Wollongong Coal Limited

(Formerly known as Gujarat NRE Coking Coal Limited)

ABN 28 111 244 896

Annual Report - 31 March 2014

Contents

31 March 2014

Directors	Mr Jasbir Singh (Chairman) Dr Andrew E. Firek Mr Maurice Anghie
Company secretary	Mr Sanjay Sharma (Chief Commercial Officer)
Registered office	Lot 31 7 Princes Highway, corner of Bellambi Lane Corrimal, NSW 2518 Ph: +61 (02) 4223 6836 Fx: +61 (02) 4283 7449
Principal place of business	Lot 31 7 Princes Highway, corner of Bellambi Lane Corrimal, NSW 2518
Share register	Boardroom Pty Limited Level 7 207 Kent Street Sydney, NSW 2000 Ph: +61 (02) 9290 9600 Fx: +61 (02) 9279 0664
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney, NSW 2000
Bankers	State Bank of India, Sydney Branch Term Lenders: State Bank of India, Export Import Bank of India, Bank of Baroda, Union Bank of India, UCO Bank, Afra Asia Bank, Axis Bank Limited, DBS Bank Limited, Canara Bank, Punjab National Bank, State Bank of Mauritius, Mauritius Commercial Bank.
Stock exchange listing	Wollongong Coal Limited shares are listed on the Australian Securities Exchange (ASX code: WLC)
Website	www.wollongongcoal.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wollongong Coal Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2014.

Directors
The following persons were the directors of Wollongong Coal Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Jasbir Singh (appointed director on 29 July 2013 and Chairman and Chief Executive Officer on 26 October 2013)
Dr Andrew E. Firek
Mr Maurice Anghie
Mrs Mona Jagatramka (resigned on 29 July 2013)
Mr Arun Kumar Jagatramka (Executive Chairman until 26 October 2013 and Non-Executive Director until 14 February 2014)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- mining and producing coal;
- selling and exporting coal; and
- expanding and developing Russell Vale and Wongawilli collieries.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $91,797,000 (31 March 2013: $386,855,000).

The loss includes a net reversal of impairment of $62,870,000 (2013: impairment charge of $357,638,000) and a net foreign exchange loss of $46,443,000 (2013: $659,000). $44,046,000 of the net foreign exchange loss is unrealised and relates to the change in exchange rate between the US dollar and Australian dollar.

Total revenue of the consolidated entity was $69,091,000 compared to $166,795,000 for the previous financial year.

The consolidated entity has net current liabilities of $458,780,000 (2013: $413,268,000), which includes $12,267,000 (2013: $14,801,000) for employee benefits and $382,755,000 (2013: $312,999,000) of borrowings which has been entirely classified as current liabilities in accordance with the accounting standards due to a breach of financial covenants. Notwithstanding the net current liability position, the directors consider that the consolidated entity continues to be a going concern. Refer to note 2 to the financial statements for further details on going concern.

During the financial year the consolidated entity's total production of ROM coal from both the collieries was just over 850,000 tonnes as compared to approximately 1,400,000 tonnes for the previous financial year. Production was lower mainly due to:
- hard sill material and igneous dyke encountered while mining longwall-5 block at Russell Vale Colliery;
- no longwall production at Russell Vale Colliery since extracting longwall-5 in December 2013, due to delays in obtaining necessary approval for further longwall blocks;
- difficult geology and tough mining conditions existed at the Wongawilli Colliery;
- longwall production commenced at Wongawilli Colliery in June 2013 after longwall equipment was relocated to N2 panel, a newly developed area in Nebo part of the colliery;
- no longwall production at Wongawilli Colliery since February 2014, following a roof fall that occurred at the longwall face; and
- delay in receiving services and consumables on various occasions due to cash-flow and liquidity issues that were faced by the consolidated entity especially during the first half of the financial year.

Reversal of impairment of assets
Following the lodgement of the 2013 Annual Report, management restated the 31 March 2013 statement of financial position to recognise a further impairment on mine assets and mine leases of $273,846,000, based on fair value less cost of sale as at 31 March 2013, in accordance with the methodology in AASB 136 'Impairment of Assets' provided by a professional valuer. Refer to note 5 to the financial statements for further details of this restatement and other adjustments. This impairment was partially reversed in the current financial year by $62,870,000 based on the fair value less cost of disposal valuation as at 31 March 2014, in accordance with the methodology in AASB 13 'Fair Value Measurement' provided by a professional valuer. Refer to note 16 to the financial statements for further details on the reversal of impairment.

Significant changes in the state of affairs
Change is control and management of the consolidated entity
In August 2013, the company made a placement offer to Jindal Steel & Power (Mauritius) Limited ('Jindal'), domiciled in Mauritius and part of Jindal Steel & Power Limited ('JSPL'), domiciled in India, to raise $65,700,000 by issuing 328,500,000 fully paid ordinary shares at 20 cents per share plus 328,500,000 options, at no consideration, exercisable at nil price. On 16 October 2013, at a general meeting the company's shareholders, the placement offer was approved and on 12 November 2013, upon receipt of $65,700,000 including an off-set of US$15,000,000 for previous advances and applicable discounts for off-take of 200,000MT of crushed run of mine coking coal, the relevant shares and options were issued to Jindal.

On 15 November 2013, Jindal exercised its 328,500,000 options, increasing its shareholding at the time 53.63%, obtaining majority control. Jindal has further invested around $135 million in the company by participating and taking up their entire entitlements in two rights issue offers during the financial year and two rights issue offer launched on 7 April 2014 and 23 May respectively - refer to 'matters subsequent to the end of the financial year' below for further details. As on the date of this report, Jindal held approximately 74.4% equity in the company.

Change of the company name and the ASX code
On 25 February 2014, at a general meeting the company's shareholders approved the change of name from Gujarat NRE Coking Coal Limited to Wollongong Coal Limited (ASX code 'WLC'). The new name became effective on 27 February 2014.

Over $150 million raised during the financial year
The consolidated entity successfully raised over $150 million by conducting a placement offer to Jindal, as mentioned above, and two accelerated rights issue offers, at 8 cents per share. With these funds raised, the consolidated entity has managed to:
- pay all unpaid wages to staff and recommence paying staff on time;
- pay previous outstanding liabilities as per agreed payment terms and commence paying statutory dues on time and paying its creditors more in line with normal commercial terms;
- resolve and settle a number of material claims and disputes that had been brought against the consolidated entity; and
- pay outstanding interest and bank repayments, restructure a number of existing banking facilities and secure additional banking facilities.

$50 million facility agreement (cash advances)
In order to assist the consolidated entity with cash flow, Jindal has provided a cash advance facility of up to $50 million, until 23 August 2014. Subject to certain restrictions, the facility may be drawn in tranches of minimum $500,000 at discretion of Jindal in order to provide immediate short term funding.

Over $271 million (US$250 million) bank loans and facilities - restructured
During the financial year the consolidated entity successfully restructured the following bank loans and facilities:

• $52.4 million credit facilities from State Bank of India
These facilities include working capital term loan for $35 million with door to door maturity of 6.5 years and a moratorium of 2 years; Cash credit (interchangeable with bill discounting) for $11 million payable on demand, renewed annually; and bank guarantee and interest rate swap facility for $6.4 million.

• $36.1 million (US$33.3 million) facility from State Bank of India
The restructured facility is repayable in 10 structured (unequal) instalments by June 2020 with a moratorium of 2 years.

• $50.0 million bank guarantee from State Bank of India
Access to the bank guarantee has been increased from $40 million to $50 million.

• $27.1 million (US$25 million) working capital demand loan from Bank of Baroda converted into a term loan
The demand loan has been converted into a term loan, repayable in 8 equal instalments over a period of 5 1/2 years with a moratorium of 41 months.

• $128.6 million (US $118.6 million out of US$140 million term loan) from consortium of banks led by Axis Bank Limited ('Axis') has been restructured
The consortium of existing banks have sanctioned and availed the consolidated entity with a fresh facility of US$118.6 million, with an option to increase it up to US$140 million, towards capital expenditure previously incurred.

• $10.8 million (US$10 million) fresh facility provided by Axis
Axis has financed US$10 million with an option to increase it to US$60 million, with other lenders, to part finance the consolidated entity’s capital expenditure.

Axis has also subscribed for and the company has issued 40 million shares at 8 cents per share (i.e. $3.2 million total consideration) under 15% placement capacity available pursuant to the ASX Listing Rule 7.1 to the Axis.

Update on litigations and legal matters
During the financial year, due to liquidity issues and delays in payments to the creditors and government departments, the consolidated entity was issued with several payment demands, legal notices, statutory demands, statement of claims and winding-up proceedings. The consolidated entity’s bank accounts were garnished by the Australian Taxation Office ('ATO') in September/October 2013.

Since the change in control and injection of capital by Jindal, most of those demands and claims were either settled (paid), withdrawn or the parties have agreed upon a payment plan, e.g. ATO, Office of State Revenue and other government departments. The consolidated entity intends to honour those payment plans and clear those outstanding as per agreed terms.

However, as on the date of this report, there are following litigations and/or legal proceedings:

• Winding up applications
Winding up proceedings brought by UIL (Singapore) Pte Ltd '(UIL') has been settled. However PCL (Shipping) Pte. Ltd ('PCL') has applied to be substituted as the plaintiff in the application. Refer to 'matters subsequent to the end of the financial year' below for further details.

The consolidated entity had paid in full $3,850,000 and settled with RUS Mining, who had initiated the winding-up proceedings.

The consolidated entity had paid in full approximately $4,000,000 and settled with Lend Lease Ipower Solutions who has withdrawn winding up proceedings initiated by them.

The consolidated entity has paid in full approximately $3,100,000 and settled with Elton Conveyors. The winding up proceedings are in process of getting withdrawn.

• Statutory demands
The consolidated entity has received a statutory demand from Gujarat NRE India Pty Limited, which is part of Gujarat NRE Group, for the amount of approximately $6,570,000 relating to alleged unpaid loans. The consolidated entity denies the claim and has applied in the Court to set aside the statutory demand. The matter is listed in the Court for further direction on 6 June 2014.

PCL has issued a statutory demand for $3,572,000 (US $3,294,000). The consolidated entity denies the claim and has applied in the Court to set aside the statutory demand. The matter is listed in the Court for hearing on 22 October 2014.

All other statutory demands that were previously served on the consolidated entity have been either settled (paid), withdrawn or the parties have agreed upon a payment plan.

• Statement of claim
The consolidated entity has been served with a statement of claim from British Marine PLC for approximately $2,711,000 (US$2,500,000). The consolidated entity is defending the claim. A proceeding is listed for four day hearing in court from 28 July 2014.

Coal sector jobs funding
The Australian Government withdrew funding under the Coal Sector Jobs Package due to applications to wind up the consolidated entity and concern about payment of past wages and entitlements of employees and other liabilities of the consolidated entity. On the basis that discussions and actions undertaken by the consolidated entity for payment of past wages and entitlements of employees, payment arrangements made with suppliers and government agencies, resumption of work at both mines and efforts made for withdrawal of winding up applications by some creditors, the consolidated entity and the Australian Government have reached an agreement, granting the consolidated entity further funding under the Coal Sector Jobs Package subject to certain conditions been met including all Carbon Tax liabilities for FY2013 are paid in full and FY2014 are paid as and when due. The directors are pleased to advise that the consolidated entity has paid its Carbon Tax liabilities for both FY2013 and FY2014.

Receivables from Gujarat NRE Coke Limited ('GNCL')
As at the reporting date, the consolidated entity was owed $67,602,000 from GNCL the previous owners of the consolidated entity. The consolidated entity remains determined to take all possible actions including legal actions to recover these outstanding amounts. The company's auditors have issued a qualified audit opinion in relation to the recoverability of these amounts.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
Over $51 million raised
On 7 April 2014 the company announced an accelerated pro-rata renounceable rights offer of 2 new shares for every 11 shares held at an issue price of $0.075 per share. The company received applications to subscribe for a total of 391,400,182 new shares from eligible shareholders raising approximately $29.36 million.

On 23 May 2014 the company announced an accelerated institutional and retail entitlement offer of 1 new share for every 7 shares held by those eligible shareholders registered at the record date, 28 May 2014, at an issue price of $0.06 per new share to raise up to approximately $30.30 million. As at the date of issuance of this report the company received around $21.75 million under institutional component of the offer made to Jindal Steel & Power (Mauritius) Pty Ltd.

Winding up application
UIL (Singapore) Pte Ltd ('UIL') was the petitioning creditor in a winding-up application against the consolidated entity in respect of a debt of $15,331,000 (US$14,137,000) said to be owed under a coal purchase agreement. The matter between the consolidated entity and UIL has been settled and UIL has withdrawn its winding up proceedings against the consolidated entity. However, PCL Shipping Pte Ltd ('PCL') a non-party supporting creditor has applied to be substituted as the plaintiff in the proceedings for an alleged debt of around $3,572,000 (US$3,294,000) and the matter is listed for directions on 21 July 2014. The consolidated entity denies the claim and seeking necessary legal advice.

PCL has separately issued a statutory demand to the consolidated entity respect of its debt, and the consolidated entity has separately applied to have the statutory demand set aside on the basis that there is a genuine dispute about the existence of the debt. That application is not scheduled to be heard until October 2014.

Care and maintenance and redundancies
Over the last two years the consolidated entity has been through a difficult time due to the economic downturn with the consequent adverse market conditions especially coal prices remaining at the lowest and lower production has resulted in some severe liquidity issues. Unfortunately, with the market conditions remaining adverse and due to operational issues, the consolidated entity was forced to take some drastic cost cutting including releasing 150 employees in May 2014. This is on top of the 50 employees released in January 2014.

