

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

Interim Financial Report

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

1. Company Details

Name of entity:	Wollongong Coal Limited
ABN:	28 111 244 896
Reporting period:	For the half-year ended 30 September 2015
Previous Period:	For the half-year ended 30 September 2014

2. Results for Announcement to the Market

Key Information	Half-year Ended 30 September 2015 \$'000	Half-year Ended 30 September 2014 \$'000	% Change
Revenue from ordinary activities	7,267	8,173	-11%
Loss after tax from ordinary activities attributable to the owners of Wollongong Coal Limited	(70,770)	(58,918)	-20%
Net loss for the half year attributable to the owners of Wollongong Coal Limited	(70,770)	(58,918)	-20%

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$70,770,000 (30 September 2014: \$58,918,000).

Further information on the review of operation is detailed in the Directors' report attached as part of the Interim Report.

3. Net Tangible Assets per Share

	Half-year Ended 30 September 2015 cents/Share	Half-year Ended 30 September 2014 cents/Share
Net tangible assets per share	1.39	4.36

4. Control Gained or Lost over Entities in the Half-year

Not applicable.

5. Dividends

Current period

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

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

Previous period

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

6. Dividend Reinvestment Plans

The Group does not have any dividend reinvestment plans in operation.

7. Investment in Associates and Joint Ventures

Not applicable

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Wollongong Coal Limited for the half-year ended 30 September 2015 is attached.

11. Signed



Signed

Date: 27 November 2015

Maurice Anghie

Director

Wollongong Coal Limited

ABN 28 111 244 896

Interim Report – 30 September 2015

Wollongong Coal Limited
Corporate directory
30 September 2015

Directors	Mr Ashish Kumar (Chairman) Dr Andrew E. Firek Mr Maurice Anghie Mr Azad Bhura
Company secretary	Mr Sanjay Sharma
Registered office	Lot 31, 7 Princes Highway, Corner of Bellambi Lane Corrimal, NSW 2518 Ph: +61 (02) 4223 6830 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 Grosvenor Place, Level 12, 225 George Street Sydney, NSW 2000 Ph: +61 (02) 9290 9600 Fx: +61 (02) 9279 0664
Auditor	Ernst & Young Level 33, Ernst & Young Centre World Square, 680 George 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 – UK, Union Bank of India, UCO Bank, AfrAsia Bank, Axis Bank Limited, DBS Bank Limited, Canara Bank, Punjab National Bank, Punjab National Bank (International), SBM Bank (Mauritius) Ltd, SBI (Mauritius) Ltd, 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

DIRECTORS' REPORT

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') and the entities it controlled at the end of, or during, the half-year ended 30 September 2015.

Directors

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

Mr Ashish Kumar (appointed as Chairman and Non-Executive Director on 16 Jun 2015)

Dr Andrew E. Firek

Mr Maurice Anghie

Mr Azad Bhura (appointed as Non-Executive Director on 22 May 2015)

Mr Jasbir Singh (resigned as Chief Executive Officer on 8 May 2015 and resigned as Non-Executive Director on 22 May 2015)

Principle activities

During the financial half-year the principal continuing activities of the consolidated entity focused on:

- Development activities to prepare for Longwall mining; and
- Obtaining development approvals to commence mining operations.

Review of Operations

During the financial half-year the consolidated entity's total production of ROM coal was 256,000 tonnes as compared to 95,000 tonnes for the 6 months to September 2014. Production was low mainly due to:

- Limited longwall production at Russell Vale colliery;
- Russell Vale colliery put under care and maintenance effective from 1 September 2015; and
- Wongawilli colliery remaining under care and maintenance

The consolidated entity completed extraction of 365 metres of longwall-6 block at Russell Vale colliery, which was approved by the Department of Planning. Approval for the remaining portion of longwall 6 and other longwall block 7, 9, 10 and 11 (around 4.7 million tonnes) remain under consideration by the NSW Government.

