION
SHAREHOLDERS 2009



ADDITIONAL INFORMATION
SHAREHOLDERS 2008



TRANS HEX SHARE PRICE VERSUS ALL SHARE INDEX (ALSI 40)



CONVERSION OF SHARE CERTIFICATES INTO ELECTRONIC FORMAT (STRATE)

Trans Hex moved into the JSE's electronic settlement environment (STRATE) during October 2001. Shareholders who have not as yet submitted share certificates to their appointed custodian bank or qualifying stockbroker (Central Securities Depository Participant or CSDP) for dematerialisation, are urged to do so. They in turn will ensure the certificates are recorded electronically which will render the relevant share eligible for settlement in the STRATE environment. Should you require any further information, contact the Company Secretary or STRATE's Information Centre.

Notice is hereby given that the twenty-ninth Annual General Meeting of shareholders of Trans Hex Group Limited (“the company”) will be held on Friday, 7 August 2009, at 10:00 at the company’s registered office, 405 Voortrekker Road, Parow, for the following purposes:

ORDINARY BUSINESS

1. To consider and adopt the annual financial statements for the year ended 31 March 2009.
2. To determine and approve directors’ fees for the past financial year.
3. To elect the following retiring directors in accordance with the provisions of the company’s articles of association and who, being eligible, offer themselves for re-election, namely –

Directors retiring by rotation:

JW Dreyer
BR van Rooyen
T van Wyk

Directors appointed during the year:

JW Dreyer
T van Wyk

Their profiles and abridged curriculum vitae appear on page 6.

4. To reappoint PricewaterhouseCoopers Incorporated as auditors of the company and to appoint Mr H Zeelie as the designated audit partner to hold office for the ensuing year.
5. To consider and, if deemed fit, to pass, with or without amendments, the following ordinary and special resolutions:

ORDINARY RESOLUTION NUMBER ONE

Control of 10% of the authorised but unissued shares

RESOLVED THAT 10% of the authorised but unissued ordinary shares in the capital of the company be hereby placed under the control of the directors of the company as a general authority to them to allot, issue and otherwise dispose of the same at their discretion in terms of and subject to the provisions of the Companies Act, Act 61 of 1973, as amended (“the Act”), the articles of association of the company and the Listings Requirements of the JSE Limited (“JSE”).

ORDINARY RESOLUTION NUMBER TWO

General issue of shares for cash

RESOLVED THAT, subject to:

- not less than 75% of those shareholders of the company present in person or by proxy and entitled to vote at the meeting at which this resolution is proposed, voting in favour of this resolution;
- the directors of the company be and they are hereby authorised by way of a general authority, to issue 10% of the authorised but unissued shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Act, the articles of association of the company and the JSE Listings Requirements, when applicable, and subject to the following limitations, namely:
 - that this authority shall not extend beyond 15 months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;
 - that the issue shall be to public shareholders as defined in paragraph 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;

- that a paid press release, giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of ordinary shares issued prior to the issue;
- that issues in the aggregate in any financial year, not exceed 10% of the number of ordinary shares of the company's issued share capital, including instruments which are convertible into ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocably and underwritten) or acquisition (concluded up to date of application) may be included as though they were shares in issue at the date of application;
- that the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue; and
- that, in determining the price at which an issue for shares will be made in terms of this authority, the maximum discount permitted be 10% of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed to by the company's directors and the party subscribing for the securities.

SPECIAL RESOLUTION NUMBER ONE

General authority to repurchase issued shares

"RESOLVED THAT, as a general approval contemplated in sections 85(2) and 85(3) of the Act, the acquisitions by the company, and/or any subsidiary of the company, from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Act and the JSE Listings Requirements, when applicable, and provided that –

- the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty percent) of the company's issued ordinary share capital as at the beginning of the financial year;
- after such repurchase the company will still comply with the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiary are not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made;
- the company only appoints one agent to effect any repurchase(s) on its behalf; and
- the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued shares in the company of the relevant times.

The directors undertake that they will not effect a general repurchase of shares as contemplated above unless the following can be met:

- the company and the group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of the general repurchase;
- the assets of the company or the group, being fairly valued in accordance with International Financial Reporting Standard, are in excess of the liabilities of the company and the group for a period of 12 months after the date of the repurchase;
- the share capital and reserves of the company and the group are adequate for the next 12 months following the date of the repurchase;
- the available working capital is adequate to continue the operations of the company and the group in a period of 12 months after the date of the repurchase; and
- upon entering the market to proceed with the repurchase, the company's sponsor has confirmed the adequacy of the company's and the group's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE.

Reason for and effect of the special resolution

The reason for and the effect of the special resolution is to grant the company's directors a general authority, up to and including the date of the following annual general meeting of the company, to approve the company's purchase of shares in itself, or of shares in its holding company, or to permit a subsidiary of the company to purchase shares in the company.

Other disclosure in terms of the JSE Listings Requirements Section 11.26

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

- Directors and senior management – pages 6 and 7;
- Major shareholders of the company – page 78;
- Litigation statement – page 34;
- Directors' interests in securities – page 36; and
- Share capital of the company – page 56.

