Universal Coal Plc

(Registration number 4482856)

Consolidated Unaudited Half Year Financial Statements

for the six months ended 31 December 2019

Corporate directory

Directors	Mark Eames	Interim Independent Non-executive Chairman
	Paul Sanger	Independent Non-executive Director
	Anton Weber	Executive Director and Chief Executive Officer
	Shammy Luvhengo	Executive Director
	Hendrik Bonsma	Non-executive Director
	Craig Ransley	Non-executive Director
	Wal King OA	Non-executive Director
	John Hopkins OAM	Non-executive Chairman - Resigned 13 January 2020
	David Twist	Non-executive Director - Removed from Board - 29 November 2019
	Carlo Baravalle	Non-executive Director - Removed from Board - 29 November 2019

Company secretary
Benjamin Harber (United Kingdom)
of Shakespeare Martineau LLP

ASX Liaison and local agent
Anna Sandham (Australia) of Company Matters Proprietary Limited

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Stock exchange listing
Australian Securities Exchange
(Share code: UNV)

Corporate directory

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	Computershare Investor Services Plc The Pavilions, Bridgewater Road Bristol BS99 6ZY United Kingdom Telephone: +44 87 070 2003
Bankers	HSBC Bank Australia Limited Level 1, 190 St Georges Terrace Perth WA 6000, Australia
	HSBC Bank Plc Coventry DSC, Harry Weston Road Binley West Midlands CV3 2TQ United Kingdom
	Investec Bank Limited 100 Grayston Drive Sandown, Sandton, 2146 South Africa Tel: +27 11 286 7000
	First National Bank 4 First Place, 3rd Floor, Bankcity Johannesburg, 2000 South Africa Tel: +27 11 352 5601
Solicitors	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT United Kingdom
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Website	www.universalcoal.com
Company registration number	4482856

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The reports and statements set out below comprise the consolidated unaudited half year financial statements presented to the shareholders:

Directors' Report

1. Results

Universal Coal Plc ("Company" or "Universal") has entered into a period of significant re-investment in operational infrastructure, extension of existing mines and the development of new operations. The Company increased its production of run-of-mine ("ROM") coal by 34% since the previous corresponding period ("pcp"). This increase is largely due to the inclusion of the North Block Complex ("NBC") for the full period under review. The Company now successfully operates three Collieries and has successfully commenced the development of the Ubuntu Colliery (previously known as Brakfontein). First coal sales from Ubuntu are expected during February 2020.

Expansion of NBC has commenced with the development of the Paardeplaats project, adjacent to the current Glisa opencast pit. The Paardeplaats Section 11 transfer (granting of transfer of ownership approval by the Department of Mineral Resources) approval was delayed to October 2019 however since its granting, the Company has been able to transition into the Paardeplaats mining area without any disruptions. The Paardeplaats resource can produce both domestic and export quality coal.

The Company has forecast 7.9Mt of saleable product to market for the FY2020 and has already achieved sales of 3.5Mt during the first six months. The projected volumes outlook of 7.9Mt for the FY2020 is a 27% increase in volumes from FY2019.

In previous years the Company benefited from domestic demand for greater volumes than the tonnages contracted in its Coal Supply Agreements. From August 2019 however, offtakes from the New Clydesdale Colliery (NCC) and Kangala Colliery was limited to contracted volumes. The Company was able to limit the financial impact at NCC through a product mix re-configuration and has, as a result, increased its export exposure for the remainder of the year. Since the notification Kangala has reduced its forecast volumes for FY2020 by 0.4Mtpa.

Nevertheless, the Company increased its total coal sales by 21% from the pcp of 31 December 2018. Domestic coal sales volumes increased by 32% and export coal sales volumes reduced by 34% over the pcp. The domestic coal sales volume increase was due to the inclusion of the NBC volumes for the entire six month period. In the pcp, only two months of coal sales from NBC were reported as the operation was only acquired on 1 November 2018.

The increased sales volumes contributed to an overall increase of 8% in revenue from ordinary activities compared with the pcp. A 16% reduction in export pricing during the HY2019, at an average price of A$96/t, resulted in a 10% reduction in the total revenue per tonne(1) sold for the period.

The operating profit for HY2019 was A$9.7 million, a 76% decrease from the pcp. The decrease is due to greater exposure to the lower margin domestic market and the decline in export coal pricing, particularly in the first quarter of the reporting period. The operating profit was also negatively affected by a 19% increase in mining costs for the period, due to a changeover of mining contractors at New Clydesdale Colliery ('NCC') and the delay in receiving the Section 11 approval (granting of transfer of ownership approval by the Department of Mineral Resources) at the Paardeplaats project which is part of NBC. This Section 11 delay resulted in coal extraction continuing from the remaining opencut areas within the Glisa operation at a higher unit stripping cost, over a resource producing lower product yields. These mining costs are anticipated to return to forecasted levels for the remainder of the FY2020. The increase in Operational expenses since the pcp is due to the inclusion of NBC operational expenses for the entire six months.

The gross profit percentage reduced from 30% in the pcp to 16% for the HY2019 as a result of the effect of the export pricing environment, change in sales mix, replacement of mining contractor at NCC and approval delays at NBC.

Universal reported a decrease in net profit after tax ('NPAT') of 95% to A$2.7 million (restated HY2018: A$59.6 million) for the six months ending 31 December 2019. The NPAT in the previous year was impacted by the A$20.7 million bargain purchase of NBC (see note 3 of the interim financial statements for disclosure). Excluding this bargain purchase would have resulted in a normalised NPAT of A$38.9 million for the pcp.

Finance income for HY2019 decreased from A$3.0 million to $1.6 million due to the reduction in interest received on the Ndalamo financing facility and available cash balance. Finance expenses relating to the outstanding funding facilities decreased due to the depletion of the outstanding loan amounts. The unwinding of interest on the rehabilitation liabilities has remained consistent with the previous reporting period, at approximately A$1.3 million.

After translating foreign operations, and accounting for the effects of exchange rate differences, the Company has reported a comprehensive profit of A$2.3 million for the half-year ended 31 December 2019 (31 Dec 2018: restated profit of A$61.4 million). This is after a negative foreign exchange loss of A$0.4 million (31 Dec 2018: profit of A$1.9 million).

Directors' Report

The current cash balance at December 2019 is A$12.9 million (31 Dec 2018: A$47.3 million) which is the result of a significant cash investment into the capital improvement and mine development at various assets. The Company has already paid A$5.2 million of dividends to shareholders in December 2019 and has settled in full the NBC deferred consideration to Exxaro (A$7.6 million).

A Total of A$36 million was spent on Capital and Project Development during the last six months, further tabulated below:

Capex Spent to Dec 2019 YTD	**Unit**	**Group**	**Attr.***
Kangala	A$m	-	-
New Clydesdale	A$m	10	5
North Block Complex	A$m	16	8
Ubuntu	A$m	10	5
	A$m	**36**	**18**

* Attributable capital expenditure, allocated to Universal Coal as per the relevant subsidiary shareholding.

As a result of the reversion to contracted tonnages at NCC and Kangala, the Company has increased ROM stock piles at these operations. The majority of the ROM inventory increase relates to NCC which is forecast to be processed for export during the third quarter of FY2020.

At December 2019, the loan receivable from Ndalamo Resources (Pty) Ltd (“Ndalamo”) to the Company was A$19.6 million (June 2019 A$19.8 million) and the shareholders loan from subsidiary to Ndalamo was offset by A$25.2 million (June 2019 A$9.8 million). The development costs during the past six months were funded by shareholders including a cash injection of A$16 million from Ndalamo towards capex requirements at the various operations and is reflected in the increase in the loan payable. The Net effect of the two loans were previously off set, but has been reallocated to be disclosed as separate items on the balance sheet. The net effect of the loans has changed from a net receivable at the end of June 2019 to a net payable of A$5.6 million at the end of December 2019.

Included in the Accounts Receivable is A$8 million outstanding to the Kangala Colliery, relating to price escalations on domestic pricing for the last two years that has not yet been effected. The outstanding amount has been quantified and agreed and the settlement is expected by the end of March 2020.

The borrowings balance outstanding has decreased in line with standard debt repayment terms. No additional debt was been obtained during the period.

The total taxation paid during the period amounted to A$3.7 million.

The ultimate objective of becoming a mid-tier, multi-mine coal producer remains unchanged. Universal, supported by a robust balance sheet, is poised to grow its current project pipeline and simultaneously deliver on its dividend policy. The Company has an appetite for growth through acquisition of projects that fit the Universal Coal project model, as well as developing existing coal resources. The Company maintains a conservative view of export and domestic coal market conditions aiming for the safeguarding of shareholder funds.

2. Review of operations

Operational Performance

For the period ending December 2019, the Company increased sales volumes by 21% on the previous period, and effectively delivered 3.6Mt of coal to market. The increase was due to the fact that the NBC was included for the entire six month period vs only two months being reported in the pcp.

The additional volumes from NBC increased the domestic product sales to 3,238,300 tonnes (31 Dec 2018: 2,447,837 tonnes), 32% over the pcp. Export sales decreased due to Universal’s strategic reduction in export volumes during the first quarter of the period when the API4([2]) was under severe pressure.