Total revenue of the consolidated entity was \$7,267,000 (178,087 tonnes sold) compared to \$8,173,000 (171,202 tonnes sold) for 6 months to 30 September 2014 as a result of lower coal prices. The loss for the consolidated entity after providing for income tax amounted to \$70,770,000 (30 September 2014: \$58,918,000).

The loss includes a net foreign exchange loss of \$44,445,000 (30 September 2014: \$16,195,000) and mainly relates to the change in exchange rate between the US dollar and Australian dollar on the debt facilities.

The consolidated entity's borrowings are in US dollars and therefore the fluctuation in exchange rates gives rise on conversion to a gain or loss depending on the direction of the movement.

Significant changes in the state of affairs

Workforce reduction and restructuring

With limited or no production it has become impossible for the consolidated entity to maintain the size and scale of its workforce. Accordingly, the consolidated entity was forced to put its Russell Vale colliery under care and maintenance on 1 September 2015 resulting in a loss of approximately 80 employees in September - October 2015 on top of 79 employees that were made redundant earlier in May-June 2015.

The consolidated entity also experienced the departures of Chief Executive Officer, Chief Financial Officer and Chief Operating Officer in a short period of time. Support was received from the parent entity Jindal Steel during this time. Subsequently, Mr Azad Bhura and Mr Ashish Kumar were appointed on the board as Non-Executive Directors and Mr Milind Oza was appointed as the Chief Executive Officer.

Support from Jindal Steel

To continue assisting the consolidated entity with its cash flow, parent entity Jindal Steel has increased its

DIRECTORS' REPORT

cash advance facility from Australian \$75 million to Australian \$150 million. This facility has been also renewed until 31 March 2016. As at the date of signing this report, \$126.70 million has been drawn and utilized. The amount withdrawn is repayable at the end of the facility term or on demand.

Jindal Steel has also provided a letter of support confirming financial support for at least next 12 months from the signing date of this half-yearly report.

US \$630 million Foreign Currency Term Loan

The consolidated entity continues to work with its existing lenders to obtain a Foreign Currency Term Loan of US \$630 million in multiple tranches – this facility will be used to repay existing loans and to part-finance capital expenditures.

To date, US \$131.03 million has been disbursed by some of the tenders to the Company through Jindal Steel & Power Australia Pty Ltd. Funds were used to repay existing loans, which were classified as current liabilities in accordance with AASB101. The Company continues to work with the remaining Lenders for their proportion of the loan facility.

Update on Legal matters and Litigations

Statutory demands

Statutory demand issued by Bellpac Pty Limited (Receivers & Managers appointed) (in Liquidation) for an alleged debt over an early redemption of convertible bonds with face value of \$2 million plus \$0.98 million interest accrued has been settled with final instalment of \$500k due in December 2015. As part of settlement, to date \$1.5 million has been paid and interest amount of \$0.98 million was forgiven.

Statutory demand issued by NSW Department of Trade and Investment for a total debt of approximately \$3.46 million has been settled with the remaining balance under \$1 million payable in two instalments at the end of November 2015 and December 2015 respectively.

While the Court did not set aside statutory demands from Cougar Stratajacks Pty Ltd and Cougar Mining Group Pty Ltd, on the consolidated entity's evidence, the Court varied those (2 out of 3) statutory demands under Corporations Act 2001 (Cth) s459H(4) and reduced the total amount claimed from \$765,156.15 to \$664,329.99. The consolidated entity intends to pay the reduced amount by the due date.

All other statutory demands that were served have been either settled (paid) and/or withdrawn.

Statement of claims

The statement of claim from a shipping company British Marine PLC for an alleged debt of approximately US\$2.5 million has been dismissed and British Marine has been ordered to pay the consolidated entity's legal costs of proceedings. An appeal filed by British Marine has now been withdrawn.

The consolidated entity was defending an alleged claim of around US \$1.9 million from Sino East Minerals Ltd for quality issues with coal supplied. The consolidated entity has reached an agreement to settle this matter for US \$0.65 million with balance of US \$0.35 million payable over the next 7 months.

