



Condensed consolidated statement of comprehensive loss
(unaudited)
for the six months ended 31 December 2014
(Stated in U.S. dollars)

	Notes	Six months ended 31 December 2014 (unaudited)	Six months ended 31 December 2013 (unaudited)	Year ended 30 June 2014 (audited)
Revenue	2	-	-	-
Mining and processing costs		(218,973)	-	-
Changes in inventories		187,572		
Gross loss		(31,401)	-	-
Administrative expenses				
- Impairment of intangible	4	-	-	(760,000)
- Administrative expenses		(916,709)	(1,548,159)	(3,300,549)
		(916,709)	(1,548,159)	(4,060,549)
Finance costs		(8,081)		
		21,263		
Loss before tax		(934,928)	(1,548,159)	(4,060,549)
Income tax expense		-	-	-
Loss after tax attributable to equity holders of the parent		(934,928)	(1,548,159)	(4,060,549)
Total comprehensive loss for the period attributable to equity holders of the parent		(934,928)	(1,548,159)	(4,060,549)
Basic and diluted loss per share		(0.001)	(0.003)	(0.01)

Condensed consolidated statement of financial position (unaudited)
as at 31 December 2014
(Stated in U.S. dollars)

	Notes	31 December 2014 (unaudited)	31 December 2013 (unaudited)	30 June 2014 (audited)
Assets				
<i>Non-current assets</i>				
Intangible assets	3	16,913,029	14,873,570	15,754,794
Property, plant and equipment	4	2,633,082	2,661,614	2,323,640
Total non-current assets		19,546,111	17,535,184	18,078,434
<i>Current assets</i>				
Inventories		461,992	-	-
Trade and other receivables		89,449	21,442	167,769
Cash and cash equivalents		65,649	639,819	1,358,671
Total current assets		617,090	661,261	1,526,440
Total assets		20,163,201	18,196,445	19,604,874
Equity and liabilities				
<i>Capital and reserves</i>				
Share capital		25,315,443	21,934,035	24,906,611
Share premium		28,804,151	27,880,792	28,609,454
Reverse acquisition reserve		17,073,279	17,073,279	17,073,279
Warrant reserve		-	461,266	27,643
Share option reserve		5,008,756	4,677,638	5,008,756
Accumulated loss		(57,398,478)	(54,228,774)	(56,491,193)
Total equity		18,803,151	17,798,236	19,134,550
<i>Non-current liabilities</i>				
Provision		104,369	104,369	104,369
Total non-current liabilities		104,369	104,369	104,369
<i>Current liabilities</i>				
Trade and other payables		697,220	293,840	365,955
Loans and borrowings		491,292		
Derivative financial instruments		67,169		
Total current liabilities		1,255,681	293,840	365,955
Total liabilities		1,360,050	398,209	470,324

Total equity and liabilities	20,163,201	18,196,445	19,604,874
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Company registration number: 5424214

Condensed consolidated statement of changes in equity (unaudited) as at 31 December 2014

(Stated in U.S. dollars)

	Share capital	Share premium	Warrant reserve	Share option reserve	Reverse acquisition reserve	Accumulated loss	Total equity
Balance at 30 June 2013	19,051,534	28,457,522	-	4,423,538	17,073,279	(52,680,614)	16,325,259
Total comprehensive income for the year	-	-	-	-	-	(4,060,549)	(4,060,549)
Issue of placing shares	5,855,077	718,175	-	-	-	-	6,573,252
Share issue costs	-	(312,486)	-	-	-	-	(312,486)
Warrants issued	-	(265,581)	265,581	-	-	-	-
Warrants exercised	-	11,824	(11,824)	-	-	-	-
Transfer to profit & loss account	-	-	(226,114)	-	-	226,114	-
Share options issued	-	-	-	609,074	-	-	609,074
Share options expired	-	-	-	(23,856)	-	23,856	-
Balance as at 30 June 2014	24,906,611	28,609,454	27,643	5,008,756	17,073,279	(56,491,193)	19,134,550
Total comprehensive loss for the period	-	-	-	-	-	(934,928)	(934,928)
Issue of placing shares	408,832	224,857	-	-	-	-	633,689
Warrants issued	-	(30,160)	-	-	-	-	(30,160)
Transfer to profit and loss account	-	-	(27,643)	-	-	27,643	-
Balance at 31 December 2014	25,315,443	28,804,151	-	5,008,756	17,073,279	(57,398,478)	18,803,151