Directors' Report

The operational performance of the Universal Coal Group is tabulated below:

Operational Perfomance (tonnes)	Total Year To Date 31-Dec-19	% Change	Total Year To Date 31-Dec-18	Total from Start Of Production
Run-of-mine (ROM)				
Kangala Colliery	1 687 415	(14)%	1 969 016	15 708 177
NCC*	1 711 033	4 %	1 648 984	6 597 581
NBC**	2 001 586	400 %	400 629	2 402 215
Total ROM	**5 400 034**	**34 %**	**4 018 629**	**24 707 973**
Feed to plant				
Kangala Colliery	1 667 717	(15)%	1 967 151	9 214 658
NCC	2 243 313	8 %	2 080 427	7 548 067
NBC	1 707 509	268 %	464 577	1 707 509
Total feed to plant	**5 618 539**	**25 %**	**4 512 155**	**18 470 234**
Domestic sales	3 238 300	32 %	2 447 837	10 251 800
Export sales	337 323	(34)%	507 774	1 646 402
Total sales	**3 575 623**	**21 %**	**2 955 611**	**11 898 202**

** NCC ROM Production in HY2019 Interim financial statements were stated at 2 374 527 which included tonnes from the Discard ROM. Number has been adjusted to reflect only volumes from source.*

*** NBC ROM Production in HY2019 Interim financial statements were stated at 4 769 157 which included tonnes from the Discard ROM. Number has been adjusted to reflect only volumes from source.*

Thermal Coal Operating Assets

Kangala Colliery and Eloff Extension

The Kangala Colliery has reduced its production and associated sales for the period and has revised the forecast for the remainder of the financial year. The reduction is due to the volume restriction implemented by Eskom for the period under review. The Kangala Colliery produced total ROM of 1,687,415 tonnes compared to 1,969,016 tonnes in the previous period. A total of 1,667,717 of coal was beneficiated during the period, resulting in 1,004,618 of thermal coal sales to Eskom.

The colliery sales contributed revenue of A$58.1 million for the HY 2019 resulting in a gross profit of A$8.7 million, achieving a gross profit margin of 15%, which remains unchanged since the pcp.

The Kangala Colliery operates at 3.7Mtpa ROM with an Eskom offtake agreement secured until 2023. The colliery is committed to supplying 2Mtpa of domestic thermal coal to Eskom for the FY2020.

The Eloff Project, situated directly adjacent to the Kangala Colliery, provides an opportunity for Universal to consolidate the contiguous resource base with Kangala. Universal is currently undertaking technical and economic studies to assess the potential for Eloff to extend Kangala's life of mine and/or to upscale the entire operation, or to exist as a standalone operation.

The Eloff Mining Right (MR) and Environmental Authorisation (EA) have been granted respectively by the Department of Mineral Resources (DMR) and the Department of Environmental Affairs. Universal is awaiting the grant of an Integrated Water Use Licence together with an additional EA which is still under application.

Directors' Report

NCC

NCC is located centrally on the southern margin of the Witbank coalfield, 30km south of Middelburg and 70km east of Universal's Kangala Colliery. It consists of a bord & pillar underground operation and a conventional truck and shovel opencut operation.

NCC's production delivered a 4% increase in ROM production and a decrease in sales volumes by 3% from the pcp. Both ROM and product stockpile inventories have increased from the pcp.

The colliery sales contributed revenue of A$83 million for the HY2019 resulting in a gross profit of A$5.5 million, achieving a gross profit margin of 7%. The gross profit decreased from 19% in December 2018 which had been positively affected by the significant increase in the export coal price at that time.

The NCC reported an Operational loss and Net Loss after Tax for the period, mainly affected by the less profitable operational margins. The increase in shareholder loans have increased interest payable to shareholders.

NBC

The NBC is an operational mining and minerals processing business, located near Belfast in the Mpumalanga Province of South Africa. During the period, NBC was granted Section 11 Ministerial Approval for the transfer of the ownership of the Paardeplaats Mining Right and was able to commence with immediate mine development. The Paardeplaats project is adjacent to the Glisa openpit operation, which produces some export quality thermal coal. Development consisted of the extension of the current pit into the Paardeplaats mining area.

Production at NBC was negatively affected by the end-of-life mining of several of the Glisa opencut operations, prior to the commencement of production from the Paardeplaats area. The increase in volumes is due to the fact that the NBC is now reported for the full six month period rather than for only two months in the previous period.

The colliery sales contributed revenue of A$75.3 million for the HY 2019 resulting in a gross profit of A$20 million, achieving a gross profit margin of 27%.

Ubuntu (previously known as Brakfontein)

The Company commenced development of the Ubuntu Colliery in August 2019. The boxcut was excavated and the Colliery extracted the first 20Kt of ROM coal during the month of December 2019. The Colliery has experienced a delay due to excessive wet weather but expects the first delivery of thermal coal to Eskom during the current quarter. Ubuntu is forecast to produce 1.2Mtpa of saleable product([3]) once fully operational, and the Company looks forward to incorporating the Ubuntu Colliery as a profit centre during the third quarter of FY2020.

Thermal Coal Exploration Assets

Arnot South

In September 2016, the Company announced a binding sale of the prospecting right agreement with Exxaro to acquire the Arnot South Project, located near NCC in the Witbank coalfield. The prospect spans some 15,212 hectares and has been subject to drilling campaigns by major mining companies, including Goldfields and Exxaro. There has been no change to the status of this project since the previous interim financial report and the Company awaits regulatory approvals and satisfaction of the conditions precedent to the acquisition agreement prior to assuming ownership.

Coking Coal Assets

Berenice-Cygnus

The Berenice and Cygnus projects are significant metallurgical coal assets, located in the Soutpansberg coalfield of the Limpopo province of South Africa. The Berenice-Cygnus resource is in excess of 1.35 billion tonnes. A mining right application for the Berenice project was submitted to the authorities in December 2015 and an environmental impact assessment has been commissioned. Subject to securing a funding partner, the project will enter pre-feasibility phase and await a decision on the granting of a mining licence.

Directors' Report

3. Corporate

On the 12th of February 2020 the Company was notified that ASX-listed Terracom Ltd (“TerraCom”) had released an offer document in connection with its unsolicited bid for the Company through its wholly owned subsidiary, TCIG Resources Pte Ltd ("TCIG")

Under the Offer Document, TCIG has offered an indicative sum of A$0.335, made up of A$0.10 in cash and 0.6026 ordinary shares in TerraCom for each ordinary share of the Company that it does not already own (“Unsolicited Bid”).

While the committee of the Independent Directors undertakes the detailed review of the Offer Document, the Independent Directors maintain their recommendation that shareholders and holders of CHESS Depositary Interests (“CDIs”) do not take any action or make any decision in relation to the Unsolicited Bid until the Independent Directors have had an opportunity to fully consider the Offer Document and provide a response.

Tony Weber
Chief Executive Officer
28 February 2020

([1]) Total revenue per tonne is calculated as the total revenue from ordinary activities divided by total tonnes sold (export and domestic)

([2]) API4 is the commodity price for RB1 quality export quality thermal coal

([3]) Universal Coal's Next Project Now Fully Permitted - Ubuntu Announcement 19 September 2016

http://www.universalcoal.com/media-centre/asx-announcements/announcements-2016

Directors' Declaration

In the opinion of the Directors:

a. The financial statements and notes set out on pages 10 - 42:

(i) Comply with IAS 34: Interim Financial Reporting; and

(ii) Give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date.

b. There are reasonable grounds to believe that Universal Coal Plc will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

ON BEHALF OF THE BOARD

MR MARK EAMES
INTERIM CHAIRMAN

28 February 2020

Universal Coal Plc
(Registration number 4482856)

Condensed Consolidated Statement of Financial Position as at 31 December 2019

	Note	Reviewed 31 December 2019 A$ '000	Audited* 30 June 2019 A$ '000	Reviewed* 31 December 2018 A$ '000
Assets				
Non-Current Assets				
Property, plant and equipment	4	230 283	148 582	124 064
Intangible assets	5	57 510	116 811	123 421
Investments in associates		34	36	34
Loan receivable	6	19 568	19 750	23 781
Other financial assets		4 092	4 094	2 658
		311 487	**289 273**	**273 958**
Current Assets				
Inventories	7	10 255	5 484	15 051
Trade and other receivables	8	50 707	63 723	43 029
Current tax receivable		-	243	-
Cash and cash equivalents - unrestricted	9	12 060	31 312	46 119
Cash and cash equivalents - restricted	9	855	828	1 232
		73 877	**101 590**	**105 431**
Total Assets		**385 364**	**390 863**	**379 389**
Equity and Liabilities				
Equity				
Equity Attributable to Equity Holders of Parent				
Share capital	10	44 466	44 466	44 466
Reserves		(5 488)	(3 016)	(7 065)
Retained income		84 833	85 682	88 149
Attributable to Equity Holders of Parent		**123 811**	**127 132**	**125 550**
Non-controlling interest		69 015	68 655	67 149
Total Equity		**192 826**	**195 787**	**192 699**
Liabilities				
Non-Current Liabilities				
Borrowings	11	8 155	9 645	24 830
Deferred tax	12	28 058	27 079	11 659
Provisions	13	75 778	74 697	79 093
Loan payable	6	25 187	9 802	11 909
Trade and other payables	14	2 519	3 049	-
		139 697	**124 272**	**127 491**
Current Liabilities				
Borrowings	11	8 145	11 923	12 106
Trade and other payables	14	44 092	58 881	43 226
Current tax payable		604	-	3 867
		52 841	**70 804**	**59 199**
Total Liabilities		**192 538**	**195 076**	**186 690**
Total Equity and Liabilities		**385 364**	**390 863**	**379 389**

The notes on pages 14 to 42 form part of the consolidated unaudited half year financial statements.