The statement of claim filed by Gujarat NRE Coke Limited, which is part of Gujarat Group, the consolidated entity's previous largest shareholder, for the amount of around US\$86.03 million and AUD\$18.83 million as claim for damages relating to unpaid guarantee commission debit notes and coal quality debit notes was struck out. The consolidated entity is now defending another claim for US\$39.74 million and AUD\$18.83 million from Gujarat NRE Coke Limited.

The consolidated entity is defending a claim from Mr Jasbir Singh, former Chairman and Director, in relation to his remuneration entitlement.

The consolidated entity is also defending an indemnity/restitution claim based on implied terms for approximately AUD\$12 million for damages and AUD\$12 million for indemnity from Gujarat NRE India Pty Ltd (GNIPL). These claims include AUD\$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which got set aside by the Court earlier.

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

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 8 for the half-year ended 30 September 2015, which forms part of this report.

This directors' report is signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3) (a) of the Corporations Act 2001.

On behalf of the Board of Directors



Signed

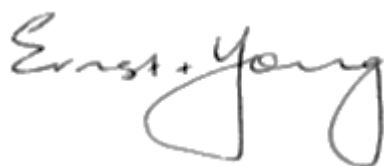
Date: 27 November 2015

Maurice Anghie


Director

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

In relation to our review of the financial report of Wollongong Coal Limited for the half year ended 30 September 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Trent van Veen
Partner
Sydney
27 November 2015

Wollongong Coal Limited
Contents
30 September 2015

Contents

Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Directors' declaration	29
Independent auditor's review report to the members of Wollongong Coal Limited	30

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015**

Consolidated Group			
	Note	Half-year Ended 30 September 2015 \$'000	Half-year Ended 30 September 2014 \$'000
Revenue	6	7,267	8,173
Other income	6	116	10,715
Expenses			
Cost of Sales		(11,925)	(25,526)
Distribution expenses		(2,183)	(4,286)
Administrative expenses		(10,837)	(6,691)
Environmental expenses		(1,095)	(211)
Impairment of assets		-	(13,030)
Net foreign exchange loss		(44,445)	(16,195)
Finance costs		(7,668)	(11,867)
Loss before income tax benefit		(70,770)	(58,918)
Income tax benefit		-	-
Loss after income tax benefit for the half-year attributable to the owners of Wollongong Coal Limited		(70,770)	(58,918)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain/(loss) on revaluation of available-for-sale financial assets		(300)	(1,351)
Income tax on items of other comprehensive income		-	-
Other comprehensive (loss)/income for the half-year, net of tax		(300)	(1,351)
Total comprehensive income for the half-year attributable to the owners of Wollongong Coal Limited		(71,070)	(60,269)
Earnings per share		Cents	Cents
From continuing and discontinued operations:			
– Basic (loss)/ earnings per share	25	(1.03)	(1.57)
– Diluted (loss)/earnings per share	25	(1.03)	(1.57)

The accompanying notes form part of these financial statements.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

		Consolidated Group	
	Note	As at 30 September 2015	As at 31 March 2015
		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	12,906	9,810
Trade and other receivables	8	714	3,965
Inventories	9	13,880	8,710
Other assets		1,416	601
TOTAL CURRENT ASSETS		28,916	23,086
NON-CURRENT ASSETS			
Available-for-sale financial assets	10	270	570
Property, plant and equipment	11	861,846	859,820
Deposits	12	393	393
TOTAL NON-CURRENT ASSETS		862,509	860,783
TOTAL ASSETS		891,425	883,869
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	52,091	76,300
Borrowings	14	521,743	587,824
Convertible bonds	15	1,000	2,984
Provisions	16	6,410	9,396
TOTAL CURRENT LIABILITIES		581,244	676,504
NON-CURRENT LIABILITIES			
Borrowings	17	172,535	-
Convertible bonds	18	12,527	12,195
Provisions	16	29,155	28,189
TOTAL NON-CURRENT LIABILITIES		214,217	40,384
TOTAL LIABILITIES		795,461	716,888
NET ASSETS		95,964	166,981
EQUITY			
Issued capital	19	899,080	899,080
Reserves		1,791	16,910
Accumulated losses		(804,907)	(749,009)
TOTAL EQUITY		95,964	166,981

