

Company	Cape Resources PLC
TIDM	CAPE
Headline	Half Yearly Report
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Cape Resources PLC

21 March 2011

**Cape Resources PLC
("Cape" or the "Company")**

Interim results for the six months ended 31 December 2010 (unaudited)

Cape Resources PLC (AIM: CAPE), today reports its unaudited interim results for the six months ended 31 December 2010.

Highlights for the six months

- Revenue for the six months ended 31 December 2010 increased by 58 per cent compared with the revenue for the year ended 30 June 2010
- A 85.01 carat diamond was recovered and sold during the period
- Production levels of 500 carats per month on average were reached during October to December 2010
- Board tasked to consider broadening Company's asset base

Chairperson's Statement

I am pleased to report that the small scale mining operations which commenced early 2010 have yielded positive results during the six months. The following notable results were achieved during the six months:

- Revenue increased from £732,729 for the year ended 30 June 2010 to £1,159,940 for the six months. This was mainly due to improved production of 2,334 carats recovered during the six month period compared with 2,187 carats for to the year ended 30 June 2010.
- A 85.01 carat diamond was recovered and sold during the period.
- On average 500 carats per month were sold during the months October 2010 to December 2010 at an average selling price of USD 522 per carat, which is considered relatively high for diamonds sourced from kimberlitic ore.

During the six months the Elandslaagte mine operated at breakeven level in terms of cash flow before taking into account depreciation and the interest payable to the Industrial Development Corporation ("IDC"). Management are at an advanced stage of discussions with the IDC to restructure the IDC liability which, if concluded successfully, will significantly enhance the financial position of the mine.

Venmyn Rand was appointed to conduct a technical evaluation of the property and the findings support the strategy of small scale mining for the medium term. A comprehensive bulk sampling program will be implemented during the remainder of 2011 to justify a new strategy.

The mine will commission an additional pan and crusher to beneficiate the tailings during the second half of 2011. This should increase total production and operating revenue.

Cape and Namane Resources ("Namane") have entered into a management agreement, whereby Namane will take over the day to day management of the mine. Namane has the skills and experience to ensure that the asset will be operating at full potential. The Namane team has already been involved since October 2010 and positive signs are already visible in the performance of the mine. The recommendations of the Venmyn report will be implemented in the next 6 months and will be managed by Namane.

Cape's investment committee has been tasked to evaluate new opportunities as well as the net effect of small scale mining and to propose to the Board options to bring new assets into the business. This is required to broaden the asset base of Cape. New assets under consideration for investment are not restricted to diamonds only and could involve any other commodity.

Going concern

- a) Based on management's working capital forecasts, and the restructuring of the Group it is foreseen that the Company will have sufficient funds to cover operating costs for the next twelve months
- b) Management is in advanced discussions with IDC regarding its loan and the restructuring of the loan is expected to be finalised before the financial year end

The Directors continue to adopt the going concern basis in preparing the interim results.

Result for the period

The loss for the period amounts to £1,143,285 compared with a loss of £1,092,998 for the same period in the previous year.

Dr Anna T M Mokgokong
Non-Executive Chairperson
16 March 2011

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Consolidated statement of comprehensive income

		Six months ended 31 December 2010 Unaudited	Six months ended 31 December 2009 Unaudited	Year ended 30 June 2010 Audited
	Notes	£	£	£
Revenue	4	1,159,940	-	732,729
Total income		1,159,940	-	732,729
Administrative expenses		(468,869)	(234,590)	(511,716)
Impairment of assets		-	-	(889,425)
Other operating expenses		(1,382,549)	(463,608)	(2,337,114)
Operating loss		(691,478)	(698,198)	(3,005,526)
Investment income		652	4	4,638
Finance costs		(452,459)	(394,804)	(892,340)
Loss before taxation		(1,143,285)	(1 092,998)	(3,893,228)
Taxation	5	-	-	-
Loss for the period	7	(1,143,285)	(1,092,998)	(3,893,228)
Other comprehensive profit (loss)				
Exchange differences on translation of foreign operations	7	(396,958)	(120,871)	(284,426)
Total comprehensive loss for the year		(1,540,243)	(1,213,869)	(4,177,654)
Attributable to:				
Equity holders of the parent		(1,540,243)	(1,213,869)	(4,177,654)
Minority interest	7	-	-	-
		(1,540,243)	(1,213,869)	(4,177,654)
Loss per share				
Basic and diluted	6	.74p	.75p	2.67p

The above results relate to continuing operations.