* The December 2018 figures have been restated to reflect the amended bargain purchase as per the June 2019 Annual Report (refer to disclosure note 3) and a change in the disclosure of the loans receivable and payable (refer to disclosure note 24) .

Universal Coal Plc
(Registration number 4482856)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2019

	Note	Reviewed half year to 31 December 2019 A$ '000	Reviewed* half year to 31 December 2018 A$ '000
Revenue		217 400	200 744
Cost of sales		(182 239)	(140 404)
Gross profit		**35 161**	**60 340**
Operating expenses		(25 482)	(19 805)
Operating profit		**9 679**	**40 535**
Finance income	15	1 671	3 022
Finance expenses	16	(3 248)	(3 258)
Share of operating profit of associated undertakings		(2)	30
Foreign exchange loss		(20)	(18)
Gain on bargain purchase		-	20 687
Profit before taxation		**8 080**	**60 998**
Taxation	17	(5 380)	(1 441)
Profit for the period		**2 700**	**59 557**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(414)	1 885
Other comprehensive income for the period net of taxation		**(414)**	**1 885**
Total comprehensive income for the period		**2 286**	**61 442**
Profit attributable to:			
Owners of the parent		2 345	29 959
Non-controlling interest		355	29 598
		2 700	**59 557**
Total comprehensive income attributable to:			
Owners of the parent		1 926	31 589
Non-controlling interest		360	29 853
		2 286	**61 442**
Earnings per share			
Per share information			
Basic earnings per share (c)	22	0.45	5.73
Diluted earnings per share (c)	22	0.45	5.73

The notes on pages 14 to 42 form part of the consolidated unaudited half year financial statements.

* The December 2018 figures have been restated to reflect the amended bargain purchase as per the June 2019 Annual Report (refer to disclosure note 3).

Universal Coal Plc
(Registration number 4482856)

Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2019

	Note	Reviewed half year to 31 December 2019 A$ '000	Reviewed half year to 31 December 2018 A$ '000
Cash flows from operating activities			
Cash generated from operations	18	26 611	52 449
Tax paid		(3 688)	(14 782)
Net cash generated from operating activities		**22 923**	**37 667**
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(36 408)	(9 185)
Acquisition of other intangible assets	5	(296)	(283)
Shareholder loan repayment received		1 263	-
Investment in associated undertakings		-	(9)
Purchase of other financial assets		-	-
Acquisition of NBC		-	(1 619)
Acquisition of Eloff Project		-	(9 694)
Transfer from/(to) restricted cash		-	2 113
Finance income		570	1 707
Net cash used in investing activities		**(34 871)**	**(16 970)**
Cash flows used in financing activities			
Repayment of Ubuntu deferred consideration		(403)	-
Shareholder loan advanced		14 809	-
Proceeds from finance facilities		-	9 328
Repayment of finance facilities		(6 874)	(5 323)
Dividends paid		(5 247)	(6 676)
Finance costs		(1 719)	(1 719)
Acquisition of minority interest in Eloff Project		-	(3 661)
Payment of deferred consideration for NBC		(7 550)	-
Net cash used in financing activities		**(6 984)**	**(8 051)**
Total cash movement for the six months		**(18 932)**	**12 646**
Unrestricted cash at the beginning of the period		31 312	33 543
Effect of exchange rate movement on cash balances		(320)	(70)
Total cash and cash equivalents	9	**12 060**	**46 119**
Restricted cash	9	855	1 232
Total cash and cash equivalents (including restricted cash)	9	**12 915**	**47 351**

The notes on pages 14 to 42 form an part of the consolidated unaudited half year financial statements.

Universal Coal Plc
(Registration number 4482856)

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2019

	Share capital A$ '000	Foreign currency translation reserve A$ '000	Convertible instrument reserve A$ '000	Total reserves A$ '000	Retained income A$ '000	Total attributable to equity holders of the group A$ '000	Non-controlling interest A$ '000	Total equity A$ '000
Balance at 1 July 2018	**44 466**	**(10 748)**	**2 053**	**(8 695)**	**63 415**	**99 186**	**38 747**	**137 933**
Profit for the six months	-	-	-	-	29 959	29 959	29 598	59 557
Other comprehensive income	-	1 630	-	1 630	-	1 630	255	1 885
Total comprehensive income for the six months	**-**	**1 630**	**-**	**1 630**	**29 959**	**31 589**	**29 853**	**61 442**
Transactions with owners								
Dividends	-	-	-	-	(5 225)	(5 225)	(1 451)	(6 676)
Other movements within equity	**-**	**-**	**-**	**-**	**(5 225)**	**(5 225)**	**(1 451)**	**(6 676)**
Unaudited balance at 31 December 2018	**44 466**	**(9 118)**	**2 053**	**(7 065)**	**88 149**	**125 550**	**67 149**	**192 699**
Balance at 1 July 2019	**44 466**	**(5 069)**	**2 053**	**(3 016)**	**85 682**	**127 132**	**68 655**	**195 787**
Profit for the six months	-	-	-	-	2 345	2 345	355	2 700
Other comprehensive income	-	(419)	-	(419)	-	(419)	5	(414)
Total comprehensive income for the six months	**-**	**(419)**	**-**	**(419)**	**2 345**	**1 926**	**360**	**2 286**
Other movements within equity	-	-	(2 053)	(2 053)	2 053	-	-	-
Dividends	-	-	-	-	(5 247)	(5 247)	-	(5 247)
Other movements within equity	**-**	**-**	**(2 053)**	**(2 053)**	**(3 194)**	**(5 247)**	**-**	**(5 247)**
Unaudited balance at 31 December 2019	**44 466**	**(5 488)**	**-**	**(5 488)**	**84 833**	**123 811**	**69 015**	**192 826**
Note	10							

The notes on pages 14 to 42 form part of the financial statements

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019

1. Significant accounting policies

General Information

The Company is domiciled in the UK. The address of the registered office is 60 Gracechurch Street, London, EC3V 0HR. The registered number of the company is 4482856.

Presentation of the Consolidated Unaudited Half Year Financial Statements

The consolidated unaudited half year financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and the presentation and disclosure requirements of IAS 34: Interim Financial Reporting. This condensed consolidated half year financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements by Universal Coal Plc. The financial statements have been prepared on the historical cost basis, except for those items held at fair value and incorporate the principal accounting policies set out below.

Basis of preparation

The financial statements have been prepared on the going concern basis. At the period-end the Group had A$12.1 million (31 December 2018: A$46.1 million) of unrestricted cash reserves. The Group's cash flow projections show that in order for the Group to meet its known commitments, debt repayment schedules and operating cash flow requirements, the Group is reliant on the Kangala Colliery, the NCC and NBC continuing to operate in line with forecasts. There is no evidence to suggest that the forecast at these operations will not occur and the Directors are confident that the Group will continue to meet its obligations under the Eskom offtake and export agreements. The Directors are therefore satisfied that the half year financial statements should be prepared on a going concern basis.

The condensed half year financial information for the period 1 July 2019 to 31 December 2019 is unaudited. In the opinion of the Directors, the condensed half year financial information for the period presents the financial position, result from operations, changes in equity and cash flows for the period in conformity to IAS 34 'Interim Financial Reporting' consistently applied. The condensed half year financial information incorporates comparative figures for the periods to 30 June 2019 and 31 December 2018 for the consolidated statement of financial position, the half year period from 1 July 2018 to 31 December 2018 for the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows and the half year period from 1 July 2018 to 31 December 2018 for the consolidated statement of changes in equity. The financial information for the year ended 30 June 2019 contained in this half year report does not constitute statutory accounts as defined by section 435 of the Companies Act, 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors’ report on those accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act, 2006.

Functional and presentation currency

Items included in the consolidated half year financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the South African business operations is South African Rand (ZAR).

The Parent company's functional currency is Australian Dollar (“A$”). The consolidated half year financial statements are presented in Australian Dollar (“A$”), which is the Group’s presentation currency. Further details are provided on the foreign currency accounting policy in the year ended 30 June 2019 Financial Statements.

Judgements made in applying accounting policies and key sources of estimation uncertainty

No material changes have been made to the estimates and judgements applied since the year ended 30 June 2019 Financial Statements.

1.1 New Standards and Interpretations

1.1.1. Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

New or revised pronouncement:	Details of amendment:	Effective date:	Impact:
IFRS 16: Leases	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	Applicable to annual reporting periods beginning on or after 1 January 2019	The impact of the adoption of IFRS 16 on the Group's consolidated financial statements was determined to be immaterial after management performed an in depth assessment of current contracts.
IAS 12: Income Taxes	Annual Improvements 2015 - 2017 Cycle: Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises.	Applicable to annual reporting periods beginning on or after 1 January 2019	No impact

1.1.2. Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2020 or later periods.

New or revised pronouncement:	Details of amendment:	Effective date:	Impact:
IAS 1: Presentation of Financial Statements	Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020	Unlikely there will be a material impact
IAS 1: Presentation of Financial Statements	Classification of Liabilities as Current or Noncurrent: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2022	Unlikely there will be a material impact
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020	Unlikely there will be a material impact

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019

2. Segmental reporting

All investments in associates and subsidiaries operate in one geographical location being South Africa, and are organised into five business units from which the Group's expenses are incurred and revenues are earned, being (1) mining and sale of coal: New Clydesdale Colliery; (2) mining and sale of coal: Kangala Colliery; (3) mining and sale of coal: North Block Complex; (4) exploration and development of coal and (5) corporate activities. The reporting on these investments to the Chief Operating Decision Makers, the Board of Directors, focuses on the key performance indicators that the Directors monitor on a regular basis which are:

- Run-of-Mine (ROM) tonnages, processing plant yields and sales tonnages
- Revenue per tonne
- Cash cost per run-of-mine tonne (ROMt)
- Gross margin in percentage and gross margin per sales tonne
- Management of liquid resources through regular analysis of working capital requirements, bank balances, stay in business capital requirements, cash flow forecasts, accounts receivable and accounts payable ageing metrics.