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2015**

Consolidated Group	Note	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 April 2014		793,984	19,043	(553,442)	259,585
Comprehensive income					
Loss after income tax benefit for the half year		-	-	(58,918)	(58,918)
Other comprehensive income for the half-year, net of tax		-	(1,351)	-	(1,351)
Total comprehensive income for the half-year		-	(1,351)	(58,918)	(60,269)
<i>Transactions with owners, in their capacity as owners:</i>					
Contributions of equity, net of transaction costs		51,257	-	-	51,257
Share based payments		-	170	-	170
Balance at 30 September 2014		845,241	17,862	(612,360)	250,743
Balance at 1 April 2015		899,080	16,910	(749,009)	166,981
Comprehensive income					
Loss after income tax benefit for the half year		-	-	(70,770)	(70,770)
Other comprehensive income for the half-year, net of tax		-	(300)	-	(300)
Total comprehensive income for the half-year		-	(300)	(70,770)	(71,070)
<i>Transactions with owners, in their capacity as owners:</i>					
Transfers from share based payment reserve		-	(14,872)	14,872	-
Share based payments		-	53	-	53
Balance at 30 September 2015		899,080	1,791	(804,907)	95,964

The accompanying notes form part of these financial statements.

Wollongong Coal Limited ABN 28 111 244 896 and Controlled Entities

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2015**

	Consolidated Group	
	Half-year Ended 30 September 2015 \$'000	Half-year Ended 30 September 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	7,531	3,886
Receipts of subsidies and grants	-	8,235
Payments to suppliers and employees	(42,504)	(47,080)
Interest received and other income received	210	94
Interest and other finance costs paid	(16,097)	(6,474)
Net cash (used in)/provided by operating activities	<u>(50,860)</u>	<u>(41,339)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	-	(5,680)
Payments for mine development	(7,696)	(44,801)
Drawdown for Port Kembla Coal Terminal	(817)	-
Net cash (used in)/provided by investing activities	<u>(8,513)</u>	<u>(50,481)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of transaction costs)	-	51,257
Proceeds from borrowings	-	3,090
Payment of convertible bond	(1,000)	-
Proceeds from Jindal Steel & Power (Australia) Ltd	172,300	-
Proceeds from Jindal Steel & Power (Mauritius) Ltd	71,434	52,000
Repayment to Jindal Steel and power (Mauritius) Ltd	(10,369)	-
Repayment of term borrowings	(169,896)	(13,268)
Net cash (used in)/provided by financing activities	<u>62,469</u>	<u>93,079</u>
Net increase/(decrease) in cash held and cash equivalents	3,096	1,259
Cash and cash equivalents at beginning of the financial half-year	<u>9,810</u>	<u>11,647</u>
Cash and cash equivalents at end of the financial half-year	<u><u>12,906</u></u>	<u><u>12,906</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: GENERAL INFORMATION

The financial statements cover Wollongong Coal Limited as a consolidated, for profit 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 Prince 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 resolutions of directors, on 27 November 2015. The directors have the power to amend and reissue the financial statements.

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

NOTE 2: GOING CONCERN

The consolidated reported a net loss of \$70,770,000 in the financial half-year ended on 30 September 2015 compared to \$58,918,000 in the previous corresponding financial half year. The loss includes a net foreign exchange loss of \$44,445,000 (30 September 2014: \$16,195,000) and mainly relates to the change in exchange rate between the US dollar and Australian dollar on the debt facilities. The consolidated entity's borrowings are in US dollars and therefore the fluctuation in exchange rates gives rise on conversion to a gain or loss depending on the direction of the movement.