Consolidated statement of financial position

	Notes	As at 31 December 2010 Unaudited £	As at 31 December 2009 Unaudited £	As at 30 June 2010 Audited £
Non-current assets				
Property, plant and equipment		3,663,681	5,423,070	3,881,602
Investment – insurance policy Sanlam (S Africa)		235,259	190,083	209,753
		3,898,940	5,613,153	4,091,355
Current assets				
Inventory		59,876	69,801	53,384
Diamond stock		89,260	365,602	79,582
Trade and other debtors		171,030	249,573	207,218
Cash and cash equivalents		306,043	23,314	124,220
		626,209	708,290	464,404
Total assets		4,525,149	6,321,443	4,555,759
Current liabilities				
Trade and other payables		(11,173,840)	(8,996,476)	(9,876,711)
Provisions		(161,875)	(5,794)	(14,269)
		(11,335,715)	(9,002,270)	(9,890,980)
Net current liabilities		(10,709,506)	(8,293,980)	(9,426,576)
Non-current liabilities				
Provisions		(437,189)	(380,520)	(389,791)
		(437,189)	(380,520)	(389,791)
Total liabilities		(11,772,904)	(9,382,790)	(10,280,771)
Net Liabilities		(7,247,755)	(3,061,347)	(5,725,012)
Equity				
Share capital	7	5,550,354	5,459,605	5,545,354
Share premium	7	28,326,651	28,099,780	28,314,151
Translation reserve	7	(266,317)	343,340	179,785
Accumulated loss	7	(40,858,443)	(36,964,072)	(39,764,302)
Equity attributable to equity holders of the parent	7	(7,247,755)	(3,061,347)	(5,725,012)
Minority interest	7	-	-	-
Total deficit		(7,247,755)	(3,061,347)	(5,725,012)
Consolidated statement of cash flows				

	Notes	Six month period ended 31 December 2010 Unaudited £	Six month period ended 31 December 2009 Unaudited £	Year ended 30 June 2010 Audited £
Net cash inflow/(outflow) from operating activities	8	520,717	(601,783)	(753,185)
Investing activities				
Interest received		652	4	4,638
Acquisition of property, plant and equipment		-	(2,907)	(2,813)
Net cash generated/(used) in investing activities		652	(2,903)	1,825
Financing activities				
Loans (repaid)/ received		(354,609)	609,339	847,198
Interest paid		-	(666)	(1,327)
Net cash (used)/generated by financing activities		(354,609)	608,673	845,871
Net increase in cash and cash equivalents		166,760	3,987	94,511
Cash and cash equivalents at beginning of period		124,220	22,907	22,907
Effect of foreign exchange rate changes		15,063	(3,580)	6,802
Cash and cash equivalents at end of period		306,043	23,314	124,220

Interim results for the six months ended 31 December 2010 (unaudited)

Notes to the financial information

1. General information and accounting policies

Cape Resources Plc is a company incorporated in the United Kingdom under the Companies Act 1985. It was incorporated on 25 March 2004 under the name of Dominion Mining Plc and changed its name to Cape Diamonds Plc on 26 January 2006 and to Cape Resources Plc on 9 January 2009

This announcement is for the unaudited interim results for the six month period ended 31 December 2010.

The interim results including all comparatives have been prepared using the accounting policies consistent with the audited financial statements for the year ended 30 June 2010.

This financial information is presented in pounds sterling. The currency of the primary economic environment in which the group operates is South African Rand ("R").

The R/£ exchange rates for the period are as follows:

	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Period end rate	10.28	11.81	11.53
Average rate for period	11.28	12.36	12.21

2. Basis of accounting

The accounting policies for the interim financial information are consistent with those applied in the preparation of the audited financial statements for the year ended 30 June 2010, which were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

This financial information has been prepared on a historical cost basis, except for certain financial instruments which are carried at fair value in accordance with IFRS.

The financial information of the subsidiaries is prepared for the same reporting period as the parent company, using consistent accounting policies.

3. Interim results for the six month period ended 31 December 2010 (unaudited)

The financial information presented for the interim period covers the period from 1 July 2010 to 31 December 2010. The comparative figures cover the period from 1 July 2009 to 31 December 2009.

The financial information set out in the interim report is unaudited.

This announcement was approved by the Board of Directors of the Company on 16 **March 2011**.