If necessary approvals are not forthcoming, the consolidated entity may be forced to place its Russell Vale Colliery into care and maintenance mode.

No other matter or circumstance has arisen since 31 March 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Likely developments and expected results have been included throughout this report, where relevant. Specific details on the collieries are as follows:

Longwall operations at Russell Vale Colliery
The extraction of longwall 5 was successfully completed in December 2013 and since then the consolidated entity remains focused on developing workings for future longwall extractions whilst waiting for necessary approvals to commence extraction of coal from longwall 6 ('LW6'). While the consolidated entity's original and modified applications for longwall mining at Russell Vale are proceeding through the assessment process with the Department of Planning and Infrastructure ('DPI') and taking its time, the consolidated entity is in the process of applying for an approval for a partial extraction of LW6. This approval will allow the consolidated entity to maintain greater employment levels, which are otherwise at risk given the difficult and challenging market conditions in which the consolidated entity is currently operating.

Longwall operations at Wongawilli Colliery
During the financial year a roof fall occurred on the longwall face as mining into an existing pre-driven roadway was undertaken. The roadway had been supported with secondary support in compliance with geotechnical advice and recommendation. Since then the consolidated entity has developed a detailed strategy to recover the old longwall equipment, however for various reasons the consolidated entity has not yet been able to do this and accordingly, it remains in-situ for the foreseeable future. The remnant mining that had been occurring in the old Nebo workings was uneconomic for either longwall or partial extraction with continuous miner. Hence, the consolidated entity is intending on developing old workings for future continuous miner full extraction, once correct cost structure can be obtained.

The consolidated entity is also currently focusing on approval of and fast-tracking new Wongawilli South Project for future longwall extractions, which would provide sustainable future for the colliery and deliver a world class underground operation.

Environmental regulation
The consolidated entity's operations are controlled and managed by significant environmental regulation under Commonwealth, State and Local legislation. For both Russell Vale Colliery and Wongawilli Colliery there were nil non-compliance reported relating to the Department of Environment, Climate Change and Water ('DECCW') licenses for each mine.

To the best of the directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of all environmental legislations applicable and is not aware of any breach of those requirements during the financial year and up to the date of the directors' report.

Information on directors

Name:	Mr Jasbir Singh (appointed 29 July 2013)
Title:	Chairman and Chief Executive Officer (from 27 October 2013)
Qualifications:	MAICD, post graduate qualification Engineering and Finance
Experience and expertise:	Mr Singh has over 25 years of experience in strategy, corporate affairs, international business and trade, negotiations, project development, capital market including managing takeovers, project finance. He has worked for leading public sector (POWERGRID and NTPC) and private sector companies of India and since 2009 has been Business Head-Australia for Jindal group for investments and project development in Mining and Energy sector companies in Australia. Mr Singh is also on the Board of Port Kembla Coal Terminal and Executive Committee member of Australia India Business Council ('AIBC') - Qld Chapter. He has been associated with various Business interactions between two countries like Parvasi Bhartiya Divas in Sydney, visits of various Business delegations from India. He has been speaker on various conferences such as Coaltrans, Brisbane and Asia Mining Congress, Singapore. Mr Singh has interest in various sporting activities including Cricket, Tennis and Yoga.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

Name:	Dr Andrew E. Firek
Title:	Non-Executive Director
Qualifications:	M.Sc, Ph D, FAusIMM, FAIE
Experience and expertise:	Dr Firek has been involved in mining and mineral processing for over 25 years. His experience includes managing process development, construction, commissioning and operations of coal, base and precious metals plants in Europe, Africa and Australia. He was a United Nations expert in fossil fuels exploration, mineral processing and energy generation. Dr Firek is also familiar with downstream processing of oil and gas that helps in evaluating feasibility of fuel resources. Dr Firek was a Group Leader at the CSIRO, Division of Fossil Fuels in Sydney and was engaged in developing technologies to produce liquid fuels from coal. He was Project Director at Memtec Ltd, following which he joined Pancontinental Mining Ltd where he was Research and Development Manager involved in substantial mineral resources projects including base and precious metals, uranium and the development and commissioning of a $220 million magnesia production facility near Rockhampton in Queensland. Dr Firek was a director of mineral residue processing group Hydromet Technologies Ltd. He was a founding director in three ASX listed companies and managed coal, iron ore, base and precious metals exploration, feasibility studies and financial negotiations for projects in Australia, South America, China (Inner Mongolia) and Indonesia.
Other current directorships:	Technical Director at Orpheus Energy Limited.
Former directorships (last 3 years):	Former Chief Executive Officer and Managing Director of Coalworks Limited (resigned June 2012)
Special responsibilities:	Member of the Audit Committee and member of the Remuneration Committee
Interests in shares:	548,523 direct and 659,000 indirect
Interests in options:	1,200,000 direct and 300,000 indirect

Name:	Mr Maurice Anghie
Title:	Non-Executive Director
Qualifications:	B. Bus, FCA, FCPA, MAICD
Experience and expertise:	Mr Anghie is an experienced and financially qualified professional possessing a range of commercial and financial skills. Having worked extensively in the listed corporate environment, he possesses legal, regulatory and governance expertise. He has been an Audit and Corporate Finance Partner in many chartered accounting firms over many years.
Other current directorships:	Non-executive director of Aditya Birla Minerals Limited
Former directorships (last 3 years):	
Special responsibilities:	Chairman of the Audit Committee and Chairman of the Remuneration Committee
Interests in shares:	685,000 indirect
Interests in options:	1,000,000 direct and 500,000 indirect

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Mr Sharma is a Management Graduate from the University of Canberra with over 15 years of experience in business management. He has held various senior positions in two other companies before joining Wollongong Coal Limited as a Company Secretary in 2004. He is also Company Secretary in other group of companies in Australia. He is currently looking after Secretarial and Legal compliance of the group in particular Wollongong Coal Limited, which is listed on the Australian Securities Exchange ('ASX') as well as acting as its Chief Commercial Officer.

Mr Sharma has been associated with the Wollongong Coal Limited since its inception and was fully involved in the company's successful initial public offering ('IPO') and listing on the ASX. He is also actively involved in investors and other stakeholders' relation.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 March 2014, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Mr Jasbir Singh	17	17	-	-
Dr Andrew E. Firek	27	28	2	2
Mr Maurice Anghie	28	28	2	2
Mrs Mona Jagatramka	9	11	-	-
Mr Arun Kumar Jagatramka	17	27	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The function of the Remuneration Committee was undertaken by the Full Board.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the key management personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- attracts and retains high calibre executives

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors' remuneration
The Board collectively reviews the appropriate criteria for Board membership. The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The level of remuneration for non-executive directors is also considered with regard to practices of other public companies to ensure that fees and payments to non-executive directors are appropriate and in-line with the market. At present the fees payable to directors are fixed and not performance based i.e. not based on company’s revenue or profit etc. The fees and payments to non-executive directors are reviewed annually. Non-executive directors are allowed to invest in the shares in the company and hold options.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 24 July 2010, where the shareholders approved an aggregate remuneration of $1,000,000.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable. Remunerations for executive directors are determined by the Board upon review and recommendation from the Remuneration Committee. The Remuneration Committee may also appoint independent adviser to assist them in analysing and determining adequate pay-structure for an executive and recommending the same to the Board for final consideration and approval.

The executive remuneration and reward framework has the following components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive. Some executives receive a company vehicle or car allowances as part of their remuneration.

Short-term incentives ('STI'): During the financial year, there were no performance based incentives. All remuneration was fixed and based on factors such as experience, time and responsibilities.

Long-term incentives ('LTI'): Except for long service leave and existing options issued in prior years, there were no other LTI. No shares or options were issued to any executive during the financial year.

Consolidated entity performance and link to remuneration
Remuneration is not directly linked to the performance of the consolidated entity.

Use of remuneration consultants
During the financial year ended 31 March 2014, the Remuneration Committee obtained the services from Guerdon Associates to determine adequate remuneration packages for both the Chairman and Chief Executive Officer and Chief Financial Controller. Guerdon Associates instructions and fees were executed by the chair of the Remuneration Committee. They had direct access to the chair of the Remuneration Committee and their report was addressed directly to the chair. Guerdon Associates were paid $10,589 for these service.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. In particular, Guerdon Associates confirmed that their recommendations were free from undue influence by members of key management personnel. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')
At the 2013 AGM, 75.6% of the votes received supported the adoption of the remuneration report for the year ended 31 March 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

Details of the remuneration of the directors and other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) of Wollongong Coal Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Wollongong Coal Limited and the following persons:
- Mr David Stone - Chief Operating Officer (appointed as KMP on 29 January 2014)
- Mr Sanjay Sharma - Company Secretary and Chief Commercial Officer
- Mr Sanjay Loyalka - Former Member of Management Committee (resigned on 30 September 2013)
- Mr Murari Sananguly - Former Member of Management Committee (resigned on 22 February 2013)
- Ms Tanvee Jagatramka - Former Director of Wongawilli Coal Pty Limited (resigned 22 October 2014)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Options $	Total $
Non-Executive Directors:							
A Firek	155,000	-	-	14,241	-	22,159	191,400
M Anghie	155,000	-	-	14,241	-	22,159	191,400
M Jagatramka *	90,071	-	-	8,147	-	22,159	120,377
Executive Directors:							
J Singh (Chairman) **	97,371	-	-	9,007	-	-	106,378
A Jagatramka (Former Chairman) *	620,000	-	-	56,725	15,577	44,318	736,620
Other Key Management Personnel:							
D Stone **	63,673	-	-	6,367	1,719	-	71,759
S Sharma	206,770	-	-	18,996	5,583	23,289	254,638
S Loyalka ***	180,000	-	-	-	-	-	180,000
M Sananguly *	8,404	-	-	768	-	-	9,172
T Jagatramka *	8,404	-	-	768	-	-	9,172
	1,584,693	-	-	129,260	22,879	134,084	1,870,916

* remuneration is up to date of resignation as KMP
** remuneration from date of appointment as KMP
*** was consultant-advisor to the Management Committee

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2013	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Options $	Total $
Non-Executive Directors:							
A Firek	145,000	-	-	13,050	-	44,440	202,490
M Anghie	137,500	-	-	12,375	-	44,440	194,315
M Jagatramka	145,000	-	-	13,050	-	44,440	202,490
Executive Directors:							
A Jagatramka	1,019,231	-	132,496	91,731	-	88,879	1,332,337
Other Key Management Personnel:							
S Sharma	204,141	21,887	-	18,372	5,512	25,871	275,783
S Loyalka *	360,000	-	-	-	-	-	360,000
M Sananguly	15,000	-	-	1,350	-	-	16,350
T Jagatramka	15,000	-	-	1,350	-	-	16,350
	2,040,872	21,887	132,496	151,278	5,512	248,070	2,600,115

* was consultant-advisor to the Management Committee

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2014	2013	2014	2013	2014	2013
Non-Executive Directors:						
A Firek	88%	78%	-%	-%	12%	22%
M Anghie	88%	77%	-%	-%	12%	23%
M Jagatramka	82%	78%	-%	-%	18%	22%
Executive Directors:						
J Singh	100%	-%	-%	-%	-%	-%
A Jagatramka	94%	93%	-%	-%	6%	7%
Other Key Management Personnel:						
D Stone	100%	-%	-%	-%	-%	-%
S Sharma	91%	91%	-%	-%	9%	9%
S Loyalka	100%	100%	-%	-%	-%	-%
M Sananguly	100%	100%	-%	-%	-%	-%
T Jagatramka	100%	100%	-%	-%	-%	-%

Service agreements

Chairman

The pay to the previous Chairman, Mr Jagatramka who resigned effective from 26 October 2013, consisted of base salary of $1,000,000 per annum, superannuation at a prescribed government rate and cost of medical insurance cover for him and his immediate family members along with adequate fully-furnished accommodation and two vehicles of an appropriate standard.

The Board is yet to determine and approve a remuneration package for the current Chairman and Chief Executive Officer, Mr Singh. Once approved, an announcement detailing the remuneration package will be made to the ASX.

Other key management personnel

All other key management personnel are employed on standard employment terms. Either party may terminate their contract by giving minimum four weeks' notice in writing.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 March 2014.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
09/07/2007	30/09/2015	31/12/2015	$0.50	$0.500
09/07/2007	30/09/2017	31/12/2017	$0.50	$0.500
09/07/2007	30/09/2018	31/12/2018	$0.50	$0.500
09/07/2007	30/09/2019	31/12/2019	$0.50	$0.500
09/07/2007	30/09/2020	31/12/2020	$0.50	$0.500
07/05/2008	01/04/2013	30/04/2013	$2.25	$1.660
03/02/2010	01/04/2014	30/04/2014	$0.65	$0.650
03/02/2010	01/04/2015	30/04/2015	$0.65	$0.650
03/02/2010	01/04/2013	30/04/2013	$0.65	$0.650
24/07/2010	01/12/2013	15/12/2013	$0.00	$1.630
30/07/2010	01/04/2014	31/03/2016	$1.00	$0.620

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 31 March 2014.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 31 March 2014 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Sanjay Sharma	-	700	1,300	9%

This concludes the remuneration report, which has been audited.