Net current liabilities of \$552,328,000 (2014: \$653,418,000) includes borrowings of \$521,743,000 (2014: \$587,824,000) which have been classified as current liabilities to comply with Accounting Standards AASB 101 'Presentation of Financial Statements', due to breach of financial covenants. The expected principal repayment due on borrowings for the 6 months ending 31 March 2016 is US \$42,385,585.

The current adverse performance of the consolidated entity was mainly due to:

- Limited longwall production at Russell Vale colliery;
- Russell Vale colliery put under care and maintenance effective from 1 September 2015; and
- Wongawilli colliery remaining under care and maintenance

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

Funding and support from Jindal Steel & Power (Mauritius) Limited

The parent entity Jindal Steel has injected around \$125 million into the consolidated entity with \$61 million injected just in the current financial half-year. Furthermore a Letter of Support confirming continuous financial support to the consolidated entity for a period of at least 12 months from the date of signing of this half-yearly report has been provided by Jindal Steel.

In addition Jindal Steel has increased its working capital facility of \$75 million to \$150 million with a renewed expiry date of 31 March 2016.

Settlement of legal claims

The consolidated entity has successfully defended and/or resolved several legal claims. Please refer to section 'Update on Legal matters and Litigations' of the directors' report for details.

Financial covenants and rescheduling of bank debts

Due to financial covenants breaches and to comply with AASB101, the consolidated entity has classified existing terms loans (to be restructured) as current liabilities. However, the consolidated entity remains committed to restructure and reschedule these terms loans. It continues working with its lenders on a Foreign Currency Term Loan Facility of US \$630 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 2: GOING CONCERN (CONT'D)

To date, US \$131.03 million has been disbursed by some of the lenders to the Company through Jindal Steel & Power Australia Pty Ltd. Funds were used to repay and restructure existing loans. Accordingly these term loans are now reclassified as non-current liabilities.

Mining application and future development

The consolidated entity has made some significant progress in the process of obtaining necessary approvals to extract 4.7 million tonnes of coking coal from the remaining block of longwall 6, longwall 7, 9, 10 and 11 at Russell Vale. Notwithstanding with the progress made, it is not possible to put a date when such approvals would be granted.

The consolidated entity is also working on various strategies and options, which may allow the commencement of operation and extraction of coal from remnant longwall blocks containing around 2.5 million tonnes of prime quality coking coal in the near future.

Cost control

The consolidated entity continues operating within a very strict budget and cost-controlled regime with significant cost saving expected from redundancies made in May-June and September-October 2015.

The consolidated entity believes that with all measures put in place, together with the continued support of its parent entity, 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 stated in the statement of financial position.

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

These general purpose financial statements for the half-year reporting period ended 30 September 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with international Financial Reporting Standard IAS 34 'Interim Financial Reporting'

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. These were as follows:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment entities
- AASB 2013-9 - Amendments to Australian Accounting Standards- Conceptual Framework, Materiality and Financial Instrument.
- Interpretation 21 Levies
- AASB 2014-1 Part A Amendments to Australian Accounting Standard- Annual Improvements 2010-2012 and 2011-2013 Cycles.

The adoption of these Accounting Standard and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been adopted.

Furthermore, the new, revised and amended Accounting Standards or Interpretations recently issued but not yet effective are not expected to have a significant impact to the financial performance or position of the consolidated entity.

NOTE 4: 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.