The non-current assets relating to the capitalisation expenditure associated with the coal projects are located in South Africa. All corporate expenditure, assets and liabilities relate to incidental operations carried out in the United Kingdom, Australia and South Africa.

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019

2. Segmental reporting (continued)

For the half year to 31 December 2019	Mining and sale of coal: Kangala Colliery	Mining and sale of coal: New Clydesdale Colliery	Mining North Block Complex	Exploration and development of coal	Corporate (Unallocated)	Total
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Revenue	58 162	83 033	75 378	827	-	217 400
Cost of sales	(49 445)	(77 459)	(55 331)	(4)	-	(182 239)
Cost of sales - depreciation	(6 644)	(6 321)	(624)	-	-	(13 589)
Cost of sales excluding depreciation	(42 801)	(71 138)	(54 707)	(4)	-	(168 650)
Gross profit	8 717	5 574	20 047	823	-	35 161
Operating expenses	(5 830)	(9 036)	(10 417)	(1 330)	1 131	(25 482)
Share of profit of associated undertakings	-	-	-	(2)	-	(2)
Foreign exchange loss	(65)	152	328	(393)	(42)	(20)
Net finance cost	(250)	(2 459)	(55)	(739)	1 926	(1 577)
Profit/(loss) before taxation	2 572	(5 769)	9 903	(1 641)	3 015	8 080
Taxation	(747)	1 533	(3 469)	(1 826)	(871)	(5 380)
Profit/(loss) after taxation	1 825	(4 236)	6 434	(3 467)	2 144	2 700
Total non-current assets	10 516	89 777	82 959	102 623	25 612	311 487
Total capital expenditure	276	9 185	15 152	11 680	115	36 408
Total assets	38 897	115 091	104 691	92 329	34 356	385 364
Total liabilities	(22 874)	(66 780)	(68 181)	(11 244)	(23 459)	(192 538)

Revenue to the value of A$ 183 365 244 and A$ 32 734 655 was received from Eskom Holdings SOC Limited and Glencore Plc respectively.

All revenues were earned in South Africa.

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

2. Segmental reporting (continued)

For the half year to 31 December 2018	Mining and sale of coal: Kangala Colliery	Mining and sale of coal: New Clydesdale Colliery	Mining North Block Complex	Exploration and development of coal	Corporate (Unallocated)	Total
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Revenue	68 839	105 767	25 453	685	-	200 744
Cost of sales	(58 237)	(70 465)	(11 702)	-	-	(140 404)
Cost of sales - depreciation	(8 327)	(4 348)	(23)	-	-	(12 698)
Cost of sales excluding depreciation	(49 910)	(66 117)	(11 679)	-	-	(127 706)
Gross profit	10 602	35 302	13 751	685	-	60 340
Operating expenses	(4 072)	(7 923)	(2 772)	(321)	(4 717)	(19 805)
Share of profit of associated undertakings	-	-	-	30	-	30
Foreign exchange loss	-	-	-	-	(18)	(18)
Net finance cost	(130)	(1 599)	18	(80)	1 555	(236)
Bargain purchase gain	-	-	20 687	-	-	20 687
(Loss) / profit before taxation	6 400	25 780	31 684	314	(3 180)	60 998
Taxation	(1 824)	(6 760)	8 507	293	(1 657)	(1 441)
(Loss) / profit after taxation	4 576	19 020	40 191	607	(4 837)	59 557
Total non-current assets	23 450	80 204	73 003	71 640	25 661	273 958
Total capital expenditure	1 267	7 911	190	275	9	9 652
Total assets	41 191	131 881	103 034	73 640	29 643	379 389
Total liabilities	(28 923)	(72 027)	(60 887)	(9 676)	(15 177)	(186 690)

3. Business combinations

3.1 North Block Complex ("NBC")

On 1 November 2018 North Block Complex (Pty) Ltd ("NBC") acquired all of the assets and assumed certain liabilities of North Block Complex Colliery from Exxaro Coal Mpumalanga Proprietary Limited ("ECM") and Exxaro Coal (Pty) Ltd ("Exxaro Coal"). UCEHSA (an intermediary holding company) holds a 49% interest in NBC and a BEE partner, Ndalamo Resources (Pty) Ltd ("Ndalamo"), holds the balance of 51% of the equity of NBC. Management has performed a control assessment as required under IFRS 10 Consolidated Financial Statements and concluded that UCEHSA directs the relevant activities of NBC and by virtue of this has control over NBC.

Identifiable assets acquired and liabilities assumed -2019

	Book value A$'000	Fair value uplift A$'000	Fair value A$'000
Property, plant and equipment	7 287	7 639	14 926
Mining resource	42 062	13 870	55 932
Environmental rehabilitation provision	(39 342)	(2 214)	(41 556)
Inventory consumables	242	-	242
Inventory coal stockpiles	-	9 435	9 435
Accruals	(850)	-	(850)
Provision for leave pay	(514)	-	(514)
Deferred tax liability	-	(8 043)	(8 043)
Total fair value of identifiable net assets acquired	**8 885**	**20 687**	**29 572**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Depreciated replacement cost: Depreciated replacement cost reflects adjustment for physical deterioration as well as functional and economic obsolescence.
Inventory	Fair value less cost to sell
Mining Resource	Market approach: comparable transaction methodology

The fair value of NBC's tangible assets (Property, plant and equipment) was re-measured in June 2019 and amended the tangible assets value has was accounted for at the date of acquisition. The Company used an independent specialist to provide the fair value on a per asset basis. The revaluation amounted to the fair value uplift of asset of A$7.6 million.

NBC's operations are subject to specific environmental regulations. The Group conducted a detailed assessment of the environmental liability at the date of the acquisition. In June 2019, the company adjusted the time value and discount effect of the liability acquired and applied a separate valuation to each operating area of the mine. This calculation method is consistent with the treatment of liabilities across the group. The underlying environmental assessment has remained unchanged but the reduction in the discount period has increased the liability on the day of acquisition to A$41.5 million.

As part of the NBC Acquisition the company acquired all ROM and Finished product stockpiles on site on the 1st of November 2018. The Inventory did not form part of the original Sale and Purchase agreement and has therefore not been included in the Cost of acquisition on the day of acquisition. The inventory has been fair valued in June 2019 at A$9.4 million which affected the bargain purchase.

3. Business combinations (continued)

Consideration transferred

The following table summarises the acquisition date fair value of the consideration transferred and the Gain on acquisition:

	2019 A$'000
Cash	1 619
Deferred consideration	7 266
Total consideration transferred	**8 885**
Fair value of identifiable net assets	(29 572)
Gain on acquisition realised	**(20 687)**

The NBC assets and liabilities were acquired for a total consideration price of A$8.885 million of which A$1.6 million (originally a deposit guarantee provided) was released on the date of acquisition.

The S11 for Paardeplaats was granted in October 2019 and the outstanding balance(A$7.6million) of the acquisition price was settled in December 2019.

A gain of A$20.687 million was recognized in June 2019(amended from the original bargain purchases of A$26.2 dicslosed in December 2018). This gain was due to the unlock in value of the undeveloped Paardeplaats adjacent to the current NBC operations. The Universal Coal's streamlined and efficient business model will be implemented in the extraction of the value form this resource.

4. Property, plant and equipment

	31 December 2019			30 June 2019		
	Cost A$'000	Accumulated depreciation A$'000	Carrying value A$'000	Cost A$'000	Accumulated depreciation A$'000	Carrying value A$'000
Mineral properties	68 513	(17 394)	51 119	68 293	(15 035)	53 258
Mine development costs	127 051	(34 619)	92 432	61 340	(28 988)	32 352
Mine plant facilities and equipment	76 404	(26 823)	49 581	74 491	(22 346)	52 145
Other assets	5 666	(2 017)	3 649	9 586	(1 505)	8 081
Deferred stripping costs	9 057	(7 612)	1 445	9 061	(6 315)	2 746
Capital - Work in progress	32 057	-	32 057	-	-	-
Total	**318 748**	**(88 465)**	**230 283**	**222 771**	**(74 189)**	**148 582**

Reconciliation of property, plant and equipment - Group - 31 December 2019

	Opening balance A$'000	Additions A$'000	Transfers A$'000	Foreign exchange movements A$'000	Depreciation A$'000	Total A$'000
Mineral properties	53 258	55	-	171	(2 365)	51 119
Mine development costs	32 352	6 417	59 319 *	(15)	(5 641)	92 432
Mine plant facilities and equipment	52 145	1 945	-	(22)	(4 487)	49 581
Other assets	8 081	280	(4 309)	102	(505)	3 649
Deferred stripping costs	2 746	-	-	(2)	(1 299)	1 445
Capital - Work in progress	-	27 711	4 309	37	-	32 057
	148 582	**36 408**	**59 319**	**271**	**(14 297)**	**230 283**

* Transfer relates to the Paardeplaats mining right, transferred from Intangibles.