Shares under option

Each option mentioned below when exercised will be converted into one fully paid ordinary share. At the date of this report, the total numbers of options on issue are:

Grant date	Expiry date	Exercise price	Number under option
04/09/2008	31/12/2016	$1.60	2,500,000
29/08/2009	31/12/2015	$0.60	2,500,000
30/07/2010	31/03/2016	$1.00	2,500,000
09/07/2007	31/12/2015	$0.50	400,000
09/07/2007	31/12/2017	$0.50	400,000
09/07/2007	31/12/2018	$0.50	400,000
09/07/2007	31/12/2019	$0.50	400,000
09/07/2007	31/12/2020	$0.50	400,000
05/02/2009	31/12/2016	$0.50	800,000
05/02/2009	31/12/2017	$0.50	800,000
05/02/2009	31/12/2018	$0.50	800,000
05/02/2009	31/12/2019	$0.50	800,000
05/02/2009	31/12/2020	$0.50	800,000
03/02/2010	30/04/2015	$0.65	585,000
03/02/2010	31/12/2016	$0.65	380,000
03/02/2010	31/12/2017	$0.65	380,000
03/02/2010	31/12/2018	$0.65	380,000
03/02/2010	31/12/2019	$0.65	380,000
03/02/2010	31/12/2020	$0.65	380,000
29/12/2010	31/12/2016	$0.65	790,000
29/12/2010	31/12/2017	$0.65	790,000
29/12/2010	31/12/2018	$0.65	790,000
29/12/2010	31/12/2019	$0.65	790,000
29/12/2010	31/12/2020	$0.65	790,000
			19,935,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Wollongong Coal Limited were issued during the year ended 31 March 2014 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
24/07/2010 - Employee Options	$0.00	480,000
12/11/2013 - Jindal Options	$0.00	328,500,000
		328,980,000

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The directors and officers of the consolidated entity were protected up to 13 May 2014 under ‘Directors and Officers Liability Insurance’ ('DO Cover') maintained by Gujarat NRE Coke Limited, in India. However, following the majority control and management of the consolidated entity changing to Jindal, the consolidated entity is currently in process of obtaining its own DO Cover from local insurers.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 35 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 35 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Jasbir Singh
Chairman

23 June 2014
Corrimal, NSW

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Wollongong Coal Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Wollongong Coal Limited for the year ended 31 March 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Ian Kemp

I S Kemp
Partner - Audit & Assurance

Sydney, 23 June 2014

Under the ASX Listing Rules and the ASX Corporate Governance Council's ('CGC') 'Principles of Good Corporate Governance and Best Practice Recommendations' (2nd Edition), the Corporate Governance Statement of the company must contain specific information of the corporate governance compliance policies of the company and must disclose the extent to which the company has followed the guidelines during the reporting period. Where any recommendation has not been followed by the company, the same must be highlighted along with the rationale for the deviation.

The Corporate Governance Council Principles and Recommendations are:
1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of the shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

Accordingly, the Board of Directors (the 'Board') has included in its corporate governance policies those matters contained in the ASX Recommendations where appropriate.

ROLE OF THE BOARD OF DIRECTORS

The Board is responsible for guiding and monitoring Wollongong Coal Limited and its controlled entities (the 'company') on behalf of the members by whom they are elected and to whom they are accountable.

The Board is ultimately responsible for, and has the authority to determine all matters relating to the strategic directions, policies, practices, establishing goals for management and the operation of the company.

The monitoring and ultimate control of the business of the company is vested to the Board. The Board's primary responsibility is to oversee the company's business activities and management and to act in the best interest on behalf of the company's stakeholders. The Board is collectively experienced in mining, finance, managing listed public companies and the requirements of, and compliance with, the applicable law, the ASX Listing Rules and the ASIC regulations, rules, guidelines and policies.

The Board has the responsibility of approving the appointment of the executives such as chief executive officer ('CEO'), chief operating officer ('CFO'), chief finance officer ('CFO') (or their equivalent) and the company secretary. The Board approves and monitors corporate strategies and performance objectives. With the assistance of its Audit Committee, the Board monitors systems of risk management, compliance and financial reporting. The Board is also responsible for approving and monitoring the progress of major capital expenditure, capital raisings and management, acquisitions and divestitures of the company's assets.

BOARD STRUCTURE AND COMPOSITION

The company's current Board structure, consists of three directors – two independent non-executive directors and one nominee director, is in compliance with CGC's Recommendation 2.1 where a majority of the board entity should be independent directors. The Board supports the appointment of directors who bring a wide range of business and professional skills and experience to the company. The composition of the Board is relatively small but deemed adequate and effective based on the current size and operations of the company. Due to the Boards size, there is currently no separate Nomination Committee, and its activities are undertaken by the full Board.

The current Chairman of the company is Mr Singh who is a nominee director and CEO. This is not in compliance with CGC's Recommendations 2.2 and 2.3. However, the Board believes that the appointment of Mr Singh as both non-independent Chairman and CEO is based on his experienced skills and is in the best in the best interest of the company and stakeholders. The Board also believes that despite Mr Singh being the Chairman of the Board, the independent directors have the majority in the Board.

Each director is required to disclose any interest which might create a potential conflict of interest with his or her duties as a director or which would affect his or her independence. Directors are appointed in accordance with the constitution of the company and are appointed for a period of 3 years or until the third annual general meeting following his or her appointment (whichever is the longer). Any director appointed by the Board during the year stands for re-election at the next Annual General Meeting.

To effectively monitor and manage the company and its operations, the Board has established following committees:
1. Management Committee;
2. Audit Committee; and
3. Remuneration Committee.

CODE OF CONDUCT AND CONFLICTS OF INTEREST

Code of conduct
The code of conduct aims to encourage the appropriate standards of conduct and behaviour of the directors, officers, employees and contractors (collectively called the 'employees') of the company.

The employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the company. In general, the company requires that each employee must comply with all laws and regulations. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the jurisdiction in which the company operates.

Contractors and others employed by the company should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of the company. The practices of the Board are aimed at promoting ethical and responsible decision making. The Board strives for a good corporate governance and industry's best practice. It specifically requires that:

- Employees of the company must act honestly, in good faith and in the best interests of the company as a whole;
- Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment;
- Employees must recognise that their primary responsibility is to the company's stakeholders as a whole;
- Employees must not take advantage of their position for personal gain, or the gain of their associates;
- Directors have an obligation to be independent and unbiased in their judgments;
- Confidential information received by employees in the course of the exercise of their duties remains the property of the company. Confidential information can only be released or used with specific permission from the company; and
- Employees have an obligation, to comply with the spirit as well as the letter of the law and with the principles of this code

Conflicts of interest
The Board is committed to good corporate governance and aims for continuous improvement in these practices. It embraces high ethical standards and requires both personal and corporate responsibility. Employees are required to safeguard the integrity of the company and to act in the best interests of its stakeholders.

The Board has formulated a Directors' Disclosure Policy which in addition to disclosing the directors' modifiable interest in securities of the company is designed to manage potential conflicts of interest. Each director is required to disclose any interest which might create a potential conflict with his or her duties as a director or which might affect their independence.

There must be no conflict, or perception of a conflict, between the interests of any director, officer or employee and the responsibility of that person to the stakeholders. Employees must not improperly use their position for personal or private gain to themselves, family member(s) or their associate(s). Where a potential conflict exists, it is required to be disclosed to the Board prior to any dealings taking place.

COMMITTEES OF THE BOARD

As mentioned above, the Board has established the following committees to assist the Board in performance of its functions:

Management committee
The Board has formed a Management Committee who is responsible for overall control and day-to-day affairs and management of the company under the guidance of the Board. This committee also translates the decisions and planning of the Board into reality under the existing working scenario.

The current Management Committee is comprised of:

- Chief Executive Officer (Chair);
- Chief Operating Officer;
- Chief Financial Controller;
- Operations Managers; and
- Community/HR.

Audit Committee
The Audit Committee plays a key role in assisting the Board with its responsibilities relating to accounting, internal control systems, reporting practices and risk management, and also ensuring the independence of the company's auditors. The Audit Committee also reviews the effectiveness of administrative, operating and accounting controls.
The charter for this committee incorporates policies and procedures to ensure an effective focus from an independent perspective.

The Audit Committee oversees and appraises the quality of the audits conducted by the auditors and emphasises on the areas where the Audit Committee believes that a special attention is required. At present, the external auditors of the company are Grant Thornton Audit Pty Ltd ('Grant Thornton'). The appointment of Grant Thornton is valid till the next Annual General Meeting.

The current composition of the Audit Committee is pretty much in compliance with CGC's Recommendation 4.2, which requires:

- at least three members, all of whom are non-executive directors and majority of whom are independent directors; and
- the Committee is chaired by an independent chair, who is not the chair of the Board.

There are only two independent non-executive directors (Mr Anghie and Dr Firek) in the company and both of them are members of the Audit Committee. The Committee is chaired by Mr Anghie who is an independent director. The third member, who was not a director of the company, Mr Loyalka resigned on 30 September 2013. The Board is yet to determine and appoint the third member of the Committee.

This policy is to be reviewed every two years.

Remuneration Committee
The Board has established a Remuneration Committee whose principle functions are to:

- review and recommend to the Board, the overall strategies in relation to executives' remuneration policies;
- ensure transparent and fair policy for selection and appointment of executives;
- review and make recommendations to the Board in respect of the compensation arrangement for the CEO, all other executive directors and all non-executive directors;
- review the effectiveness of performance incentive plans; and
- review and make recommendations to the Board in respect of all equity based remuneration plans.

In accordance with CGC's Recommendation 8.2, the composition of the Remuneration Committee requires:

- at least three members, the majority of whom are independent directors; and
- the Committee is chaired by an independent chair, who is not the chair of the Board.

The current Remuneration Committee consists of three directors, majority independent directors and is chaired by Mr Anghie, an independent director.

Investors Relations Committee
The company does not have an Investors Relation Committee noting the current shareholding pattern of the company i.e. over 95% held by two significant shareholders. However, the investors' relationship is currently maintained and managed by the Chairman, Company Secretary and Head of Corporate Relations.

RISK MANAGEMENT AND INTERNAL COMPLIANCE AND CONTROL

Management determines the company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and control.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the management. Management is required by the Board to report back on the efficiency and effectiveness of risk management, inter-alia, by benchmarking the company's performance against industry standards.

The risk profile of the company contains both financial and non-financial factors including material risks arising from pricing, competitive position, currency movements, operational efficiency, ore reserve replacement, fuel prices, ground water flows, product quality and investments in new projects.

To mitigate these risks, the company has in place a broad range of risk management policies and procedures including specialised sales contracts, competent management in all disciplines, a comprehensive management information system, an experienced Board, regular Board meetings, financial and internal audits, rigorous appraisal of new investments, advisers familiar with the company and an internal audit function.

Management is responsible for the ongoing management of risk with standing instructions to apprise the Board of changing circumstances within the company and within the international business environment.

This policy is reviewed every two years.

DISCLOSURE MECHANISMS OF THE COMPANY

Continuous disclosure policy
The ASX defines continuous disclosure in its Listing Rules as "the timely advising of information to keep the market informed of events and developments as they occur". The ASX Listing Rules and the Corporations Act require that the company discloses to the market matters which a reasonable person would expect to have a material effect on the price or value of the company's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The company's Continuous Disclosure Policy is designed to meet market best practice, ensuring that all interested parties have an equal opportunity to obtain information which is issued by the company. It is the company's policy for the immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Company Secretary. The Company Secretary is responsible for monitoring information which could be price sensitive, liaising with the Chairman to make an initial assessment, and escalating to the Board for disclosure of such information, where practicable. The Chairman monitors daily activity to ascertain what matters should be considered for disclosure and as soon as a matter is appropriate for disclosure the Chairman immediately notifies the Company Secretary. It is noted that the Company must not delay in giving this information to the ASX. Therefore, if the Board is not immediately available, the Company Secretary is authorised to lodge such information after consultation with the Chairman.

It is also the company's policy that price-sensitive information will be disclosed, in the first instance, to the ASX and then to others. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Company Secretary for clearance prior to any release.

This policy is reviewed annually.

Securities trading policy
The company's trading policy is aimed at ensuring that unpublished price sensitive information about the company is not used in an unlawful manner.

The company's share trading policy regulates dealings by directors, officers and employees in securities issued by the company. The policy also restricts its directors, officers and employees trading in the securities of the company during 'trading-restriction periods' and prohibits 'insider-trading' at all time. In certain circumstances this policy also applies to contractors and consultants.

The policy also ensures that the company:
- must comply with the requirements of the Corporations Act;
- must receive prior notification from directors, officers, employees and contractors of their intention to deal in the company's securities; and
- prohibits short term trading by directors, officers, employees and contractors (if applicable) in the company's securities.

The policy is reviewed annually.

Communication strategy – shareholder communications
The company recognises the value of providing current and relevant information to its shareholders. The company's communication strategy is aimed at promoting effective communication with shareholders and encouraging effective participation at general meetings. In accordance with the company's regulatory obligations, certain periodic reporting will also be made to shareholders, including the annual and interim reports. The company's aim is for informed shareholder participation.

The company is committed to the promotion of investor confidence by ensuring that trading in the company's securities takes place in an efficient, competitive and informed market.

In accordance with the CGC's recommendations the company's external auditors are requested to and attend the annual general meetings and are available to answer shareholder questions about the conduct of the audit and preparation of the auditor's report.

This policy is reviewed annually.

Diversity policy
The company practices the philosophy of hiring the best candidates for all positions at all levels irrespective of their gender, caste, creed and religion. The company believes that a workforce comprises of individuals with differences in age, gender, sexual orientation, religion or national and social origin. The company ensures that all employees are treated with fairness and respect. The company has not established measurable objectives for achieving gender diversity.