4. Revenue

Revenue for the six month period ended 31 December 2010 of £ 1,159,940 (2009: £nil) comprises the sale of diamonds in the South African market which is the Group's only segment.

5. Taxation

There is no tax charge due to tax losses in the United Kingdom and South Africa.

No deferred tax asset has been raised in respect of these losses due to the uncertainty over the availability of taxable profit against which these losses may be offset in the foreseeable future.

6. Loss per share

From continuing operations:

The calculation of the basic and diluted loss per share is based on the following data:

	Six month period ended 31 December 2010	Six month period ended 31 December 2009	Year ended 30 June 2010
	Unaudited £	Unaudited £	Audited £
Earnings			
Loss for the purposes of basic and diluted loss per share being share attributable to equity holders of the parent	(1,143,285)	(1,092,998)	(3,893,228)
Statutory number of shares			
Weighted average number of ordinary shares for the purpose of basic loss per share	153,502,432	144,596,053	145,822,007
Effect of dilutive potential ordinary shares:			
Share warrants	-	236,986	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	153,502,432	144,833,039	145,822,007
Basic and diluted loss per share	0.74p	.75p	2.67p

The outstanding share warrants are anti-dilutive as the Group made a loss during the current and prior periods.

7 (a) Statement of changes in equity for 6-month period ended 31 December 2010

	Share capital	Share premium	Translation Reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 2010	5,545,354	28,314,151	179,785	(39,764,302)	(5,725,012)
Net loss for the period		-	-	(1,143,285)	(1,143,285)
Shares issued	5,000	12,500	-	-	17,500
Exchange differences on translation of overseas operations	-	-	(446,102)	49,144	(396,958)
At 31 December 2010	5,550,354	28,326,651	(266,317)	(40,858,443)	(7,247,755)

7 (b) Statement of changes in equity for 6-month period ended 31 December 2009

	Share capital	Share premium	Translatio n reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 2009	5,459,605	28,099,780	464,211	(35,871,074)	(1,847,478)
Net loss for the period	-	-	-	(1,092,998)	(1,092,998)
Exchange differences on translation of overseas operations	-	-	(120,871)	-	(120,871)
At 31 December 2009	5,459,605	28,099,780	343,340	(36,964,072)	(3,061,347)

7 (c) Statement of changes in equity for the year ended 30 June 2010

	Share capital	Share premium	Translation reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 2009	5,459,605	28,099,780	464,211	(35,871,074)	(1,847,478)
Net loss for the period	-	-	-	(3,893,228)	(3,893,228)
Shares issued	85,749	214,371	-	-	300,120
Share issue expenses	-	-	-	-	-
Exchange differences on translation of overseas operations			(284,426)		(284,426)
At 30 June 2010	5,545,354	28,314,151	179,785	(39,764,302)	(5,725,012)

7 (d) The translation of the Group's foreign operations to the functional currency at each balance sheet gives rise to a foreign exchange difference that is initially recorded as a separate component of the equity in the translation reserve. This reserve is recognised in the income statement on the disposal of the foreign operation.

8. Notes to the cash flow statement

	Six months ended 31 December 2010 Unaudited £	Six months ended 31 December 2009 Unaudited £	Year ended 30 June 2010 Audited £
Operating loss from continuing operations	(691,478)	(698,198)	(3,005,526)
Adjustments for:			
Depreciation of property, plant and equipment	628,939	531,745	2,125,110
Fair Value adjustment on investments	(25,506)	-	(15,056)
Amortisation of rehabilitation assets	-	7,019	-
Increase in provisions	195,004	-	8,334
Share-based payments	-	-	240,000
Net foreign exchange (gain)/loss	-	-	(59,820)
Operating cash flows before movements in working capital	106,959	(159,434)	(706,958)
Increase in stock	(16,170)	(365,602)	(61,471)
(Increase) / decrease in receivables	36,188	109,321	159,158
Increase / (decrease) in payables	393,740	(186,068)	(143,914)
Net cash inflow/(outflow) from operating activities	520,717	(601,783)	(753,185)

9. Going concern

- a) Based on management's working capital forecasts and the restructuring of the Group it is foreseen that the Company will have sufficient funds to cover costs for the next twelve months
- b) Management is in advance discussions with IDC regarding the loan and the restructuring of the loan is expected to be finalised before the financial year end.

The Directors continue to adopt the going concern basis in preparing the interim results.