Reconciliation of property, plant and equipment - Group - 30 June 2019

	Opening balance A$'000	Additions A$'000	Additions through business combinations	Transfers A$'000	Foreign exchange movements A$'000	Depreciation A$'000	Total A$'000
Mineral properties	36 312	10 671	-	10 485	987	(5 197)	53 258
Mine development costs	27 686	10 261	2 739	-	924	(9 258)	32 352
Mine plant facilities and equipment	40 043	7 084	11 771	-	1 810	(8 563)	52 145
Other assets	3 301	5 213	416	(290)	115	(674)	8 081
Deferred stripping costs	5 288	-	-	-	145	(2 687)	2 746
	112 630	**33 229**	**14 926**	**10 195**	**3 981**	**(26 379)**	**148 582**

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

5. Intangible assets

	Project	31 December 2019 Cost A$'000	31 December 2019 Accumulated amortisation A$'000	31 December 2019 Carrying value A$'000	30 June 2019 Cost A$'000	30 June 2019 Accumulated amortisation and impairment A$'000	30 June 2019 Carrying value A$'000
Mining and Prospecting Rights held by:							
Universal Coal Development I (Pty) Ltd	Kangala	1 071	-	1 071	1 071	-	1 071
Universal Coal Development II (Pty) Ltd	Berenice	31 275	-	31 275	33 922	(2 634)	31 288
Universal Coal Development V (Pty) Ltd	Cygnus	4 118	-	4 118	4 039	-	4 039
Eloff Mining Company (Pty) Ltd	Eloff	20 555	-	20 555	20 494	-	20 494
North Block Complex (Pty) Ltd	Paardeplaats	-	-	-	59 344	-	59 344
Other Intangible Assets							
Computer software		1 448	(957)	491	1 295	(720)	575
Total		**58 467**	**(957)**	**57 510**	**120 165**	**(3 354)**	**116 811**

5. Intangible assets (continued)

Reconciliation of intangible assets - 31 December 2019

	Project	Opening balance A$'000	Additions A$'000	Foreign exchange movements A$'000	Amortisation and impairment A$'000	Transfers to property, plant and equipment	Total A$'000
Universal Coal Development I (Pty) Ltd	Kangala	1 071	-	-	-	-	1 071
Universal Coal Development II (Pty) Ltd	Berenice	31 288	-	(13)	-	-	31 275
Universal Coal Development III (Pty) Ltd	Brakfontein	-	-	-	-	-	-
Universal Coal Development V (Pty) Ltd	Cygnus	4 039	81	(2)	-	-	4 118
Eloff Mining Company (Pty) Ltd	Eloff	20 494	70	(9)	-	-	20 555
North Block Complex (Pty) Ltd	Paardeplaats	59 344	-	(25)	-	(59 319)	-
Computer software	Software	575	145	(1)	(228)	-	491
		116 811	**296**	**(50)**	**(228)**	**(59 319)**	**57 510**

Reconciliation of intangible assets - 30 June 2019

	Project	Opening balance A$'000	Additions A$'000	Additions through business combinations	Foreign exchange movements A$'000	Amortisation and impairment A$'000	Transfers to property, plant and equipment	Total A$'000
Universal Coal Development I (Pty) Ltd	Kangala	1 041	-	-	30	-	-	1 071
Universal Coal Development II (Pty) Ltd	Berenice	30 405	-	-	883	-	-	31 288
Universal Coal Development III (Pty) Ltd	Brakfontein	10 394	-	-	91	-	(10 485)	-
Universal Coal Development V (Pty) Ltd	Cygnus	3 635	305	-	99	-	-	4 039
Eloff Mining Company (Pty) Ltd	Eloff	-	-	20 494	-	-	-	20 494
North Block Complex (Pty) Ltd	Paardeplaats	-	-	55 932	3 412	-	-	59 344
Computer software	Software	74	651	-	2	(152)	-	575
		45 549	**956**	**76 426**	**4 517**	**(152)**	**(10 485)**	**116 811**

5. Intangible assets (continued)

Supplementary information on intangible assets

The following detailed schedule provides additional information pertaining specifically to the interests held by Universal Coal Plc in the identifiable Mining Rights (MR) and Prospecting Rights (PR) as at 31 December 2019:

Project / operation	Subsidiary	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
Kangala Colliery	Universal Coal Development I (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Wolvenfontein 244IR: Portion 1 and RE of Portion 2	951	Mining right: MP30/5/1/2/2/429MR	02/05/2032	Valid Mining Right	70.50 %
Kangala Colliery	Universal Coal Development I (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Middelbult 235IR: Portions 40 and 82	942	Prospecting Right: MP30/5/1/1/2/6 41PR Mining Right application lodged: MP30/5/1/1/2/10179 MR	09/07/2017	PR lapsed A mining right application was lodged and accepted in June 2017. Granting of Mining Right Pending In progress	70.50 %
Berenice Project	Universal Coal Development II (Pty) Ltd	Waterpoort, Limpopo Province, South Africa	Berenice 548 MS; Celine 547 MS; Doornvaart 355 MS; Portion 1 Gezelschap 395 MS; Longford 354 MS; Matsuri 358 MS	6.595	Prospecting Right: LP30/5/1/1/2/376PR Mining Right: LP30/5/1/1/2/10131 MR	19/03/2016	PR lapsed A mining right application was submitted and accepted in Sept 2015. Granting of Mining Right pending. In progress	50.00 %

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

5. Intangible assets (continued)

Project / operation	Subsidiary	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
Ubuntu Colliery	Universal Coal Development III (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	879	Mining Right: MP30/5/1/2/2/1 0027MR	21/02/2027	Valid Mining Right A mining right granted and executed Registration of the mining right is underway	48.90 %
New Clydesdale Colliery	Universal Coal Development IV (Pty) Ltd	Kriel, Mpumalanga Province, South Africa	Roodekop 63IS. Middeldrift 42 IS (portion 4). Diepspruit 41 IS (RE. RE of portions 1. 2. 3. portions 7. 8. 9. 10). Rietfontein 43 IS (RE. RE of portion 1. portion 3. M/A 2. 3. 4 of RE portion 1). Vaalkrans 29 IS (portions 4. 6. 8. 9. 11. 12. 13. 14. 16. RE of portion 16. M/A 2 of portion 6). Clydesdale 483 IS. Lourens 472 IS. Enkelbosch 20 IS (M/A 4 and 5) and Haasfontein 28 IS (portion 1. M/a 6 and 7 of portion 7)	4.960	Mining Right: MP30/5/1/1/2/492MR	05/02/2034	Mining Rights 429MR & 148MR consolidated through S102 of the MPRDA The consolidated mining right was executed on the 1st of November 2017 MR registration with MPTRO underway.	49.00 %
Eloff Project	Universal Coal Development IV (Pty) Ltd	Delmas. Mpumalanga Province. South Africa	Droogfontein 242 IR. Strydpan 243 IR. Stompiesfontein 273 IR	8.168	Mining Right MP30/5/1/2/2/10169 MR	05/12/2038	Mining Right granted and executed. Registration of the mining right is underway	49.00 %

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

5. Intangible assets (continued)

Project / operation	Subsidiary	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
North Block Complex Colliery	North Block Complex (Pty) Ltd	Belfast Mpumalanga Province. South Africa	Glisa Portion 1, 2, 3, 4 and 5 of the farm Paardeplaats 380 JT	1 013.76	Mining Right: MP30/5/1/2/1/326MR	05/12/2039	Valid Mining Right	49.00 %
North Block Complex Colliery	North Block Complex (Pty) Ltd	Belfast Mpumalanga Province. South Africa	Eerstelingsfontein Remaining Extent of Portion 2 and Portions 3, 4, 5, 6, 7, 8 and 9 of the farm Eerstelingsfontein 406 JT	306.56	Mining Right: MP30/5/1/1/2/19MR (10068MR)	11 /06/2013	Mining Right renewal granted Execution of Mining Right underway	49.00 %
North Block Complex Colliery	North Block Complex (Pty) Ltd	Belfast Mpumalanga Province. South Africa	Paardeplaats Remaining extent of Portion 13, Portions 28, 29, 30, 40 of the farm Paardeplaats 380 JT and the Remaining Extent of Portion 2 of the Farm Paardeplaats 425 JS	1 422.4947	Mining Right: MP30/5/1/2/2/190MR	25/11/2038	MR granted, executed and registered. Mining Right successfully ceded to NBC	49.00 %
Cygnus Project	Universal Coal Development V (Pty) Ltd	All Days (Waterpoort) Limpopo Province, South Africa	Cygnus 543MS and adjacent farms	12 299	Prospecting Right: LP30/5/1/1/2/12 76PR Mining Right: LP30/5/1/1/2/10169 MR	28/06/2019	PR lapsed. Mining Right Application lodged and accepted. Granting of Mining right pending In progress	50.00 %

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

5. Intangible assets (continued)

Project / operation	Subsidiary	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
Arnot South Project	Universal Coal Development VII (Pty) Ltd	Arnot. Mpumalanga Province. South Africa	Vlakfontein 166 IS (RE Ext.. portions 2. 5. 8. 9. 10. 13 and 14); Tweefontein 203 IS (RE Ext. of portion 3. RE Ext. of portion 5.RE Ext. of portion 9. RE Ext. of portion 10 and portions 4. 7. 8. 11. 12. 13. 14. 18. 19. 20. 21. 22. 23. 24. 25); Op Goeden Hoop 205 IS (RE Ext. of portion 2); Groblersrecht 175 IS – whole farm; Klipfontein 495 IS (RE Ext. of MA 1); Vaalwater 173 IS (portions 10. 12. 14. RE Ext. of portion 2); Mooiplaats 165 IS (portions 4. 11. 12. 13. 15 and 16); Helpmekaar 168 IS – whole farm; Schoonoord 164 IS (portion 19); Leeuwpan 494 JS (portions 7. 8. 9. RE Ext. and RE Ext. of portion 4); Weltevreden 174 IS (portions 1. 2 (MA). 4 and RE Ext); Nooitgedacht 493 JS (portions 4 and 9)	15 532	Prospecting Right: MP30/5/1/1/2/360PR	Original application 30/10/2006 & 29/10/2011	Renewal of the prospecting right granted	50.00 %