The company is committed to embedding a corporate culture that embraces diversity through:
- recruitment on the basis of competence, qualification and performance;
- providing equal employment opportunities through performance and flexible working practices;
- maintaining a safe working environment and supportive culture; and
- the board maintaining measurable objectives to be achieved.

PERFORMANCE EVALUATION PRACTICES

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.
The Board has established formal processes to review its own performance and the performance of individual directors and the committees of the Board, annually.

This policy is reviewed annually.

Wollongong Coal Limited
(Formerly known as Gujarat NRE Coking Coal Limited)
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue	7	69,091	166,795
Other income	8	-	1,530
Expenses			
Cost of sales		(111,087)	(131,311)
Distribution expenses		(22,172)	(31,200)
Administrative expenses		(16,395)	(15,163)
Environmental expenses		(4,594)	(2,619)
Net reversal of impairment/(impairment) of assets	9	62,870	(357,638)
Loss on disposal of assets		(434)	-
Net foreign exchange loss	9	(46,443)	(2,189)
Finance costs	9	(22,633)	(18,451)
Loss before income tax benefit	9	(91,797)	(390,246)
Income tax benefit	10	-	3,391
Loss after income tax expense for the year attributable to the owners of Wollongong Coal Limited	30	(91,797)	(386,855)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of available-for-sale financial assets, net of tax		(315)	707
Other comprehensive income for the year, net of tax		(315)	707
Total comprehensive income for the year attributable to the owners of Wollongong Coal Limited		(92,112)	(386,148)
		Cents	**Cents**
Basic earnings per share	43	(4.74)	(33.65)
Diluted earnings per share	43	(4.74)	(33.65)

Refer to note 5 for detailed information on restatement of comparatives.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wollongong Coal Limited
(Formerly known as Gujarat NRE Coking Coal Limited)
Statement of financial position
As at 31 March 2014

	Note	Consolidated 2014 $'000	2013 $'000
Assets			
Current assets			
Cash and cash equivalents	11	11,647	2,913
Trade and other receivables	12	81,243	59,618
Inventories	13	9,171	17,347
Deposits	14	1,217	-
Total current assets		103,278	79,878
Non-current assets			
Available-for-sale financial assets	15	2,370	5,062
Property, plant and equipment	16	824,250	726,673
Exploration and licenses	17	360	360
Deposits	18	385	366
Total non-current assets		827,365	732,461
Total assets		930,643	812,339
Liabilities			
Current liabilities			
Trade and other payables	19	93,816	115,458
Borrowings	20	382,755	312,999
Working capital facilities from banks	21	73,102	48,821
Derivative financial instruments	22	118	1,067
Provisions	23	12,267	14,801
Total current liabilities		562,058	493,146
Non-current liabilities			
Borrowings	24	-	15,786
Convertible bonds	25	11,398	10,444
Restoration guarantee	26	16,953	15,526
Loan from related party	27	-	284
Total non-current liabilities		28,351	42,040
Total liabilities		590,409	535,186
Net assets		340,234	277,153
Equity			
Issued capital	28	793,984	639,634
Reserves	29	21,399	20,871
Accumulated losses	30	(475,149)	(383,352)
Total equity		340,234	277,153

Refer to note 5 for detailed information on restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes

Wollongong Coal Limited
(Formerly known as Gujarat NRE Coking Coal Limited)
Statement of changes in equity
For the year ended 31 March 2014

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 April 2012	562,240	19,769	3,503	585,512
Loss after income tax benefit for the year	-	-	(386,855)	(386,855)
Other comprehensive income for the year, net of tax	-	707	-	707
Total comprehensive income for the year	-	707	(386,855)	(386,148)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 28)	77,394	-	-	77,394
Share-based payments (note 44)	-	395	-	395
Balance at 31 March 2013	639,634	20,871	(383,352)	277,153

Refer to note 5 for detailed information on restatement of comparatives.

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 April 2013	639,634	20,871	(383,352)	277,153
Loss after income tax benefit for the year	-	-	(91,797)	(91,797)
Other comprehensive income for the year, net of tax	-	(315)	-	(315)
Total comprehensive income for the year	-	(315)	(91,797)	(92,112)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 28)	154,350	-	-	154,350
Share-based payments (note 44)	-	843	-	843
Balance at 31 March 2014	793,984	21,399	(475,149)	340,234

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wollongong Coal Limited
(Formerly known as Gujarat NRE Coking Coal Limited)
Statement of cash flows
For the year ended 31 March 2014

	Note	Consolidated 2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		51,374	162,714
Payments to suppliers and employees		(129,884)	(101,478)
		(78,510)	61,236
Interest received		182	100
Interest and other finance costs paid		(22,633)	(18,451)
Net cash from/(used in) operating activities	42	(100,961)	42,885
Cash flows from investing activities			
Payments for property, plant and equipment	16	(11,286)	(24,559)
Payments for security deposits		(1,236)	-
Payments for mine development and licences	16	(90,528)	(114,365)
Investment in Cethana Project - JV expenses		-	(6)
Proceeds from sale of investments		1,752	-
Proceeds from sale of property, plant and equipment		3,750	-
Net cash used in investing activities		(97,548)	(138,930)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	28	154,350	77,394
Proceeds from borrowings		192,335	57,731
Net increase/(decrease) in related party loans receivables/payables		4,418	(3,733)
Repayment of borrowings		(143,860)	(36,110)
Payment of deposits		-	(74)
Net cash from financing activities		207,243	95,208
Net increase/(decrease) in cash and cash equivalents		8,734	(837)
Cash and cash equivalents at the beginning of the financial year		2,913	3,750
Cash and cash equivalents at the end of the financial year	11	11,647	2,913

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Wollongong Coal Limited as a consolidated entity consisting of Wollongong Coal Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Wollongong Coal Limited's functional and presentation currency.

Wollongong Coal Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lot 31
7 Princes Highway, corner of Bellambi Lane
Corrimal, NSW 2518

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 June 2014. The directors have the power to amend and reissue the financial statements.

Note 2. Going concern

The loss for the financial year after income tax amounted to $91,797,000 (2013: $386,855,000). The loss includes a net reversal of impairment of $62,870,000 (2013: impairment charge of $357,638,000) and a net foreign exchange loss of $46,443,000 (2013: $659,000). $44,046,000 of the net foreign exchange loss is unrealised and relates to the change in exchange rate between the US dollar and Australian dollar.

Net current liabilities of $458,780,000 (2013: $413,268,000) includes borrowings of $382,755,000 (2013: $312,999,000) which have been entirely classified as current liabilities to comply with Accounting Standards AASB 101 'Presentation of Financial Statements', due to breach of financial covenants. The expected principal repayments due on borrowings for the year ending 31 March 2015 is $29,932,000.

The current adverse performance of the consolidated entity was primarily due to:
- Significant adverse financial market conditions;
- The high Australian dollar resulting in lower revenues;
- Lower coking coal prices during the financial year;
- Reduced production due to development activities carried out at the mine;
- Delay in receiving services and consumables on various occasions due to liquidity issues; and
- Delays in receiving mining permits from authorities.

The directors consider the consolidated entity to be a going concern on the basis of the following:

Cash injection of $200 million, letter of support and facility agreement of US$50 million
The parent entity Jindal Steel & Power (Mauritius) Pty Ltd ('JSPML'), a wholly owned subsidiary of the ultimate parent entity, Jindal Steel & Power Limited, has injected over $150 million into the company during the year. A further $50 million has been injected in the first quarter of 2014/15. In addition to such equity inflows, JSPML has also provided the consolidated entity with a letter of support.

JSPML has provided a facility agreement of US$50 million.

Settlement of legal claims
Winding up proceedings against the consolidated entity initially originated by RUS Mining Services Pty Ltd and later substituted by UIL (Singapore) Pte Ltd has also been settled. However, PCL Shipping Pte Ltd ('PCL') a non-party supporting creditor has applied to be substituted as the plaintiff in the proceedings for an alleged debt of around $3,572,000 (US$3,294,000) and the matter is listed for directions on 21 July 2014. The consolidated entity denies the claim and seeking necessary legal advice.

Note 2. Going concern (continued)

Statutory demands
The consolidated entity has been served with number of statutory demands with most of them have been paid and/or resolved. However, there are 2 known statutory demands which the consolidated entity is currently disputing with the relevant parties and expect to have these withdrawn.

Creditors – settlements, payment plans and better terms going forward
The consolidated entity has negotiated with most of its creditors for better liquidity management along the following lines:
- Receiving discount on past balances incurred prior to 28 October 2013;
- Agreeing to repay outstanding amounts in tranches over periods for up to a further 18 months;
- Negotiating better prices for future services and products; and
- Negotiating better and longer credit terms.

Rescheduling of bank debts
During the financial year the consolidated entity successfully negotiated with its bankers the rescheduling of its bank loans for a longer period. As noted above, all borrowings have been classified as current due to covenant breaches as at 31 March 2014. Notwithstanding such breaches, the consolidated entity has not received any breach notices or waivers of said breaches. All interest and payments of principal are up to date.

Mining applications
The consolidated entity has applied for various permits to continue mining and are confident that they will be received in the future.

Cost control
A Voluntary Redundancy Scheme ('VRS') announced on 12 December 2013 has achieved annualised cost saving in excess of $6 million. A further VRS was announced on 12 May 2014 which should achieve additional cost savings.

The consolidated entity believes that with all measures put in place as detailed above, together with the continued support of its suppliers, financiers and shareholders, the consolidated entity would be able to put its liquidity troubles behind it and move to the more productive aspect of running a profitable business.

The directors consider the consolidated entity to be a going concern and will be able to meet its debts and obligations as they fall due. Notwithstanding the above, if one or more of the planned measures do not eventuate or are not resolved in the consolidated entity's favour, then in the opinion of the directors, there will be significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay its debts and obligations as and when they become due and payable.

If the consolidated entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts different from those states in the financial statements.

No adjustments have been made to the financial statements relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Significant accounting policies (continued)

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity, except for AASB 13 'Fair Value Measurement', refer below.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 effective from 1 April 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 effective from 1 April 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 effective from 1 April 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint arrangements (joint operations and joint ventures). The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments effective from 1 April 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used. The application of AASB 13 has affected the application of AASB 136 'Impairment of Assets' as detailed in note 16.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments effective from 1 April 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 effective from 1 April 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

Note 3. Significant accounting policies (continued)

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-2 effective from 1 April 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 effective from 1 April 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 effective from 1 April 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, available-for-sale financial assets and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 39.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wollongong Coal Limited ('company' or 'parent entity') as at 31 March 2014 and the results of all subsidiaries for the year then ended. Wollongong Coal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 3. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Wollongong Coal Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Export sales
Revenue comprises sale of coal at invoiced amounts, with most sales being cost and freight. Amounts billed to customers in respect of shipping and handling are classified as revenue where the consolidated entity is responsible for carriage and freight. Revenue also includes the charter service revenue at invoiced amounts. All shipping and handling charges incurred by the consolidated entity are recognised as operating costs.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Lease rental income from housing and farm leasing is recognised in income on a receipts basis.

Note 3. Significant accounting policies (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Wollongong Coal Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current distinction
Assets and liabilities are presented in statements of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 3. Significant accounting policies (continued)

Inventories
Inventories of coal are physically measured or stated at the lower of cost and net realisable value.

Coal stocks comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs are assigned to inventories using the weighted average basis.

Stores cost comprises average cost of purchase price and associated charges.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date, with subsequent changes taken to profit or loss unless the derivative is designated as a hedging instrument.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Note 3. Significant accounting policies (continued)

Property, plant and equipment
Property, plant and equipment are stated at historical cost less depreciation or amortisation. The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

Mine development is activities undertaken to gain access to mineral reserves. Typically this includes sinking shafts, permanent excavations, building transport infrastructure and roadways.

Deferred restoration costs represents the costs to restore the leased premises and is calculated at the discounted present value of the estimated restoration at the end of the lease term.

Pre-production costs are capitalised to the extent they give rise to a future economic benefit and include costs incurred in preparing the site for mining operations, including stripping costs. Costs associated with a start-up period are capitalised where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Depreciation and amortisation are calculated to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	20 - 40 years on a straight line basis
Plant and equipment	3 - 10 years on a straight line basis
Mine development	Proportion to actual production measured against mineable resources in the mine area developed on which the expenses were incurred
Mining leases	Proportion of actual production measured against the mineable resources available in the mine
Deferred restoration cost	On a straight line basis over the life of the mine lease
Pre-production expenses	Proportion to actual production measured against mineable resources in the mine seam for which the expenses were incurred

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and licenses
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs that do not meet these criteria are expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 3. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave, long service leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are recognised in respect of services provided by employees up to the reporting date and measured based on expected date of settlement. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for wages and salaries, and annual leave expected to be settled more than 12 months of the reporting date, and long service leave is recognised and measured as the present value of expected future payments to be made using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 3. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Convertible bonds
Bonds are a compound financial instrument containing liability and equity components, which are shown separately in the statement of financial position. The initial fair value of the liability component is the discounted present value of the liability. The fair value of the equity comprises its time value.

Issued capital
Ordinary shares are classified as equity.

Note 3. Significant accounting policies (continued)

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

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Wollongong Coal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 3. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives
Comparatives have been restated where necessary to conform to current presentation.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 March 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
This standard and the amendments are expected to be applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. The standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 March 2018 but the impact of adoption is yet to be assessed.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 March 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 March 2014 may increase the disclosures by the consolidated entity.

Note 3. Significant accounting policies (continued)

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 March 2014 will not have a material impact on the consolidated entity.