Condensed consolidated statement of cash flows (unaudited)
For the six months ended 31 December 2014
(Stated in U.S. dollars)

	Six months ended 31 December 2014 (unaudited)	Six months ended 31 December 2013 (unaudited)	Year ended 30 June 2014 (audited)
Cash flows from operating activities:			
Net loss for the period	(934,928)	(1,548,159)	(4,060,549)
Items not involving cash:			
Depreciation of property, plant and equipment	2,235	252,556	505,195
Impairment of intangibles	-	-	760,000
Share-based payment expense	-	254,100	609,074
Shares issued to directors in lieu of fees	-	-	190,407
Net foreign exchange (gain)/loss	8,114	(54,364)	(21,822)
Change in working capital items:			
Decrease in receivables	78,313	16,062	(130,263)
(Increase) in inventories	(240,400)	-	-
Increase/(Decrease) in trade and other payables	448,251	(316,446)	(244,331)
Net cash used in operations	(638,415)	(1,396,251)	(2,392,289)
Cash flows from investing activities			
Purchases of property, plant and equipment	(707,996)	(9,781)	(29,868)
Payments to acquire intangible assets	(983,509)	(836,220)	(2,372,022)
Net cash used in investing activities	(1,691,505)	(846,001)	(2,401,890)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	603,529	2,767,037	6,070,359
Proceeds from borrowings, net of costs	441,483		
Net cash generated by financing activities	1,045,012	2,767,037	6,070,359
Net (decrease)/increase in cash and cash equivalents	(1,284,908)	524,785	1,276,180
Cash and cash equivalents, beginning of period	1,358,671	60,669	60,669
Effect of foreign exchange rate changes	(8,114)	54,364	21,822
Cash and cash equivalents, end of period	65,649	638,818	1,358,671

Notes to the consolidated financial statements (unaudited) for the six months ended 31 December 2014

(Stated in U.S. dollars)

1. Basis of presentation

Stellar Diamonds plc (the “Company” or on a consolidated basis the “Group”) is presenting unaudited financial statements as of and for the six months ended 31 December 2014. The comparative periods presented are the audited financial statements as of and for the year ended 30 June 2014 and the unaudited financial statements as of and for the six months ended 31 December 2013.

The information for the six months ended 31 December 2014 does not constitute statutory accounts for Stellar Diamonds plc as defined in section 434 of the Companies Act 2006. A copy of the most recent statutory accounts for the year ended 30 June 2014 has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified but drew attention to the Company’s ability to continue as a going concern and the valuation of intangible assets by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, as adopted by the European Union.

1.1 Going concern

The Company’s business activities, together with the factors likely to affect its future development, its key risks and performance are set out in the Chairman’s Statement.

As discussed in the Chairman’s Statement, the Company is focusing on the ongoing trial mining production and resource building at its Baoulé Joint Venture project in Guinea, and advancing its Tongo kimberlite project in Sierra Leone. In January 2015 the company raised \$1.55m before costs through the issue of shares, and in March 2015 the company made its first sale of diamonds from the Baoulé project, alongside the sale of other diamonds held in stock from the Tongo and Droujba projects resulting in gross revenues of \$415,000. The Company expects to make further sales from Baoulé during the remainder of 2015 however there can be no guarantee as to the timing or amount of any such expected sales. Given the ongoing trial mining productions at Baoulé and the potential of the Tongo project for near term development, the directors believe that the Company will continue to have the ability to access sufficient levels of finance to continue the Group’s projects for the foreseeable future. On that basis, the directors continue to adopt the going concern basis in preparing these financial statements.

1.2 Changes in accounting policy

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in Stellar Diamonds plc’s latest audited financial statements as of and for the year ended 30 June 2014.

2. Segments

The Company is engaged in the acquisition, exploration, development and production of diamond properties in the West African countries of Sierra Leone and Guinea. Information presented to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focussed on the individual projects in geographical locations. The reportable segments under IFRS 8 are therefore as follows:

- Mandala (Guinea);
- Bomboko (Guinea);

- Kono (Sierra Leone);
- Tongo (Sierra Leone);
- Droujba (Guinea);
- Baoulé (Guinea);
- Other exploration;
- Corporate activities in the United Kingdom.