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

	Reviewed 31 December 2019 A$ '000	Audited 30 June 2019 A$ '000	Reviewed 31 December 2018 A$ '000

6. (Loan payable) / loan receivable

Ndalamo Resources Proprietary Limited - loan receivable	19 568	19 750	23 781
Ndalamo Resources Proprietary Limited - loan payable	(25 187)	(9 802)	(11 909)
	(5 619)	**9 948**	**11 872**

The loan balance comprises of a loan receivable of A$19.6 million (30 June 2019: A$19.8 million; 31 December 2018: A$23.8 million) and loans payable on lent to some of the subsidiaries within the group of A$25.2 million (30 June 2019: A$9.8 million; 31 December 2018: A$11.9 million). The loan receivable is secured against a share pledge of Ndalamo's shares in UCD IV and UCD VIII, bears interest at prime plus 1% and is fully repayable by 30 June 2023 in varying capital instalments. The loans payable bear interest at prime and have no fixed terms of repayment.

7. Inventories

Run-of-mine(ROM) stockpiles	5 932	2 589	1 581
Coal product stockpiles	3 785	2 633	13 017
Diesel on hand	297	257	203
Consumable stores	241	5	250
	10 255	**5 484**	**15 051**

8. Trade and other receivables

Trade and other receivables	41 433	55 611	38 789
Deposits	15	11	11
Financial assets	41 448	55 622	38 800
Value Added Taxation	7 535	5 254	1 263
Prepayments	1 724	2 847	2 966
	50 707	**63 723**	**43 029**

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

	Reviewed 31 December 2019 A$ '000	Audited 30 June 2019 A$ '000	Reviewed 31 December 2018 A$ '000
9. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank balances	12 060	31 312	46 119
Restricted cash	855	828	1 232
	12 915	**32 140**	**47 351**

Restricted cash and cash equivalents

Restricted cash and cash equivalents consists of security for financial and supplier guarantees provided by financial institutions on behalf of the group.

Supplier guarantees

Supplier guarantees have been provided to certain suppliers of Universal Coal Development I (Pty) Ltd and have been fully secured by a cash balance of A$0.8 million (30 June 2019: A$0.8 million).

10. Share capital			
Allotted, issued and fully paid			
522 471 758 Ordinary shares of £0.05	44 466	44 466	44 466
11. Borrowings			
Non-current liabilities			
Investec Kangala and NCC Project Finance Facilities	-	1 460	16 454
Capital Harvest Facility - Eloff	8 155	8 185	8 376
	8 155	9 645	24 830
Current liabilities			
Current portion of Investec Kangala and NCC Project Finance Facilities	7 497	10 976	10 979
Capital Harvest Facility - Eloff	648	947	1 127
	8 145	11 923	12 106

Finance facilities

Investec Kangala and NCC Project Finance Facilities	7 497	12 436	27 433
Capital Harvest Facility - Eloff	8 803	9 132	9 503
	16 300	**21 568**	**36 936**

11. Borrowings (continued)

Investec Kangala and NCC Project Finance Facility

The Kangala loan bears interest at three-month JIBAR plus 4% p.a. and the NCC loan at three month JIBAR plus 4.5% p.a.

Security over the debt facilities are standard for a facility of this nature, and involve first ranking security over assets, including bonds over movable, immovable, mining and surface rights. A project completion guarantee for NCC was provided from the parent company; Universal Coal plc.

The finance facilities are subject to debt covenants that the group must remain compliant with. These are measured at the end of every financial year. As at 31 December 2019, the group has remained compliant with all the debt covenants.

Investec Short term loan

A short-term uncommitted revolving working capital facility of A$2.6 million (ZAR25 million) has been provided to the Kangala Colliery by Investec Bank Limited which is secured in line with the security package for the project financing facility. Interest on the daily outstanding balance is levied at JIBAR plus 4% per annum.

At the end of 31 December 2019 the full working capital facility was undrawn and available for draw down as required.

Capital Harvest Facility - Eloff

On 19 October 2018 Universal Coal entered into new financing agreements with Capital Harvest Emerging Farmer Finance (Pty) Ltd (CHEFF).

Details of funds from the CHEFF facility are as follows:

Type:	Term loan
Term:	20 months
Finance Rate:	Prime + 0.25%
Repayment Plan:	Quarterly interest + capital instalments
Finance Amount:	A$ 9.4 million (R 95 million)
Initiation Fee:	A$ 187 000 (R 1.9 million)

Security provided by Eloff Project is via a bond of A$ 9.8 million (R 100 million) covering the properties of Eloff Project as well as cession of all income generated by these properties.

Security provided by Universal Coal PLC:
- General deed of suretyship limited to A$ 9.8 million (R 100 million) for the obligation of Eloff Project.
- Cession of shareholder loan limited to A$ 9.8 million (R 100 million) due by UCEHSA to Universal Coal PLC.

	Reviewed 31 December 2019 A$ '000	Audited 30 June 2019 A$ '000	Reviewed 31 December 2018 A$ '000

12. Deferred tax

Reconciliation of deferred liability

At beginning of year	27 079	11 246	11 246
Foreign exchange adjustments to balance at beginning of the year	(116)	223	-
Statement of Comprehensive Income charge	990	7 124	-
Taxable / (deductible) temporary difference on health care benefits	-	-	(7 574)
Resulting from acquisition of NBC	-	8 045	8 043
Foreign exchange adjustments to spot at year end	105	441	(56)
Balance at the end of the year	**28 058**	**27 079**	**11 659**

Comprising			
Deferred tax liability	40 612	40 082	74 427
Deferred tax asset	(12 554)	(13 003)	(62 768)
Total net deferred tax liability	**28 058**	**27 079**	**11 659**

The deferred tax assets and liabilities are offset to determine the amounts stated in the Consolidated Statements of Financial Position when the taxes can be legally offset and will be settled net.

Deferred tax liability			
- Accelerated capital allowances for tax purposes	40 611	31 546	66 749
- Fair value increases in assets not recognised for tax purposes	-	-	-
- Acquisition of Eloff Mining Company	-	-	(365)
- Resulting from acquisition of NBC	-	8 536	8 043
- Prepayments	1	-	-
Total deferred tax liability	**40 612**	**40 082**	**74 427**

Deferred tax asset			
- Timing difference on rehabilitation provision	(9 893)	(9 378)	(62 719)
- Timing difference on assets	(15)	-	-
- Tax losses	(2 646)	(822)	-
- Acquisition of Eloff Mining Company	-	-	(49)
- Stock	-	(2 803)	-
Total deferred tax asset	**(12 554)**	**(13 003)**	**(62 768)**
Net deferred tax liability	**28 058**	**27 079**	**11 659**

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

13. Provisions

Reconciliation of provisions - 31 December 2019

	Opening balance A$'000	Increase / (decrease) in provision - change in estimate A$'000	Unwinding of provision A$'000	Foreign exchange movement A$'000	Total A$'000
Environmental rehabilitation - Kangala	4 498	-	197	(1)	4 694
Environmental rehabilitation - NCC	26 003	(400)	1 120	(11)	26 712
Environmental Rehabilitation - NBC	44 196	-	1	(19)	44 178
Environmental rehabilitation - Ubuntu	-	194	-	-	194
	74 697	**(206)**	**1 318**	**(31)**	**75 778**

Reconciliation of provisions - 30 June 2019

	Opening balance A$'000	Increase / (decrease) in provision - change in estimate A$'000	Unwinding of provision A$'000	Foreign exchange movement A$'000	Total A$'000
Environmental rehabilitation - Kangala	4 288	-	88	122	4 498
Environmental rehabilitation - NCC	31 612	(9 338)	2 867	862	26 003
Environmental Rehabilitation - NBC	-	41 556	105	2 535	44 196
	35 900	**32 218**	**3 060**	**3 519**	**74 697**

The rehabilitation provision relates to the estimated costs of correcting any disturbance relating to mining activities and those incidental thereto for the Kangala and NCC. The level of provision is commensurate with work completed to date.

The cost of rehabilitation of the Kangala Colliery was estimated at A$4.4 million (30 June 2019: A$4.4 million). The future value of the Kangala provision was calculated by escalating estimated costs at an average CPI of 6% over the life of the mine of 1 year. This amount is discounted at the 10 year South African Government Bond Rate of 8.94% to arrive at a carrying value of A$4.7 million (30 June 2019: A$4.5 million).

The cost of rehabilitation of NCC was estimated at A$31.1 million (30 June 2019: A$31.1 million). The future value of the NCC provision was calculated by escalating estimated costs at an average CPI 6% over the life of the mine of 8.5 years. This amount is discounted at the 10 year South African Government Bond Rate of 8.94% to arrive at a carrying value of A$26.7 million (30 June 2019: A$26.0 million).

The cost of rehabilitation of NBC was estimated at A$44.2 million. Only A$0.68 million of this amount, relating to Paardeplaats was escalated at an average CPI of 6% over the life of mine of 15.5 years. This amount was then discounted at the 10 year South African Government Bond Rate of 8.94% to arrive at a carrying value of A$0.28 million. The rest of the estimated costs were not discounted as the obligation relates to the Glisa and Eerstelingfontein pits with LoM for these pits ending in the upcoming year.