Directors' responsibility statement

The directors, whose names are given on page 6 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

Material change

Other than the facts and developments reported on in the annual report, there have been no material changes in the trading or financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Statement of board's intention

The board has no immediate intention to use this authority to repurchase company shares. However, the board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

6. Transact such other business as may be transacted at an annual general meeting.

VOTING AND ATTENDANCE AT THE ANNUAL GENERAL MEETING

Shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member. Proxy forms must be forwarded to reach the transfer secretaries of the company by no later than 48 hours before the time fixed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

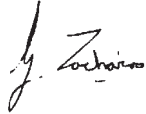
On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration should contact their CSDP or broker, in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Equity securities held by a share trust or scheme will not have their votes at the annual general meeting taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

By order of the Board



GJ Zacharias
Company secretary

Parow
26 May 2009



TRANS HEX GROUP LIMITED
 (Registration number: 1963/007579/06)
 ("Trans Hex" or "the company")
 Share code: TSX ISIN: ZAE000018552

For completion by shareholders who have not dematerialised their shares or who have dematerialised their shares but with own-name registration.

For use by shareholders, who have not dematerialised their shares or who have dematerialised their shares but with own-name registration ("entitled shareholders"), at the annual general meeting of the company to be held at 10:00 on Friday, 7 August 2009, at 405 Voortrekker Road, Parow.

Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person.

FORM OF PROXY FOR THE TWENTY-NINTH ANNUAL GENERAL MEETING OF TRANS HEX GROUP LIMITED

I/We _____ (name in block letters)

of _____ (address)

being the holder(s) of _____ ordinary shares in the company, hereby appoint (see note 1):

1. _____

of _____ or failing him

2. _____

of _____ or failing him

3. the chairman of the company, or failing him, the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 405 Voortrekker Road, Parow on Friday, 7 August 2009, at 10:00, or at any adjournment thereof.

I/We desire to vote as follows (see note 2):

	For	Against	Abstain
Adoption of annual financial statements			
Approve directors' fees for past financial year			
Election of directors:			
3.1 JW Dreyer			
3.2 BR van Rooyen			
3.3 T van Wyk			
Reappoint Messrs PricewaterhouseCoopers Inc as external auditors of the company			
Ordinary resolution number 1 Control of 10% of the authorised but unissued shares in the hands of the directors			
Ordinary resolution number 2 General issue of shares for cash			
Special resolution number 1 General authority to repurchase issued shares			

Signed at _____ on _____ 2009

Signature _____

Assisted by me (where applicable) _____

Please see notes overleaf

NOTES

1. An entitled shareholder may insert the name of a proxy or the name of two alternative proxies of the entitled shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", by any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Entitled shareholders must insert an "X" in the relevant spaces according to how they wish their votes to be cast. However, if entitled shareholders wish to cast their votes in respect of a lesser number of shares than they own in Trans Hex they must insert the number of shares held in respect of which they wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of the entire entitled shareholder's votes exercisable at the annual general meeting. An entitled shareholder or his/her proxy is not obliged to use all the votes exercisable by the entitled shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the entitled shareholder or by his/her proxy.
3. Forms of proxy must be received by the transfer secretaries by no later than 10:00 on Wednesday, 5 August 2009.

In South Africa:

Computershare Investor Services (Proprietary) Limited
10th Floor
70 Marshall Street
Johannesburg
PO Box 61051
Marshalltown 2107

In Namibia:

Irwin, Jacobs, Greene & Associates
12 Love Street
Windhoek
PO Box 2401
Windhoek
Namibia

4. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
5. The completion and lodging of this form of proxy will not preclude the relevant entitled shareholder from attending the annual general meeting and speaking and voting in person at the annual general meeting to the exclusion of any proxy appointed in terms of this form of proxy.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the general meeting.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Trans Hex.

The chairman of the general meeting may accept any form of proxy which is completed, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the entitled shareholder wishes to vote.

CONTACT DETAILS AND WEBSITE

Shareholders or interested parties may contact the company secretary for general information concerning Trans Hex or visit our website at www.transhex.co.za.

Share transfers, dividend payments, change of address and similar queries should also be addressed to the company secretary or the company's transfer secretaries.

COMPANY SECRETARY

Trans Hex Group Limited

PO Box 723 Parow, Cape Town, 7499

Telephone +27 21 937 2000

Fax +27 21 937 2100

georgez@transhex.co.za

Registration number: 1963/007579/06

TRANSFER SECRETARIES

South Africa

Computershare Investor Services (Pty) Ltd

PO Box 61051

Marshalltown 2107

Telephone: +27 11 370 5000

Fax: +27 11 688 5237

Namibia

Transfer Secretaries (Pty) Ltd

PO Box 2401

Windhoek

Telephone: +264 61 22 7647

Fax : +264 61 24 8531

APPOINTED SPONSOR

(as per JSE Listings Requirements)

Rand Merchant Bank Limited

(A division of FirstRand Bank Limited)

PO Box 786273

Sandton 2146

Telephone: +27 11 282 5075

Fax: +27 21 11 282 8259

e-mail: sponsor@rmb.co.za

SPONSORING BROKER

Namibia

Irwin, Jacobs, Greene & Associates

12 Love Street

Windhoek

Telephone: +264 61 383500

Fax: +264 61 304671

STRATE

Telephone: +27 11 759 5300

Fax: +27 11 759 5500

e-mail: info@strate.co.za

website: www.strate.co.za

TRANS HEX WEBSITE

www.transhex.co.za

IMPORTANT DATES FOR SHAREHOLDERS

Financial year-end	31 March
Annual general meeting	7 August 2009
Financial reports:	
Half-year interim report	November
Announcement of annual results	May
Annual financial statements	June
Interim dividend	
Declared	May
Paid	July
Final dividend	
Declared	November
Paid	December



TRANS HEX

www.transhex.co.za