AASB 2014-1 Amendments to Australian Accounting Standards
These amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity.

The amendments also affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 March 2015 will not have a material impact on the consolidated entity.

Interpretation 21 Levies
This interpretation is applicable to annual reporting periods beginning on or after 1 January 2014. The Interpretation clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. The adoption of the interpretation from 1 March 2014 will not have a material impact on the consolidated entity.

IFRS 15 Revenue from Contracts with Customers
This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity should recognise revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. The consolidated entity has yet to assess the impact of this standard.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Mine closure and rehabilitation provision estimates
Provision is made for the anticipated costs of future site restoration. The provision includes estimated future costs relating to the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site.

The calculation of rehabilitation and closure provisions (and corresponding capitalised closure cost assets where necessary) rely on estimates of cost required to rehabilitate and restore disturbed areas of land to their original condition and discounting factors. These estimates are regularly reviewed and adjusted in order to ensure that most up to date data is used to calculate these balances. The closure and rehabilitation provision is disclosed in the note on restoration guarantee.

Mine development and pre-production capitalisation
The consolidated entity's activities undertaken to gain access to mineral reserves or sinking shafts, permanent excavations, building transport infrastructure and roadways are capitalised and are amortised over the estimated reserves in that developed area of the mine. Amortisation is calculated in proportion to actual production when measured against mineable resources in the mine area developed. The consolidated entity has allocated its resources to develop longwall blocks in the Russell Vale Colliery, making this colliery a development mine. Since 1 June 2011 all expenses have been capitalised to mine development cost except variable cost directly related to any production panel and any revenue from developmental coal which are accounted in profit or loss with corresponding cost for developmental coal being equivalent to sale revenue being charged back to profit or loss from capitalised development cost to have zero impact on profitability. The carrying value of mine development and pre-production is reviewed by directors to ensure it is not in excess of its recoverable amount.

Determination of coal reserves and resources
The consolidated entity estimates its coal reserves and resources based on information compiled by competent persons as defined in the Australian code for reporting the coal mineral resources and ore reserves of December 2004 (JORC CODE). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the time for payment of close down and restoration costs.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position. The consolidated entity has not impaired the receivables with its former parent entity, Gujarat NRE Coke Limited and other associated entities as steps are being taken to recover the receivables in full.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment and reversal of impairment of non-financial assets
The consolidated entity assesses impairment and any reversal of impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment or reversal of impairment. If an impairment trigger or indicator of reversal exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Where fair value less costs of disposal is used, the valuation takes into consideration what a market participant would do to obtain the highest and best use of the asset. An estimate is made of the potential costs of disposal. Refer to note 16.

Note 5. Restatement of comparatives

Following the issuance of the 31 March 2013 financial statements, the new management have reassessed the number of cash generating units ('CGUs') and the carrying value of its assets and liabilities and made the following adjustments on the basis that they reflect prior year errors:

Increase Capital WIP (PPE) $3,593,000
Amortisation of mine assets $2,541,000
Impairment of mine assets $127,338,000
Impairment of Avondale lease $146,508,000
Additional accruals and creditors $5,270,000
Decrease in deferred tax asset $32,193,000 **

** Deferred tax asset has been derecognised as its recovery is uncertain. This is a correction from the Interim Report to 30 September 2013 where a deferred tax asset of $45,470,000 continued to be recognised.

The consolidated entity obtained an independent valuation for its mining assets and mining licenses ('Assets') to determine their carrying value for the year ended 31 March 2013. The initial valuation range (low, medium and high) for the Assets was considered and the consolidated entity used the value which was on the higher side of the range when issuing the 31 March 2013 financial statements, based on the allocation of Assets to one CGU. The consolidated entity's auditor raised certain concerns in relation to the valuation used by the consolidated entity as well as on some of the assumptions on which the valuation was based upon. They also queried the CGU allocation. Noting the auditor's concerns and to ensure the adequacy of the carrying value of its Assets, the consolidated entity obtained a revised valuation and accepted to use a more conservative value. The consolidated entity also determined that it is more appropriate to treat the two collieries as separate CGUs, with the Avondale mining lease considered a separate asset forming part of the Wongawilli Colliery. Consequently in accordance with AASB 136 'Impairment of Assets', the consolidated entity has taken a carrying value of $726,673,000 for its Assets. i.e. the consolidated entity impaired its mining Assets by an additional $273,846,000 compared to impairment reported on 31 March 2013. In accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' this adjustment has been made retrospectively.

Note 5. Restatement of comparatives (continued)

The revised report, which suggested $726,673,000 as a preferred value for the consolidated entity's Assets, was based on several assumptions including but not limited to:
• Discounting rate of 9.5% (based on WACC);
• Long-term coking coal prices of $197;
• Long-term exchange rate of US $1.00: Aus $0.85;
• Life of each mine over 25 years; and
• Permitted rate of extraction of up to 3.2 Mtpa for both the mines, in accordance with the current mining plans.

The effect on the statement of financial position and the statement of profit or loss and other comprehensive income for the immediately preceding period (31 March 2013) were as follows:

Statement of profit or loss and other comprehensive income

		Consolidated	
	2013 $'000 Reported	$'000 Adjustment	2013 $'000 Restated
Revenue	166,795	-	166,795
Other income	1,530	-	1,530
Expenses			
Cost of sales	(128,770)	(2,541)	(131,311)
Distribution expenses	(31,200)	-	(31,200)
Administrative expenses	(13,486)	(1,677)	(15,163)
Environmental expenses	(2,619)	-	(2,619)
Net reversal of impairment/(impairment) of assets	(83,792)	(273,846)	(357,638)
Net foreign exchange loss	(2,189)	-	(2,189)
Finance costs	(18,451)	-	(18,451)
Loss before income tax benefit	(112,182)	(278,064)	(390,246)
Income tax benefit	35,584	(32,193)	3,391
Loss after income tax expense for the year attributable to the owners of Wollongong Coal Limited	(76,598)	(310,257)	(386,855)
Other comprehensive income			
Gain/(loss) on revaluation of available-for-sale financial assets, net of tax	735	(28)	707
Other comprehensive income for the year, net of tax	735	(28)	707
Total comprehensive income for the year attributable to the owners of Wollongong Coal Limited	(75,863)	(310,285)	(386,148)

	Cents Reported	Adjustment	Cents Restated
Basic earnings per share	(0.06)	(33.59)	(33.65)
Diluted earnings per share	(0.06)	(33.59)	(33.65)

Statement of financial position at the beginning of the earliest comparative period
When there is a material restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 April 2012. However, as there were no adjustments made as at 1 April 2012, the consolidated entity has elected not to show the 1 April 2012 statement of financial position.

Note 5. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
	2013 $'000 Reported	$'000 Adjustment	2013 $'000 Restated
Assets			
Current assets			
Cash and cash equivalents	2,913	-	2,913
Trade and other receivables	59,618	-	59,618
Inventories	17,347	-	17,347
Total current assets	79,878	-	79,878
Non-current assets			
Available-for-sale financial assets	5,062	-	5,062
Property, plant and equipment	999,467	(272,794)	726,673
Deferred tax	32,193	(32,193)	-
Exploration and licenses	360	-	360
Deposits	366	-	366
Total non-current assets	1,037,448	(304,987)	732,461
Total assets	1,117,326	(304,987)	812,339
Liabilities			
Current liabilities			
Trade and other payables	110,188	5,270	115,458
Borrowings	312,999	-	312,999
Working capital facilities from banks	48,821	-	48,821
Derivative financial instruments	1,067	-	1,067
Provisions	14,801	-	14,801
Total current liabilities	487,876	5,270	493,146
Non-current liabilities			
Borrowings	15,786	-	15,786
Convertible bonds	10,444	-	10,444
Restoration guarantee	15,526	-	15,526
Loan from related party	284	-	284
Total non-current liabilities	42,040	-	42,040
Total liabilities	529,916	5,270	535,186
Net assets	587,410	(310,257)	277,153
Equity			
Issued capital	639,634	-	639,634
Reserves	20,871	-	20,871
Accumulated losses	(73,095)	(310,257)	(383,352)
Total equity	587,410	(310,257)	277,153

Note 6. Operating segments

Identification of reportable operating segments
The consolidated entity operates in one segment being the coal mining, coal preparation and export of coal. This is based on the internal reports that are reviewed and used by the Board of Directors and the Management Committee (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Management Committee comprises of the Chief Executive Officer (Chair), Chief Operating Officer, Chief Financial Controller, Operations Managers and Community/HR.

The consolidated entity operates predominately in one geographical region being Australia.

The information reported to the CODM is on at least a monthly basis.

The CODM reviews adjusted EBITDA (earnings before interest, tax, depreciation and amortisation adjusted for impairment of assets, share-based payment, exchange losses and loss of disposal of assets) to make decisions. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Segment assets and liabilities
Assets and liabilities are managed on a consolidated basis. The CODM does not regularly review any asset or liability information by segment and, accordingly there is no separate segment information. Refer to the statement of financial position for consolidated assets and liabilities.

Major customers
During the financial year ended 31 March 2014 approximately 30% (2013: nil) of the consolidated entity's revenue was derived from sales to Jindal Steel & Power Limited (India), the ultimate parent entity and 17% (2013: 69%) to Gujarat NRE Coke Limited, the former ultimate parent entity.

The following table summarises key reconciling items between statutory loss after tax attributable to the shareholders of Wollongong Coal Limited and adjusted EBITDA:

Operating segment information

Consolidated - 2014	Intersegment eliminations/ unallocated $'000	Total $'000
Adjusted EBITDA	(22,235)	(22,235)
Depreciation		(20,533)
Amortisation		(41,728)
Finance costs		(22,633)
Reversal of impairment of assets		62,870
Exchange loss		(46,443)
Share-based payments		(843)
Loss on disposal of assets		(434)
Interest revenue		182
Loss before income tax expense		(91,797)
Income tax expense		-
Loss after income tax expense		(91,797)

Note 6. Operating segments (continued)

Consolidated - 2013	Intersegment eliminations/ unallocated $'000	Total $'000
Adjusted EBITDA	36,566	36,566
Depreciation		(14,174)
Amortisation		(35,595)
Finance costs		(18,451)
Impairment of assets		(357,638)
Exchange loss		(2,189)
Exchange gain		1,530
Share-based payments		(395)
Interest revenue		100
Loss before income tax benefit		(390,246)
Income tax benefit		3,391
Loss after income tax benefit		(386,855)

Note 7. Revenue

	Consolidated	
	2014 $'000	**2013 $'000**
Sales revenue		
Export sales	68,805	166,506
Other revenue		
Interest	182	100
Rent	16	14
Other revenue	88	175
	286	289
Revenue	69,091	166,795

Note 8. Other income

	Consolidated	
	2014 $'000	**2013 $'000**
Net foreign exchange gain	-	1,530

Note 9. Expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Building	48	483
Plant and equipment	20,485	13,691
Total depreciation	20,533	14,174
Amortisation		
Mine development	40,823	34,441
Mine lease	503	379
Pre-production expenses	261	523
Deferred restoration cost	141	252
Total amortisation	41,728	35,595
Total depreciation and amortisation	62,261	49,769
Impairment/(reversal) of impairment		
Buildings	-	5,503
Mine development (note 16)	(76,020)	127,338
Mine lease (note 16)	13,150	207,968
Investment in Cethana	-	5,240
Other investments	-	11,589
Net impairment of assets/(reversal of impairment)	(62,870)	357,638
Finance costs		
Interest and finance charges paid/payable	23,205	18,368
Interest rate swap	(572)	83
Finance costs expensed	22,633	18,451
Net foreign exchange loss		
Net foreign exchange loss	46,443	2,189
Superannuation expense		
Defined contribution superannuation expense	4,701	5,416

Note 10. Income tax benefit

	Consolidated 2014 $'000	Consolidated 2013 $'000
Income tax benefit		
Current tax	-	(35,584)
Deferred tax - origination and reversal of temporary differences	-	32,193
Aggregate income tax benefit	-	(3,391)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax assets	-	32,193
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(91,797)	(390,246)
Tax at the statutory tax rate of 30%	(27,539)	(117,074)
Current year temporary differences not recognised	27,539	113,683
Income tax benefit	-	(3,391)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	78,142	35,523
Potential tax benefit @ 30%	23,443	10,657

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the same business test is passed and the consolidated entity is generating sufficient taxable income.

Note 11. Current assets - cash and cash equivalents

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash at bank and on hand *	6,547	2,413
Cash on deposit	5,100	500
	11,647	2,913

* Includes $1,063,000 (2013: $940,000) restricted cash balance held and maintained for debt service coverage.

Note 12. Current assets - trade and other receivables

	Consolidated	
	2014	2013
	$'000	$'000
Trade receivables	69,657	31,590
Other receivables	2,655	3,684
Bills discounted against receivable from major buyer *	-	19,163
Loans related party	-	3,748
Prepayment	8,931	1,093
Employee loan / Share application money	-	10
FBT receivable	-	330
	81,243	59,618

* Bills discounted against the discounting facility from State Bank of India, outstanding at the reporting date are recognised in debtors with an equivalent amount in other creditors. The consolidated entity's credit risk on such bills arises when a customer defaults on payment to the bank as and when it falls due. In case of default by the customer against the bills discounted, the amount defaulted would be recoverable as normal debtors of the consolidated entity.

Refer to note 38 for related party receivable balances.

Impairment of receivables
The consolidated entity has recognised a loss of $389,000 (2013: $nil) in profit or loss in respect of impairment of receivables for the year ended 31 March 2014.