The cost of rehabilitation of Ubuntu was estimated at A$0.22 million (June 2019: A$Nil). The full value of the Ubuntu provision was calculated by escalating estimated costs at an average CPI of 6% over the life of mine of 4.5 years. This amounts is discounted at the 10 year South African Government Bond Rate of 8.94% to arrive at a carrying value of A$0.19 million (30 June 2019: A$Nil)

Refer to Note 9 for financial guarantee undertaken on the environmental rehabilitation provision.

	Group		
	Reviewed 31 December 2019 A$ '000	**Audited 30 June 2019 A$ '000**	**Reviewed 31 December 2018 A$ '000**
14. Trade and other payables			
Non-current liabilities			
Deferred consideration - Ubuntu	2 519	3 049	-
	2 519	**3 049**	**-**
Trade payables	30 847	40 966	35 601
Deferred revenue	339	170	614
Accrued expenses	11 991	9 666	7 011
Deferred consideration - Ubuntu	915	813	-
Deferred Consideration - NBC	-	7 266	-
Financial liabilities	**44 092**	**58 881**	**43 226**

Deferred Consideration - Ubuntu

On the 22 February 2019 Universal Coal entered into an instalment sale agreement to purchase the land on which Ubuntu is on.
Details of the instalment sale agreement are as follows:
Type: Instalment Sale Agreement
Term: 5 Years
Finance Rate: None
Repayment Plan: 20 Quarterly payments commencing on 30 June 2019
Security: None

Deferred Consideration - NBC

The deferred consideration arose from the acquisition of NBC from Exxaro. Please refer to note 3 for the details.

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

	Reviewed 31 December 2019 A$ '000	Reviewed 31 December 2018 A$ '000
15. Finance income		
Interest revenue		
Bank and fixed deposit interest	590	1 725
Ndalamo loan interest	1 081	1 297
Total interest income	**1 671**	**3 022**
16. Finance expenses		
Interest on Investec Project Finance Facilities	953	1 819
Interest on Ndalamo loan	576	-
Other finance charges	401	-
Interest on converting notes	-	-
Accretion of deferred transaction costs	-	31
Unwinding of discount on provisions and other liabilities	1 318	1 408
Total finance costs	**3 248**	**3 258**

17. Taxation

The estimated tax loss available for set off against future taxable income is A$25.3 million (Dec 2018: A$47.5 million).

Factors affecting the tax charge

Profit / (loss) on ordinary activities before tax	8 080	60 998
Tax at the applicable tax rate of 28%	(2 262)	(17 079)
Tax effect of adjustments on taxable income		
Non-taxable gain on bargain purchase	-	5 951
Non-deductible expenses	4 669	4 143
Tax losses utilised	145	5 544
Prior year adjustment	(839)	-
Tax losses not recognised	(7 093)	-
Total taxation	**(5 380)**	**(1 441)**

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

	Reviewed 31 December 2019 A$ '000	Reviewed 31 December 2018 A$ '000
18. Cash generated from operations		
Profit/(loss) before taxation	8 080	60 998
Adjustments for:		
Depreciation and amortisation	14 525	12 980
Foreign exchange loss	20	18
Income from equity accounted investments	2	-
Finance income	(1 671)	(3 022)
Finance expenses	3 248	3 258
Bargain purchase gain	-	(20 687)
Changes in working capital:		
Increase in inventories	(4 771)	(1 708)
Decrease in trade and other receivables	13 259	1 387
Decrease in trade and other payables	(6 081)	(775)
	26 611	**52 449**
19. Significant non-cash transactions		
Operating activities		
Depreciation and amortisation	14 525	12 980
Gain on bargain purchase	-	(20 687)
Finance income	(1 081)	(1 297)
Finance expense	1 894	1 539
	15 338	**(7 465)**

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2019 (continued)

20. Related parties

Relationships

Holding company	Universal Coal and Energy Holdings South Africa Proprietary Limited (UCEHSA)
Subsidiaries	Universal Coal Development I (Pty) Ltd Universal Coal Development II (Pty) Ltd Universal Coal Development III (Pty) Ltd Universal Coal Development IV (Pty) Ltd Universal Coal Development V (Pty) Ltd Universal Coal Development VII (Pty) Ltd Universal Coal Development VIII (Pty) Ltd Twin Cities Trading 374 (Pty) Ltd Epsimax (Pty) Ltd Episolve (Pty) Ltd Bold Moves 1765 (Pty) Ltd Universal Coal Power Generation (Pty) Ltd Eloff Agriculture and Mining Company (Pty) Ltd North Block Complex (Pty) Ltd Manyeka Coal Mines (Pty) Ltd
Associated undertakings	Universal Coal Development VI (Pty) Ltd Universal Coal Logistics (Pty) Ltd
Black Empowerment Economic Partners	Unity Rocks Mining (Pty) Ltd Mountain Rush Trading 6 (Pty) Ltd Solar Spectrum Trading 365 (Pty) Ltd Proper Health (Pty) Ltd Pacific Breeze Trading 725 (Pty) Ltd Azaramix Investments (Pty) Ltd Identity Coal (Pty) Ltd Ndalamo Resources (Pty) Ltd Bono Lithihi Investments Group (Pty) Ltd
Other related parties and connected persons	KEE Property Investment (Pty) Ltd Hendrik Bonsma Eloff Farming Enterprises (Pty) Ltd African Minerals Exploration and Development GP SARL

20. Related parties (continued)

	Reviewed 31 December 2019 A$ '000	Audited 30 June 2019 A$ '000	Reviewed 31 December 2018 A$ '000
Related party balances			
Loan (from) / to related parties			
Ndalamo Resources (Pty) Ltd - receivable	19 568	19 750	23 781
Ndalamo Resources (Pty) Ltd - payable	(25 187)	(9 802)	(11 909)
Related party transactions			
Consulting fees paid to related parties			
African Minerals Exploration and Development GP	-	160	80
IchorCoal N.V.	-	147	80
Mountain Rush Trading 6 (Pty) Ltd	767	8 756	3 827
Ndalamo Resources (Pty) Ltd	4 039	7 488	3 301
Coal Development Holdings B.V.	83	-	-
Dividend paid to related parties			
Mountain Rush Trading 6 (Pty) Ltd	-	3 813	1 451
Rent paid to related parties			
KEE Property Investment (Pty) Ltd	74	138	60
Lease income from Related Parties			
Lease agreement with Eloff Farming Enterprise (Pty) Ltd	290	-	-

Universal Coal Development I (Pty) Ltd secured a portion of the 100% Kangala equity funding requirement of A$16.9 million (ZAR160 million) through a shareholders loan of A$4.30 million (ZAR47.2 million) from Black Economic Empowerment partner Mountain Rush Trading 6 (Pty) Ltd. The Shareholder loan has been repaid in full.

On 12 August 2014, a financing term sheet was entered into between Universal Coal and Energy Holdings South Africa (Pty) Ltd and Ndalamo Resources (Pty) Ltd for the financing of the NCC Roodekop project. The loan is secured against a share pledge of Ndalamo's shares in UCD VIII and UCD IV, bears interest at prime plus 1% per annum and is fully repayable by 30 June 2023 in varying capital installments.

The loan balance comprises of a loan receivable of A$19.6 million (30 June 2019: A$19.8 million; 31 December 2018: A$23.8 million) and loans payable on lent to some of the subsidiaries within the group of A$25.2 million (30 June 2019: A$9.8 million; 31 December 2018: A$11.9 million). The loan receivable is secured against a share pledge of Ndalamo's shares in UCD IV and UCD VIII, bears interest at prime plus 1% and is fully repayable by 30 June 2023 in varying capital instalments. The loans payable bear interest at prime and have no fixed terms of repayment.

On 5 December 2012, the Company entered into a private placement agreement with Coal Development Holding B.V. (CDH) a wholly owned investment vehicle of African Minerals Exploration and Development GP SARL for the acquisition of 29.99% of the issued share capital of Universal Coal Plc. CDH nominated Mr David Twist and Mr Carlo Baravalle as Non-Executive Directors of the board effective from 7 January 2013. Monthly fees of A$16.6k was payable to African Minerals Exploration and Development GP SARL. In November 2019 Coal Development Holding B.V. (CDH) sold 19.9% of their shareholding in the company to TerraCom Limited and both Mr Twist and Mr Baravalle has been removed as directors of the Board on the 29th of November 2019 and all relevant fees payable ceased on this day.

Fees paid to Mountain Rush Trading 6 (Pty) Ltd relate to facilitation and service fees permitted in the Facilitation and Service Fee Agreement entered into on 6 May 2013 between Mountain Rush Trading 6 (Pty) Ltd, Universal Coal Development I (Pty) Ltd and Universal Coal and Energy Holdings South Africa (Pty) Ltd. The transaction is considered to be at “arms-length”.

20. Related parties (continued)

On 1 September 2014, Universal Coal Plc entered into a Subscription Agreement with IchorCoal N.V. for the strategic investment of A$24.5 million and furthermore entered into a Warrant Instrument with IchorCoal N.V. whereby IchorCoal N.V. would subscribe for 71 220 000 Warrants, exercisable for a period of 18 months at a strike price of A$0.36. As part of the investment and effective from 16 October 2014, Messrs Nonkululeko Nyembezi and Andries Engelbrecht were appointed to the Board of Universal Coal as nominee directors of IchorCoal N.V. Monthly fees of A$13.3 thousand are payable to IchorCoal N.V .IchorCoal sold the entire 29.9% of their shareholding to various parties (19.9% was sold to Brasidas Investment Management LCC) and both directors resigned one the 3rd of May 2019.