Following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment for the six months ended 31 December 2014:

	Mandala/ Bomboko	Baoulé	Kono	Tongo	Droujba	Other exploration	Corporate	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue – sale of diamonds	-	-	-	-	-	-	-	-
Segment result	(129,920)	-	(43,547)	-	-	-	(761,461)	(934,928)
Finance costs								-
Loss before tax								(934,928)
Income tax expense								-
Loss after tax								(934,928)
Segment assets	1,523,830	2,701,794	4,305,669	6,322,663	4,565,381	207,360	536,505	20,163,202
Segment liabilities	(163,265)	-	-	-	-	-	(1,196,793)	(1,360,058)
Share based payment expense	-	-	-	-	-	-	-	-
Carrying value of intangible assets	-	1,539,962	4,300,528	6,009,532	4,411,879	236,678	414,611	16,913,190
Net book value of property, plant and equipment	1,001,275	718,887	4,889	130,334	766,170	10,847	680	2,633,082
Capital additions								
– property, plant and equipment	-	707,996	-	-	-	-	-	707,996
– intangible assets	-	908,923	-	322,282	201,451	-	-	1,432,656
Depreciation of property, plant and equipment	176,696	15,035	863	23,000	182,796	-	164	398,554
Impairment of intangibles	-	-	-	-	-	-	-	-

Following is an analysis of the Group's revenue and results by reportable segment for the year ended 30 June 2014:

	Mandala/ Bomboko	Baoulé	Kono	Tongo	Droujba	Other exploration	Corporate	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue – sale of diamonds	-	-	-	-	-	-	-	-
Segment result	(1,025,086)	-	(760,000)	-	-	-	(2,275,463)	(4,060,549)
Finance costs								-
Loss before tax								(4,060,549)
Income tax expense								-
Loss after tax								(4,060,549)
Segment assets	2,007,901	710,717	4,306,613	6,056,042	4,594,776	249,446	1,679,379	19,604,874
Segment liabilities	(114,030)	-	-	(18,847)	-	-	(337,447)	(470,324)
Share based payment expense	-	-	-	-	-	-	609,074	609,074

Carrying value of intangible assets	-	683,708	4,300,528	5,844,308	4,274,963	236,678	414,609	15,754,794
Net book value of property, plant and equipment	1,177,971	25,926	5,752	153,335	948,966	10,847	843	2,323,640
Capital additions								
– property, plant and equipment	553	25,926	-	3,389	-	-	-	29,868
– intangible assets	-	683,708	370,313	1,088,146	663,623	45,559	-	2,851,349
Depreciation of property, plant and equipment	504,725	-	2,465	70,162	406,700	-	470	984,522
Impairment of intangibles	-	-	760,000	-	-	-	-	760,000

3. Intangible assets

	Six months ended 31 December 2014	Year ended 30 June 2014
	\$	\$
Exploration and evaluation expenditure		
Cost		
Opening balance	33,438,044	30,586,695
Additions	1,432,655	2,851,349
Transfer to inventories	(274,420)	-
Closing balance	<u>34,596,279</u>	<u>33,438,044</u>
Impairment		
Opening balance	17,683,250	16,923,250
Charge for the period	-	760,000
Closing balance	<u>17,683,250</u>	<u>17,683,250</u>
Carrying value	<u>16,913,029</u>	<u>15,754,794</u>

4. Property, plant and equipment

	Mining assets	Machinery and equipment	Total
	\$	\$	\$
Cost			
At 1 July 2013	11,079,305	9,748,471	20,827,776
Additions	-	29,868	29,868
At 30 June 2014	11,079,305	9,778,339	20,857,644
Additions	-	707,996	707,996
At 31 December 2014	<u>11,079,305</u>	<u>10,486,335</u>	<u>21,565,640</u>
Depreciation			
At 1 July 2013	11,079,305	6,470,177	17,549,482
Charge for the year	-	984,522	984,522
At 30 June 2014	11,079,305	7,454,699	18,534,004
Charge for the period	-	398,554	398,554

At 31 December 2014	11,079,305	7,853,253	18,932,558
Net book value			
At 31 December 2014	-	2,633,082	2,633,082
At 30 June 2014	-	2,323,640	2,323,640

Included within mining assets is the rehabilitation provision for Mandala and Bomboko of \$104,369 (30 June 2014: \$104,369).

5. Post Balance Sheet Events

In January 2015, the company issued 88,362,066 ordinary shares of 1p at a price of 1.16p per share, for gross proceeds of \$1,550,000.

In March 2015, the Company undertook its first sale of diamonds from its Baoulé project alongside diamonds held in inventories from Tongo and Droujba for gross sales proceeds of \$415,000.

6. The Company's unaudited six month results to 31 December 2014 will be available to download from the Company's website at www.stellar-diamonds.com.