There were no impaired receivables.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $69,490,000 as at 31 March 2014 ($31,544,000 as at 31 March 2013).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Over 6 months overdue	69,490	31,544

Note 13. Current assets - inventories

	Consolidated	
	2014	2013
	$'000	$'000
Stores and consumables - at cost	3,788	4,056
ROM coal stock - at cost	2,113	9,586
ROM coal stock - at net realisable value	3,270	3,705
	9,171	17,347

Note 14. Current assets - deposits

	Consolidated 2014 $'000	Consolidated 2013 $'000
Security deposits	1,217	-

Note 15. Non-current assets - available-for-sale financial assets

	Consolidated 2014 $'000	Consolidated 2013 $'000
Rey Resources Limited	-	2,242
Shree Minerals Limited	2,250	2,700
Port Kembla Coal Terminal	120	120
	2,370	5,062

Refer to note 33 for further information on fair value measurement.

Note 16. Non-current assets - property, plant and equipment

	Consolidated 2014 $'000	Consolidated 2013 $'000
Land and buildings - at cost	46,542	56,648
Less: Accumulated depreciation	(774)	(726)
Less: Accumulated impairment	-	(5,503)
	45,768	50,419
Plant and equipment - at cost	259,244	248,201
Less: Accumulated depreciation	(68,182)	(47,697)
	191,062	200,504
Mine development- at cost	575,944	486,296
Less: Accumulated depreciation	(133,844)	(93,021)
Less: Accumulated impairment	(51,318)	(127,338)
	390,782	265,937
Mining leases - at cost and valuation	387,137	376,974
Less: Accumulated depreciation	(943)	(1,320)
Less: Accumulated impairment	(231,281)	(207,968)
	154,913	167,686
Deferred restoration - at cost	15,242	15,242
Less: Accumulated depreciation	(3,191)	(3,051)
	12,051	12,191
Pre-production expenses	58,708	58,708
Less: Accumulated depreciation	(29,034)	(28,772)
	29,674	29,936
	824,250	726,673

Note 16. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $'000	Plant and equipment $'000	Mine development $'000	Mining leases $'000	Deferred restoration and Pre-production $'000	Total $'000
Balance at 1 April 2012	54,493	191,548	313,351	376,033	42,902	978,327
Additions	1,912	22,647	114,365	-	-	138,924
Impairment of assets	(5,503)	-	(127,338)	(207,968)	-	(340,809)
Depreciation expense	(483)	(13,691)	(34,441)	(379)	(775)	(49,769)
Balance at 31 March 2013	50,419	200,504	265,937	167,686	42,127	726,673
Additions	-	11,286	89,648	880	-	101,814
Disposals	(4,603)	(243)	-	-	-	(4,846)
Impairment of assets	-	-	(31,800)	(13,150)	-	(44,950)
Reversal of impairment of assets	-	-	107,820	-	-	107,820
Depreciation expense	(48)	(20,485)	(40,823)	(503)	(402)	(62,261)
Balance at 31 March 2014	45,768	191,062	390,782	154,913	41,725	824,250

Cash Generating Unit ('CGU') allocation and impairment testing
The consolidated entity has two CGUs Russell Vale Colliery and Wongawilli Colliery.

The carrying values of property plant and equipment allocated to the CGUs is as follows:
Russell Vale Colliery $557,650,000
Wongawilli Colliery $186,200,000

Other assets $80,400,000 (not part of above CGUs)

Recoverable amounts of the CGUs are based on fair value less cost of disposal. An independent valuation was carried out by GJN Enterprises Pty Ltd trading as Geos Mining Minerals Consultants ('Geos') as at 31 March 2014. Their valuation was based on several assumptions including but not limited to:
• Discounting rate (based on Weighted Average Cost of Capital ('WACC') of 9.0% (2013: 9.5%);
• Long-term coking coal prices of $173 (2013: $197);
• Long-term exchange rate of US$1.00: Aus $0.85 (2013: US$1.00: Aus $0.85);
• Life of each mine over 25 years (2013: 25 years) ;
• Permitted rate of extraction of 3 Mtpa per mine increasing to 4 Mtpa (2013: up to 3.2 Mtpa) for both the mines, in accordance with revised mining plans;
• Efficiency improvements of 8% (2013: 2%); and
• Obtaining relevant mining permits as required, without undue delay.

Cost if disposal assumed at 5% of preferred value as determined by Geos.

Note 16. Non-current assets - property, plant and equipment (continued)

In accordance with AASB 13 'Fair Value Measurement', fair value should take into account a market participant's ability to generate economic benefits by using the non-financial asset in its highest and best use. As it is physically possible, legally permissible and financially feasible to build a local wash plant, this has been factored into the valuation. The advantages of a local wash plant include additional returns from higher yields, transport cost savings, returns on sales of thermal coal, potential mining flexibility to take some higher ash sections and increase resource recovery, and the mitigation of contract risk, as the product could be sold on the open market rather than just selling unwashed ROM coal to a limited market.

Based on the valuations an impairment charge of $44,950,000 was expensed to profit or loss for the Wongawilli Colliery and the Avondale Mining lease and a reversal of impairment was credited to profit or loss of $107,820,000 for the Russell Vale Colliery.

The events and circumstances that have led to the reversal of impairment for the Russell Value Colliery, include a new ultimate shareholder with a fresh injection of capital; new and strengthened management; enhanced mine plans with improved efficiencies including cost cutting undertaken to date; discount rate reduced due to risk premium being reduced; and factoring into the valuation a wash plant as required by AASB 13.

Headroom and sensitivity
As the CGU's have been either written up or written down to recoverable amount, there is no headroom. Any change in the key assumptions on which the valuations were based would impact the carrying value of the Russell Vale and Wongawilli Collieries.

Note 17. Non-current assets - exploration and licenses

	Consolidated	
	2014 $'000	2013 $'000
Exploration and licences - net book value	360	360

Note 18. Non-current assets - deposits

	Consolidated	
	2014 $'000	2013 $'000
Russell Vale Colliery Trust Funds	385	366

Note 19. Current liabilities - trade and other payables

	Consolidated	
	2014 $'000	2013 $'000
Trade payables	54,566	59,299
Accruals	30,001	26,874
Other payables	9,249	29,285
	93,816	115,458

Refer to note 32 for further information on financial instruments.

Other payables include $2,169,000 (2013: $20,000,000) payments received in advance for shipments of coal.

Note 20. Current liabilities - borrowings

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bank loans	382,755	312,999

Refer to note 32 for further information on financial instruments.

The consolidated entity has classified all bank borrowings as current in accordance with AASB 101 'Presentation of Financial Statements', due to financial covenants breaches.

Total secured liabilities
The credit facilities (both term loan and working capital) are secured as follows:

(i) The term loan facilities of the consolidated entity is secured by:
First ranking pari-pasu charge on the present and future fixed assets of the company and Wongawilli Coal Pty Ltd. ('Wongawilli') ;
Pari-passu assignment of lease deed of the mines of the company and Wongawilli;
Debt service reserve account maintained by the company;
Negative line over 100% of the company's shareholding in Oceanic Coal Resources NL ('OCR');
Negative line over 100% of OCR's shareholding in Wongawilli; and
First ranking pari-pasu assignment of insurance policies related to fixed and current assets of the company, charged to the bank.

(ii) The working capital facilities are secured by:
First pari-passu charge on the entire current assets of the company and Wongawilli, along with other working capital lenders; and
First ranking pari-pasu assignment of insurance policies related to fixed and current assets of the company and Wongawilli, charged to the bank.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Total facilities		
Bank loans	403,142	328,780
Working capital facility	73,112	29,658
SBI bill discounting US$ facility	-	19,183
JSPL cash advanced US$ 50 million	54,224	-
	530,478	377,621
Used at the reporting date		
Bank loans	382,755	296,977
Working capital facility	73,102	29,658
SBI bill discounting US$ facility	-	19,163
JSPL cash advanced US$ 50 million	-	-
	455,857	345,798
Unused at the reporting date		
Bank loans	20,387	31,803
Working capital facility	10	-
SBI bill discounting US$ facility	-	20
JSPL cash advanced US$ 50 million	54,224	-
	74,621	31,823

Note 21. Current liabilities - working capital facilities from banks

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bills discounted with State Bank of India	-	19,163
Bank of Baroda working capital loan	27,112	24,262
State Bank of India working capital loan	45,990	5,396
	73,102	48,821

Refer to note 20 for further information on secured amounts.

Refer to note 32 for further information on financial instruments.

Note 22. Current liabilities - derivative financial instruments

	Consolidated 2014 $'000	Consolidated 2013 $'000
Interest rate swap contracts	118	1,067

Refer to note 32 for further information on financial instruments.

Refer to note 33 for further information on fair value measurement.

Note 23. Current liabilities - provisions

	Consolidated 2014 $'000	Consolidated 2013 $'000
Employee benefits	12,267	14,801

Note 24. Non-current liabilities - borrowings

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bank loans	-	15,786

Refer to note 32 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Bank loans	382,755	328,785

Refer to note 20 for further information on secured liabilities.

WOLLONGONG COAL

Note 25. Non-current liabilities - convertible bonds

	Consolidated 2014 $'000	Consolidated 2013 $'000
Convertible bonds	6,879	6,924
Accumulated interest on the above	4,519	3,520
	11,398	10,444

200 convertible bonds, with a total par value of $10,000,000 was issued in July 2008. Interest accrues at 8% per annum and is capitalised for the first 10 years to July 2018 and thereafter paid quarterly in arrears. Bondholder will have the right to convert their bonds into fully paid ordinary shares at 'Conversion price' per share at any time during the month of July and January on or after 1 July 2011/2012/2013/2014.The convertible bonds mature on 1 July 2028, unless previously redeemed, converted or purchased and cancelled.

The conversion price is the volume weighted average price ('VWAP') of the fully paid ordinary shares in the company during the month of June for July conversion date, or the VWAP during the month of December for January conversion date, immediately preceding the conversion date, as traded on the securities exchange where the company's fully paid ordinary shares are then listed.

Refer to note 32 for further information on financial instruments.

Note 26. Non-current liabilities - restoration guarantee

	Consolidated 2014 $'000	Consolidated 2013 $'000
Restoration guarantees	15,693	15,367
Restoration liability unwinding	272	272
Restoration of mine site	988	(113)
	16,953	15,526

The calculation of restoration liability is based on estimate of costs at present value, discounted at 5.75% (2013: 5.75%) required to rehabilitate and restore disturbed areas of land to their original condition (for Russell Vale Colliery and Wongawilli Colliery). These estimates are regularly reviewed.

Note 27. Non-current liabilities - loan from related party

	Consolidated 2014 $'000	Consolidated 2013 $'000
Loan from related party	-	284

Note 28. Equity - issued capital

	Consolidated 2014 Shares	Consolidated 2013 Shares	Consolidated 2014 $'000	Consolidated 2013 $'000
Ordinary shares - fully paid	3,141,763,507	1,376,138,678	793,984	639,634

Note 28. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 April 2012	993,137,858		562,240
Capital raising under rights issue		248,390,820	$0.18	44,710
Capital raising others		134,150,000	$0.25	33,538
Option converted - employee option		460,000	$0.00	-
Transaction costs		-	$0.00	(854)
Balance	31 March 2013	1,376,138,678		639,634
Issue of ordinary shares to JSPML	12 November 2013	328,500,000	$0.20	65,700
Conversion of share options issued to JSPML	15 November 2013	328,500,000	$0.00	-
Issue of ordinary shares under the non-renounceable entitlement offer	27 November 2013	726,875,915	$0.08	58,150
Exercise of nil priced employee options	20 December 2013	480,000	$0.00	-
Issue of ordinary shares under the non-renounceable entitlement offer	15 January 2014	8,495,270	$0.08	680
Issue of ordinary shares under the non-renounceable entitlement offer	31 January 2014	330,398,143	$0.08	26,430
Issue of shares to Axis Bank Limited	21 February 2014	40,000,000	$0.08	3,200
Accelerated pro-rata non-renounceable rights issue	21 March 2014	2,375,501	$0.08	190
Balance	31 March 2014	3,141,763,507		793,984

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders (refer to dividend policy below), return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. The consolidated entity breached its covenants during the financial year and all bank loans have therefore been classified as current liabilities.

Dividend policy
On 27 October 2013, the Board approved certain financial and corporate measures regarding, amongst other things, the company's dividend policy. The updated dividend policy is as follows:

Note 28. Equity - issued capital (continued)

(a) Gujarat NRE Group holding is at least 700,000,000 shares
So long as the Gujarat NRE Group holds at least 700,000,000 shares, the dividend policy of the company shall be as follows:

(i) the company shall not declare any dividends if total outside liabilities are greater than 3.0 times of EBITDA of that year or if the company has to fund investments and capital expenditure on its existing assets, mining areas and exploration areas. Otherwise dividends will be paid in accordance with clause (ii) below;

(ii) subject to clause (i) above, the company will declare a dividend each financial year equivalent to at least 50% of its profits after taxes statutory appropriations, provided it conforms with all relevant laws and regulations relating to the payment of dividends including, without limitation the obligations imposed on the company under section 254T of the Corporations Act 2001.

(b) Gujarat NRE Group holding is less than 700,000,000 shares
If the Gujarat NRE Group holds less than 700,000,000 shares, subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the directors may from time to time declare a dividend to be paid to the shareholders entitled to the dividend which shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

Note 29. Equity - reserves

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Available-for-sale reserve	420	735
Convertible bonds reserve	2,356	2,356
Share-based payments reserve	18,623	17,780
	21,399	20,871

Available-for-sale reserve
The reserve comprises changes in the fair value of available-for-sale investments.