On the 30th of October 2019 TerraCom Limited acquired 19.9% of the issued share capital of Universal Coal Plc. TerraCom requested the appointment of two Non-Executive directors to the Universal Coal Plc board. Mr Craig Ransley and Mr Wal King were appointed as directors on the November 2019 and will be paid directors fees of A$92 per annum. No other fees are payable to TerraCom Limited.

A lease agreement was renewed with KEE Property Investment (Pty) Ltd on 6 December 2018 for office rental in South Africa. Mr Henri Bonsma (Non-Executive Director of Plc) and Mr Tony Weber (Executive Director and CEO) each owns 18% of KEE Property Investment (Pty) Ltd,. The period of the lease is for 5 years at a market related rental of A$16 000 per month with an annual escalation clause of 8% per annum.

Since 20th of September 2019 Eloff Agricultural and Mining Company (Pty) Ltd (Eloff), entered into a long term lease with Eloff Farming Enterprise (Pty) Ltd for certain portions of the land not dedicated to mining within at Eloff. Eloff Farming Enterprise is 70% Owned by Bonsma Enterprise (Pty) Ltd. Mr Henri Bonsma (Non-Executive Director of Plc) is the sole owner of the Bonsma Enterprises (Pty) Ltd. The transaction is at “arms-length”. The term of the lease is 9 years and 11months at amount starting at ZAR 5.6 million for 12 months ending August 2020, and escalates at 6.5% per annum.

21. Risk management

Financial risk management

A. Accounting Classifications and Fair values

The Group's activities expose it to a variety of financial risks: in particular market risk (including currency risk, fair value and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's performance. The Board on behalf of the members carries out risk management.

The financial instruments of the Group are:		Note	Fair value hierarchy	Loans and receivables Carrying amount A$'000	Financial Liabilities Carrying amount A$'000
31 December 2019					
Financial assets					
Trade and other receivables	1	8	Level 3	41 448	-
Unrestricted cash	1	9	Level 2	12 060	-
Restricted cash	1	9	Level 2	855	-
Loan receivable	1	6	Level 3	19 568	-
Other financial assets		-	Level 3	4 092	-
				78 023	-
Financial liabilities					
Loan payable	2	11	Level 3	-	25 187
Trade payables	1	14	Level 3	-	44 092
Borrowings	2	11	Level 3	-	16 300
				78 023	**85 579**

The financial instruments of the Group are:		Note	Fair value hierarchy	Loans and receivables Carrying amount A$'000	Financial Liabilities Carrying amount A$'000
30 June 2019					
Financial assets					
Trade and other receivables	1	8	Level 3	55 622	-
Unrestricted cash	1	9	Level 2	31 312	-
Restricted cash	1	9	Level 2	828	-
Loan receivable	1	6	Level 3	19 750	-
Other financial assets			Level 3	4 094	-
				111 606	-
Financial liabilities					
Loan payable	2	11	Level 3	-	9 802
Trade payables	1	14	Level 3	-	58 881
Borrowings	2	11	Level 3	-	21 568
				111 606	**90 251**

[1] The carrying amount of these financial assets and liabilities are a reasonable approximation of their fair values
[2] Financial liabilities recognised as at amortised cost
[3] Financial liabilities designated as at fair value through profit or loss

Value Added Taxation and prepayments of A$8.0 million (30 June 2019: A$8.1 million) and provisions and deferred tax of A$104 million (30 June 2019: A$102 million) have been excluded as these do not meet the definition of a financial asset or financial liability as defined in IAS 32 *Financial Instruments: Presentation.*

	Reviewed 31 December 2019	Reviewed 31 December 2018
22. Earnings Per Share		
Numerator		
Earnings used in basic earnings per share (A$)	2 344 737	29 957 070
Earnings used in basic and diluted earnings per share (A$)	**2 344 737**	**29 957 070**
Denominator		
Weighted average number of shares used in basic and diluted earnings per share	522 471 758	522 471 758

23. Events after the reporting period

The directors are not aware of any material events which occurred after the reporting date and up to the date of this report, which would have an impact on the financial statements.

On the 12th of February 2020 the Company was notified that ASX-listed Terracom Ltd (“TerraCom”) had released an offer document in connection with its unsolicited bid for the Company through its wholly owned subsidiary, TCIG Resources Pte Ltd ("TCIG").

Under the Offer Document, TCIG has offered an indicative sum of A$0.335, made up of A$0.10 in cash and 0.6026 ordinary shares in TerraCom for each ordinary share of the Company that it does not already own (“Unsolicited Bid”).

While the committee of the Independent Directors undertakes the detailed review of the Offer Document, the Independent Directors maintain their recommendation that shareholders and holders of CHESS Depositary Interests (“CDIs”) do not take any action or make any decision in relation to the Unsolicited Bid until the Independent Directors have had an opportunity to fully consider the Offer Document and provide a response.

24. Prior year restatement

Statement of Financial Position

		Original figures 31 December 2018 A$ '000	Dislcosure Adjustment on Ndalamo Loan and NBC Bargain A$ '000	Restated 31 December 2018 A$ '000
Assets				
Non-Current Assets				
Property, plant and equipment	Note 2	116 425	7 639	124 064
Intangible assets		123 421	-	123 421
Investments in associates		34	-	34
Loan receivable	Note 1	11 872	11 909	23 781
Other financial assets		2 658	-	2 658
		254 410	**19 548**	**273 958**
Current Assets				
Inventories	Note 2	5 616	9 435	15 051
Trade and other receivables		43 029	-	43 029
Cash and cash equivalents		47 351	-	47 351
		95 996	**9 435**	**105 431**
Total Assets		**350 406**	**28 983**	**379 389**
Equity and Liabilities				
Equity				
Equity Attributable to Equity Holders of Parent				
Share capital		44 466	-	44 466
Other reserves		(7 065)	-	(7 065)
Retained income	Note 2	90 872	(2 723)	88 149
Attributable to Equity Holders of Parent		**128 273**	**(2 723)**	**125 550**
Non-controlling interest	Note 2	69 983	(2 834)	67 149
Total Equity		**198 256**	**(5 557)**	**192 699**
Liabilities				
Non-Current Liabilities				
Borrowings		24 830	-	24 830
Loan payable	Note 1	-	11 909	11 909
Deferred tax	Note 2	3 616	8 043	11 659
Provisions	Note 2	64 506	14 587	79 093
		92 952	**34 539**	**127 491**
Current Liabilities				
Borrowings		12 106	-	12 106
Trade and other payables		43 225	-	43 225
Current tax payable		3 867	-	3 867
		59 198	**-**	**59 198**
Total Liabilities		**152 150**	**34 539**	**186 689**
Total Equity and Liabilities		**350 406**	**28 982**	**379 388**

Note 1: The Ndalamo loan receivable and loan payable were previously disclosed net as there is a legal right of offset. However, management now consider that commercially this loan will be settled gross and have therefore updated the prresentation on the balance sheet to reflect this. There is no impact of this adjustment on profit or loss.

Note 2: As disclosed in note 3 this adjustment is to reflect the adjustments made to the acquisition accounting for NBC. The acquisition accounting was considered provisional at 31 December 2018 and was finalised in the 30 June 2019 annual report

24. Prior year restatement (continued)

Statement of Profit or Loss and Other Comprehensive Income

	Original figures 31 December 2018	Restatement	Restated 31 December 2018
	A$ '000	A$ '000	A$ '000
Revenue	200 744	-	200 744
Cost of sales	(140 404)	-	(140 404)
Gross profit	**60 340**	**-**	**60 340**
Operating expenses	(19 805)	-	(19 805)
Operating profit	**40 535**	**-**	**40 535**
Finance income	3 022	-	3 022
Finance expenses	(3 258)	-	(3 258)
Share of operating profit of associated undertakings	30	-	30
Foreign exchange loss	(18)	-	(18)
Gain on bargain purchase	26 244	(5 557)	20 687
Profit before taxation	**66 555**	**(5 557)**	**60 998**
Taxation	(1 441)	-	(1 441)
Profit for the period	**65 114**	**(5 557)**	**59 557**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	1 885	-	1 885
Other comprehensive income for the period net of taxation	**1 885**	**-**	**1 885**
Total comprehensive income for the period	**66 999**	**(5 557)**	**61 442**
Profit attributable to:			
Owners of the parent	32 682	(2 723)	29 959
Non-controlling interest	32 432	(2 834)	29 598
	65 114	**(5 557)**	**59 557**
Total comprehensive income attributable to:			
Owners of the parent	34 312	(2 723)	31 589
Non-controlling interest	32 687	(2 834)	29 853
	66 999	**(5 557)**	**61 442**

Independent Reviewer Report

Independent Review Report to Universal Coal Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2019 which comprises the condensed consolidated statement of financial position, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements. As disclosed in note one, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, 'Interim Financial Reporting', as adopted by the European Union.

Directors' responsibilities

The half-yearly report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly report in accordance with the rules of the Australian Stock Exchange.

Our responsibilities

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2019 is not prepared, in all material respects, in accordance with the rules of the Australian Stock Exchange and International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the Australian Stock Exchange and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

BDO LLP
Chartered Accountants
55 Baker Street
London W1U 7EU
United Kingdom
28 February 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)