Convertible bonds reserve
The reserve comprises of equity component of convertible bonds.

Share-based payments reserve
The reserve is used to recognise the fair value of options issued to employees under the Employee Share Option Scheme.

Note 29. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Available-for-sale $'000	Convertible bonds $'000	Share-based payments $'000	Total $'000
Balance at 1 April 2012	28	2,356	17,385	19,769
Revaluation - net of tax	707	-	-	707
Share-based payment	-	-	395	395
Balance at 31 March 2013	735	2,356	17,780	20,871
Revaluation - net of tax	(315)	-	-	(315)
Net investment hedge	-	-	843	843
Balance at 31 March 2014	420	2,356	18,623	21,399

Note 30. Equity - accumulated losses

	Consolidated	
	2014 $'000	**2013 $'000**
Retained profits/(accumulated losses) at the beginning of the financial year	(383,352)	3,503
Loss after income tax expense for the year	(91,797)	(386,855)
Accumulated losses at the end of the financial year	(475,149)	(383,352)

Note 31. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 32. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 32. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
Consolidated	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
US dollars	77,153	64,898	478,750	447,871

The consolidated entity had net liabilities denominated in foreign currencies of $401,597,000 (assets $77,153,000 less liabilities $478,750,000) as at 31 March 2014 (2013: $382,973,000 (assets $64,898,000 less liabilities $447,871,000). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2013: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $40,160,000 lower/higher (2013: $38,298,000 lower/higher) and equity would have been $40,160,000 lower/higher (2013: $33,298,000 lower/higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 3 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 31 March 2014 was $46,443,000 (2013: net loss of $659,000).

Price risk
The consolidated entity is exposed to coal price risk. The consolidated entity has not entered into any hedging contracts and the policy is to sell coal at agreed prices under the Offtake agreement. The consolidated entity's revenues and profits are exposed to fluctuation in the price of coal. If the average selling price of coal increases/decreased by 5% (2013: increase/decrease by 10%) with all other factors remaining the same, the revenue and profit would increase/decrease by $3,440,000 (2013: increase/decrease by $16,650,000).

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. The policy is to maintain all borrowings at fixed rate using interest rate swaps to achieve this when necessary.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	2014		2013	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loans and working facilities	5.10%	455,857	5.06%	377,606
Net exposure to cash flow interest rate risk		455,857		377,606

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

For the consolidated entity the bank loans outstanding, totalling $455,857,000 (2013: $377,606,000), are principal. Monthly cash outlays of approximately $1,790,000 (2013: $1,530,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 1% basis points would have an adverse/favourable effect on profit before tax of $4,559,000 (2013: $3,776,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of $29,932,000 (US$27,600,000) are due during the year ending 31 March 2015.

Note 32. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2014 $'000	**2013 $'000**
Bank loans	20,387	31,803
Working capital facility	10	-
SBI bill discounting US$ facility	-	20
JSPL cash advanced US$ 50 million	54,224	-
	74,621	31,823

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	54,566	-	-	-	54,566
Other payables	-%	9,249	-	-	-	9,249
Interest-bearing - variable						
Bank loans	5.10%	49,293	105,941	268,601	-	423,835
Working capital facility	5.10%	14,438	7,496	59,141	-	81,075
Interest-bearing - fixed rate						
Convertible bonds	8.00%	-	-	9,600	16,400	26,000
Total non-derivatives		127,546	113,437	337,342	16,400	594,725
Derivatives						
Interest rate swaps net settled	-%	118	-	-	-	118
Total derivatives		118	-	-	-	118

Note 32. Financial instruments (continued)

Consolidated - 2013	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	59,299	-	-	-	59,299
Other payables	-%	29,285	-	-	-	29,285
Interest-bearing - variable						
Bank loans	5.06%	79,873	187,667	82,426	-	349,966
Working capital facility	5.06%	35,363	16,491	-	-	51,854
Interest-bearing - fixed rate						
Convertible bonds	8.00%	-	-	8,800	17,200	26,000
Total non-derivatives		203,820	204,158	91,226	17,200	516,404
Derivatives						
Interest rate swaps net settled	-%	1,067	-	-	-	1,067
Total derivatives		1,067	-	-	-	1,067

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 33. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets: Listed equity securities	2,250	-	-	2,250
Available-for-sale financial assets: Unlisted equity securities	-	-	120	120
Total assets	2,250	-	120	2,370
Liabilities				
Interest rate swap derivative	-	118	-	118
Total liabilities	-	118	-	118

Note 33. Fair value measurement (continued)

Consolidated - 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets: Listed equity securities	4,942	-	-	4,942
Available-for-sale financial assets: Unlisted equity securities	-	-	120	120
Total assets	4,942	-	120	5,062
Liabilities				
Interest rate swap derivative	-	1,017	-	1,017
Total liabilities	-	1,017	-	1,017

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The fair value of interest rate swap derivatives are determined using quoted interest rates at the reporting date. These instruments are included in level 2.

The carrying amounts of unlisted equity securities are assumed to approximate their fair values. These instruments are included in level 3.

Note 34. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2014 $	**2013 $**
Short-term employee benefits	1,584,693	2,195,255
Post-employment benefits	129,260	151,278
Long-term benefits	22,879	5,512
Share-based payments	134,084	248,070
	1,870,916	2,600,115

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2014	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Andrew Firek	1,082,523	-	-	-	1,082,523
Maurice Anghie	560,000	-	-	-	560,000
Tanvee Jagatramka **	13,632,865	-	-	(13,632,865)	-
Sanjay Loyalka **	1,592,829	-	-	(1,592,829)	-
P R Kannan **	110,000	-	-	(110,000)	-
Sanjay Sharma ***	281,677	-	10,000	-	291,677
Arun Kumar Jagatramka and Mona Jagatramka * **	880,475,164	-	-	(880,475,164)	-
	897,735,058	-	10,000	(895,810,858)	1,934,200

Note 34. Key management personnel disclosures (continued)

* Direct and indirect joint holdings
** Disposals/other represents no longer a key management personnel, not necessarily a disposal of holding
*** Excludes indirect holding on behalf of Gujarat NRE Limited and Wonga Pty Ltd, as no longer a director

Jasbir Singh and David Stone had no direct or indirect holdings in the shares of the company as at 31 March 2014.

2013	Balance at the start of the year	Received on exercise of options	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Andrew Firek	1,082,523	-	-	-	1,082,523
Maurice Anghie	560,000	-	-	-	560,000
Tanvee Jagatramka	11,754,705	-	-	1,878,160	13,632,865
Sanjay Loyalka	1,592,829	-	-	-	1,592,829
P R Kannan	110,000	-	-	-	110,000
Sanjay Sharma **	281,677	-	-	-	281,677
Arun Kumar Jagatramka and Mona Jagatramka*	702,569,347	-	-	177,905,817	880,475,164
	717,951,081	-	-	179,783,977	897,735,058

* Direct and indirect joint holdings
** Excludes indirect holding on behalf of Gujarat NRE Limited and Wonga Pty Ltd, as no longer a director

Option holding
The number options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2014	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Andrew Firek	1,500,000	-	-	-	1,500,000
Maurice Anghie	1,500,000	-	-	-	1,500,000
Sanjay Sharma	1,023,000	-	(10,000)	(7,000)	1,006,000
Arun Kumar Jagatramka and Mona Jagatramka *	4,500,000	-	-	(4,500,000)	-
	8,523,000	-	(10,000)	(4,507,000)	4,006,000

* Disposals/other represents no longer a key management personnel, not necessarily a disposal of holding.

2013	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Andrew Firek	1,500,000	-	-	-	1,500,000
Maurice Anghie	1,500,000	-	-	-	1,500,000
Sanjay Sharma	1,040,000	-	(10,000)	(7,000)	1,023,000
Arun Kumar Jagatramka and Mona Jagatramka	4,500,000	-	-	-	4,500,000
	8,540,000	-	(10,000)	(7,000)	8,523,000

Note 35. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated	
	2014	2013
	$	$
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	421,500	437,750
Other services - Grant Thornton Audit Pty Ltd		
Taxation services	96,280	64,000
	517,780	501,750

Note 36. Contingent liabilities

The consolidated entity has given the following guarantees, as at 31 March 2014:

Parent entity
Bank guarantee of $5,657,000 provided to the Department of Primary Industries for Russell Vale Colliery;
Bank guarantee of $440,000 provided to Commonwealth Bank of Australia for Port Kembla Coal Terminal; and
Bank guarantees of $40,010,000 provided to the Department of Primary Industries for Wongawilli Colliery.

Wongawilli Coal Pty Ltd
Bank guarantee of $500,000 provided to The Sydney Catchment Authority.

Gujarat NRE Minerals Ltd and Warner & Kugel (as Liquidators of Bellpac Pty Ltd – Federal Court Case NSD 1063/2012 ("All Bonds")
During 2008, the consolidated entity had settled Bellpac's claims by entering in to Settlement Deed dated 23 July 2008 ("Settlement or Deed"), pursuant to this Deed the consolidated entity issued 200 convertible bonds aggregating to $10 million in Bellpac's favour. Since then Bellpac Pty Ltd has appointed Receivers and Managers and there is a dispute as to the real ownership of the bonds. The dispute involves the application by liquidators against all of the third party registered bondholders for a correction of the Register into Bellpac's name.

The liquidators claim that title of all transferred bonds has not properly passed. The liquidators also claim inter alia that the transactions related to the transfer sought were void and/or voidable against them.

The first and second defendants appeal of the final orders made in Federal Court proceedings NSD 34/2010 has been dismissed.

Gujarat NRE Minerals Ltd and Great Investments Ltd – Federal Court Case NSD 405/2013
The dispute involves an application by Great Investments Ltd for orders that the consolidated entity redeem certain convertible bonds registered in its name ("Great Investments Bonds"). Great Investments also seeks orders that the consolidated entity convert the Great Investment Bonds or alternatively damages or equitable compensation. A liability has been taken up in the statement of financial position for the present value of the bonds.

The proceedings have been adjourned at large pending finalisation of the Federal Court proceedings NSD 1063/2013 ("the related proceedings").

Note 37. Commitments

	Consolidated 2014 $'000	Consolidated 2013 $'000
Capital expenditure commitment		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,823	15,906
One to five years	10,259	14,151
	18,082	30,057

The capital expenditure commitments are contracted for longwall and other equipment for mine development and production.

Note 38. Related party transactions

Parent entity
Wollongong Coal Limited is the parent entity in Australia. The immediate parent entity is Jindal Steel & Power (Mauritius) Limited ('JSPML'), a company registered in Mauritius. The ultimate parent entity is Jindal Steel & Power Limited ('JSPL'), a company registered in India. The former parent entity was Gujarat NRE Coke Limited ('GNCL'), a company registered In India.

Subsidiaries
Interests in subsidiaries are set out in note 40.

Key management personnel
Disclosures relating to key management personnel are set out in note 34 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2014 $	Consolidated 2013 $
Sale of goods and services:		
Export sales to ultimate parent entity JSPL	20,912,761	-
Export sales to former parent entity GNCL	12,083,152	114,880,412

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2014 $	Consolidated 2013 $
Current receivables:		
Net receivables from former parent entity GNCL **	67,602,335	31,225,519
Current payables:		
Net payables to ultimate parent entity JSPL *	2,536,771	-

Note 38. Related party transactions (continued)

* The consolidated entity has provided US$3,000,000 and US$2,000,000 towards interest and liquidated damage under Equity Securities Subscription and Off take Agreement with Jindal Steel & Power (Mauritius) Limited.

** The consolidated entity has provided US$4,250,000 and A$864,000 (2013: US$4,001,000 and A$1,728,000) pertaining to the current financial year towards Guarantee Commission in relation to Corporate Guarantee issued by Gujarat NRE Coke Limited, as collateral for the credit facilities sanctioned to it from various banks and financial institution. Out of the above US$2,375,000 and A$375,000 (2013: A$2,045,000) has been capitalised and balance charged to profit or loss. As at 31 March 2013 a bills discount facility for $19,163,000 was classified as trade receivables. In the current financial year this bill discount was in default by GNCL and therefore reclassified as related party.

Gujarat NRE Ltd, Wonga Coal Pty Ltd, Gujarat NRE India Pty Ltd, Gujarat NRE Coal (NSW) Pty Ltd, NRE Resources Pty Ltd, companies incorporated in Australia, are the companies of former parent entity Gujarat NRE Coke Limited, a company registered in India.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 39. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2014 $'000	**2013 $'000**
Loss after income tax	(36,976)	(388,566)
Total comprehensive income	(36,976)	(388,566)

Statement of financial position

	Parent	
	2014 $'000	**2013 $'000**
Total current assets	197,233	125,655
Total assets	882,784	686,180
Total current liabilities	515,714	206,299
Total liabilities	533,081	454,694
Equity		
Issued capital	793,984	639,634
Convertible bonds reserve	2,356	2,356
Share-based payments reserve	18,623	17,780
Accumulated losses	(465,260)	(428,284)
Total equity	349,703	231,486

Contingent liabilities
Refer to note 36 for details of parent entity contingent liabilities and guarantees.

Note 39. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had capital commitments for property, plant and equipment at the reporting date as follows:

	Parent	
	2014 $'000	**2013 $'000**
Committed at the reporting date but not recognised as liabilities, payable:		
Longwall and other equipment for mine development and production	7,358	14,079

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 3, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 40. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2014 %**	**2013 %**
Oceanic Coal Resources NL	Australia	100.00%	100.00%
Wongawilli Coal Pty. Ltd	Australia	100.00%	100.00%
Gujarat NRE Properties Pty Ltd *	Australia	-%	100.00%
Southbulli Holdings Pty Ltd	Australia	100.00%	100.00%

* On 18 June 2013, Wollongong Coal Limited, sold Gujarat NRE Properties Pty Ltd.

Note 41. Events after the reporting period

Over $51 million raised
On 7 April 2014 the company announced an accelerated pro-rata renounceable rights offer of 2 new shares for every 11 shares held at an issue price of $0.075 per share. The company received applications to subscribe for a total of 391,400,182 new shares from eligible shareholders raising approximately $29.36 million.

On 23 May 2014 the company announced an accelerated institutional and retail entitlement offer of 1 new share for every 7 shares held by those eligible shareholders registered at the record date, 28 May 2014, at an issue price of $0.06 per new share to raise up to approximately $30.30 million. As at the date of issuance of this report the company received around $21.75 million under institutional component of the offer made to Jindal Steel & Power (Mauritius) Pty Ltd.

Winding up application
UIL (Singapore) Pte Ltd ('UIL') was the petitioning creditor in a winding-up application against the consolidated entity in respect of a debt of $15,331,000 (US$14,137,000) said to be owed under a coal purchase agreement. The matter between the consolidated entity and UIL has been settled and UIL has withdrawn its winding up proceedings against the consolidated entity. However, PCL Shipping Pte Ltd ('PCL') a non-party supporting creditor has applied to be substituted as the plaintiff in the proceedings for an alleged debt of around $3,572,000 (US$3,294,000) and the matter is listed for directions on 21 July 2014. The consolidated entity denies the claim and seeking necessary legal advice.

PCL has separately issued a statutory demand to the consolidated entity respect of its debt, and the consolidated entity has separately applied to have the statutory demand set aside on the basis that there is a genuine dispute about the existence of the debt. That application is not scheduled to be heard until October 2014.

Note 41. Events after the reporting period (continued)

Care and maintenance and redundancies
Over the last two years the consolidated entity has been through a difficult time due to the economic downturn with the consequent adverse market conditions especially coal prices remaining at the lowest and lower production has resulted in some severe liquidity issues. Unfortunately, with the market conditions remaining adverse and due to operational issues, the consolidated entity was forced to take some drastic cost cutting including releasing 150 employees in May 2014. This is on top of the 50 employees released in January 2014.

If necessary approvals are not forthcoming, the consolidated entity may be forced to place its Russell Vale Colliery into care and maintenance mode.

No other matter or circumstance has arisen since 31 March 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 42. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2014 $'000	2013 $'000
Loss after income tax expense for the year	(91,797)	(386,855)
Adjustments for:		
Depreciation and amortisation	62,261	49,769
Net loss on disposal of property, plant and equipment	434	-
Share-based payments	843	395
Foreign exchange differences	(46,443)	(2,189)
Net impairment/(reversal of impairment) of assets	(62,870)	357,638
Change in operating assets and liabilities:		
Increase in trade and other receivables	(25,373)	(19,750)
Decrease/(increase) in inventories	8,176	(2,263)
Decrease in deferred tax assets	-	32,193
Increase in trade and other payables	54,915	40,037
Decrease in other provisions	(1,107)	(26,090)
Net cash from/(used in) operating activities	(100,961)	42,885

Note 43. Earnings per share

	Consolidated	
	2014 $'000	2013 $'000
Loss after income tax attributable to the owners of Wollongong Coal Limited	(91,797)	(386,855)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,936,464,527	1,149,648,996
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,936,464,527	1,149,648,996
	Cents	**Cents**
Basic earnings per share	(4.74)	(33.65)
Diluted earnings per share	(4.74)	(33.65)

19,935,000 (2013: 22,638,000) outstanding options were omitted from the above calculations, as they were anti-dilutive.

Note 44. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Share-base payments (options issued to employees and directors expensed and included in the administrative cost in profit or loss) during the year was $843,000 (2013: $395,000).

Note 44. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/07/2007	31/12/2015	$0.50	400,000	-	-	-	400,000
09/07/2007	31/12/2017	$0.50	400,000	-	-	-	400,000
09/07/2007	31/12/2018	$0.50	400,000	-	-	-	400,000
09/07/2017	31/12/2019	$0.50	400,000	-	-	-	400,000
09/07/2007	31/12/2020	$0.50	400,000	-	-	-	400,000
04/09/2008	31/12/2016	$1.60	2,500,000	-	-	-	2,500,000
05/02/2009	31/12/2016	$0.50	800,000	-	-	-	800,000
05/02/2009	31/12/2017	$0.50	800,000	-	-	-	800,000
05/02/2009	31/12/2018	$0.50	800,000	-	-	-	800,000
05/02/2009	31/12/2019	$0.50	800,000	-	-	-	800,000
05/02/2009	31/12/2020	$0.50	800,000	-	-	-	800,000
29/08/2009	31/12/2015	$0.60	2,500,000	-	-	-	2,500,000
03/02/2010	30/04/2014	$0.65	729,000	-	-	(144,000)	585,000
03/02/2010	30/04/2015	$0.65	729,000	-	-	(144,000)	585,000
03/02/2010	31/12/2016	$0.65	580,000	-	-	(200,000)	380,000
03/02/2010	31/12/2017	$0.65	580,000	-	-	(200,000)	380,000
03/02/2010	31/12/2018	$0.65	580,000	-	-	(200,000)	380,000
03/02/2010	31/12/2019	$0.65	580,000	-	-	(200,000)	380,000
03/02/2010	31/12/2020	$0.65	580,000	-	-	(200,000)	380,000
30/07/2010	31/03/2016	$1.00	2,500,000	-	-	-	2,500,000
24/07/2010	15/12/2013	$0.00	530,000	-	(480,000)	(50,000)	-
29/12/2010	31/12/2016	$0.65	850,000	-	-	(60,000)	790,000
29/12/2010	31/12/2017	$0.65	850,000	-	-	(60,000)	790,000
29/12/2010	31/12/2018	$0.65	850,000	-	-	(60,000)	790,000
29/12/2010	31/12/2019	$0.65	850,000	-	-	(60,000)	790,000
29/12/2010	31/12/2020	$0.65	850,000	-	-	(60,000)	790,000
			22,638,000	-	(480,000)	(1,638,000)	20,520,000
Weighted average exercise price			$0.76	$0.00	$0.00	$0.00	$0.76

Notes:

- Volume weighted average remaining contractual life of employees options is 3.98 (2013: 4.28) years
- The above employees' options were granted to permanent employees of the company
- Each option exercised will be converted into one fully paid ordinary share of the company
- The options were granted to employees at no consideration
- The employee needs to remain in continuous employment (up to vesting date) with the company in order to vest the options

Note 44. Share-based payments (continued)

2013

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/07/2007	31/12/2015	$0.50	400,000	-	-	-	400,000
09/07/2007	31/12/2017	$0.50	400,000	-	-	-	400,000
09/07/2007	31/12/2018	$0.50	400,000	-	-	-	400,000
09/07/2007	31/12/2019	$0.50	400,000	-	-	-	400,000
09/07/2007	31/12/2020	$0.50	400,000	-	-	-	400,000
04/09/2008	31/12/2016	$1.60	2,500,000	-	-	-	2,500,000
05/02/2009	31/12/2016	$0.50	1,200,000	-	-	(400,000)	800,000
05/02/2009	31/12/2017	$0.50	1,200,000	-	-	(400,000)	800,000
05/02/2009	31/12/2018	$0.50	1,200,000	-	-	(400,000)	800,000
05/02/2009	31/12/2019	$0.50	1,200,000	-	-	(400,000)	800,000
05/02/2009	31/12/2020	$0.50	1,200,000	-	-	(400,000)	800,000
29/08/2009	31/12/2015	$0.60	2,500,000	-	-	-	2,500,000
03/02/2010	30/04/2014	$0.65	822,000	-	-	(93,000)	729,000
03/02/2010	30/04/2015	$0.65	822,000	-	-	(93,000)	729,000
03/02/2010	31/12/2016	$0.65	580,000	-	-	-	580,000
03/02/2010	31/12/2017	$0.65	580,000	-	-	-	580,000
03/02/2010	31/12/2018	$0.65	580,000	-	-	-	580,000
03/02/2010	31/12/2019	$0.65	580,000	-	-	-	580,000
03/02/2010	31/12/2020	$0.65	580,000	-	-	-	580,000
30/07/2010	31/03/2016	$1.00	3,000,000	-	-	(500,000)	2,500,000
24/07/2010	15/12/2013	$0.00	720,000	-	-	(190,000)	530,000
29/12/2010	31/12/2016	$0.65	1,310,000	-	-	(460,000)	850,000
29/12/2010	31/12/2017	$0.65	1,310,000	-	-	(460,000)	850,000
29/12/2010	31/12/2018	$0.65	1,310,000	-	-	(460,000)	850,000
29/12/2010	31/12/2019	$0.65	1,310,000	-	-	(460,000)	850,000
29/12/2010	31/12/2020	$0.65	1,310,000	-	-	(460,000)	850,000
			27,814,000	-	-	(5,176,000)	22,638,000
Weighted average exercise price			$0.73	$0.00	$0.00	$0.89	$0.76

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2014 Number	2013 Number
04/09/2008	31/12/2016	2,500,000	2,500,000
29/08/2009	31/12/2015	2,500,000	2,500,000
		5,000,000	5,000,000

Wollongong Coal Limited
(Formerly known as Gujarat NRE Coking Coal Limited)
Directors' declaration
31 March 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the financial year ended on that date; and
- subject to the matters described in note 2 to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Jasbir Singh
Chairman

23 June 2014
Corrimal, NSW

Grant Thornton

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Independent Auditor's Report
To the Members of Wollongong Coal Limited

Report on the financial report

We have audited the accompanying financial report of Wollongong Coal Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 March 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for qualified auditor's opinion

Recoverability of Trade and Other Receivables

Included in Trade and Other Receivables are amounts of $67,602,000 (31 March 2013: $50,989,000) due from the consolidated entity's former ultimate parent company and associated entities. No allowance for doubtful debts has been made in respect of these amounts as at reporting date as the directors believe the amounts to be fully recoverable. There is insufficient evidence to support the carrying value as required under AASB 139: Financial Instruments: Recognition and Measurement, and consequently we believe that the amount should be impaired in full.

Qualified Auditor's opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverability of Trade and Other Receivables:

a the financial report of Wollongong Coal Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the year ended on that date;
   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter regarding going concern

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of $91,797,000 and has net current liabilities of $458,780,000 at 31 March 2014, which includes current bank borrowings of $382,755,000. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Other Matter: Corresponding financial information as at 31 March 2013

As part of our audit of the financial report for the year ended 31 March 2014, we also audited the adjustments described in Note 5 of the financial report that were applied to amend the 31 March 2013 financial report issued on 15 August 2013. In our opinion, except for the matters described in the qualification paragraph above regarding Trade and Other Receivables, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 31 March 2013 financial report of the consolidated entity other than the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 31 March 2013 financial report, issued on 15 August 2013, taken as a whole.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 14 of the directors' report for the year ended 31 March 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Wollongong Coal Limited for the year ended 31 March 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Ian Kemp

I S Kemp
Partner - Audit & Assurance

Sydney, 23 June 2014

The shareholder information set out below was applicable as at 18 June 2014.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	208	-
1,001 to 5,000	457	177
5,001 to 10,000	314	-
10,001 to 100,000	559	-
100,001 and over	130	25
	1,668	202
Holding less than a marketable parcel	1,106	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
JINDAL STEEL & POWER (MAURITIUS) LIMITED	2,900,638,243	74.42
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED (EUROCLEAR BANK SA NV A/C)	276,038,756	7.08
WONGA COAL PTY LTD	158,603,636	4.07
UIL (SINGAPORE) PTE LTD	150,000,000	3.85
MR ANDREW CUMMINS & MR A RESNICK RECEIVERS APTDOVER GUJARAT NRE COKE LTD	83,991,825	2.15
ARGONAUT SECURITIES PTY LIMITED (ASPL CLIENT NO 2 A/C)	80,092,557	2.05
GUJARAT NRE INDIA PTY LTD	70,000,000	1.80
J P MORGAN NOMINEES AUSTRALIA LIMITED	46,693,396	1.20
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,406,768	0.52
GUJARAT NRE INDIA PTY LTD	20,000,000	0.51
VARTIKA PTY LTD	10,000,000	0.26
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD (CUSTODIAN A/C)	7,942,954	0.20
CITICORP NOMINEES PTY LIMITED	3,793,313	0.10
WOLLONGONG COAL LIMITED (INELIGIBLE SHAREHOLDERS A/C)	2,904,966	0.07
SLICK SOLUTIONS PTY LTD (SLICK SUPER FUND A/C)	2,435,000	0.06
MR ARUN KUMAR JAGATRAMKA & MRS MONA JAGATRAMKA	2,240,001	0.06
MR ARUN KUMAR JAGATRAMKA	2,119,110	0.05
MR ARUN JAGATRAMKA & MS KAVITA JAGATRAMKA & MRS MONA JAGATRAMKA	1,568,565	0.04
PERSHING AUSTRALIA NOMINEES PTY LTD (PHILLIP SECURITIES (HK) A/C)	1,499,015	0.04
MR SANJAY KUMAR LOYALKA (LOYALKA FAMILY A/C)	1,492,829	0.04
	3,842,460,934	98.57

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
JINDAL STEEL & POWER (MAURITIUS) LIMITED	2,900,638,243	74.42

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.