The consolidated entity operates predominately in one geographical region being the Illawarra region of New South Wales.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 5: RESTATEMENT OF COMPARATIVES

Correction of error

Subsequent to the issuance of the 31 March 2015 financial statements, management have received additional information which supports the recoverability of \$3.649 million as at 31 March 2015 due from the former parent company, which was previously impaired. Specifically, legal documents filed in relation to the claim and counterclaim acknowledge that the \$3.649 million receivable is with the same counterparty as payables previously provided (although subject to dispute by WCL) and a right of set-off is acknowledged by both parties. The prior period has been restated to reflect this change. Accordingly, the receivable has been reinstated and offset against these payable balances as follows:

Decrease in payable \$ 3,649,000

Reversal of impairment on trade receivable \$ 3,649,000

Statement of profit or loss and other comprehensive income

	Consolidated Group		
	30 September 2014 Reported \$'000	Adjustment \$'000	30 September 2014 Restated \$'000
Revenue	8,173		8,173
Other income	10,715		10,715
Expenses			
Cost of Sales	(25,526)		(25,526)
Distribution expenses	(4,286)		(4,286)
Administrative expenses	(6,691)		(6,691)
Environmental expenses	(211)		(211)
Impairment of assets	(16,679)	3,649	(13,030)
Net foreign exchange loss	(16,195)		(16,195)
Finance costs	(11,867)		(11,867)
Loss before income tax benefit	(62,567)	3,649	(58,918)
Income tax benefit	-		-
Loss after income tax benefit for the half-year attributable to the owners of Wollongong Coal Limited	(62,567)	3,649	(58,918)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain/(loss) on revaluation of available-for-sale financial assets	(1,351)		(1,351)
Income tax on items of other comprehensive income	-		-
Other comprehensive (loss)/income for the half-year, net of tax	(1,351)		(1,351)
Total comprehensive income for the half-year attributable to the owners of Wollongong Coal Limited	(63,918)	3,649	(60,269)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 5: RESTATEMENT OF COMPARATIVES (CONT'D)

	Consolidated Group		
	30 September 2014	Adjustment	30 September 2014
	Reported		Restated
Earnings per share	Cents Reported	Cents Adjustment	Cents Restated
From continuing and discontinued operations:			
– Basic (loss)/ earnings per share	(1.67)	0.1	(1.57)
– Diluted (loss)/earnings per share	(1.67)	0.1	(1.57)

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

When there is a 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 2014. However, as there were no adjustments made as at 1 April 2014, the consolidated entity has elected not to show the 1 April 2014 statement of financial position.

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

	Consolidated Group		
	31 March 2015	Adjustment	31 March 2015
	Reported		Restated
	\$'000	\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9,810		9,810
Trade and other receivables	3,965		3,965
Inventories	8,710		8,710
Other assets	601		601
TOTAL CURRENT ASSETS	23,086		23,086
NON-CURRENT ASSETS			
Available-for-sale financial assets	570		570
Property, plant and equipment	859,820		859,820
Deposits	393		393
TOTAL NON-CURRENT ASSETS	860,783		860,783
TOTAL ASSETS	883,869		883,869
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	79,949	(3,649)	76,300
Borrowings	587,824		587,824
Convertible bonds	2,984		2,984
Provisions	9,396		9,396
TOTAL CURRENT LIABILITIES	680,153	(3,649)	676,504

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 5: RESTATEMENT OF COMPARATIVES (CONT'D)

	Consolidated Group		
	31 March 2015	Adjustment	31 March 2015
	Reported		Restated
	\$'000	\$'000	\$'000
NON-CURRENT LIABILITIES			
Borrowings	-		-
Convertible bonds	12,195		12,195
Provisions	28,189		28,189
TOTAL NON-CURRENT LIABILITIES	40,384		40,384
TOTAL LIABILITIES	720,537	(3,649)	716,888
NET ASSETS	163,332	3,649	166,981
EQUITY			
Issued capital	899,080		899,080
Reserves	16,910		16,910
Accumulated losses	(752,658)	3,649	(749,009)
TOTAL EQUITY	163,332	3,649	166,981

NOTE 6: REVENUE

	Consolidated Group	
	Half-year	Half-year
	Ended	Ended
	30 September	30 September
	2015	2014
	\$'000	\$'000
<i>Sales revenue</i>		
Export coal sales	7,173	8,154
<i>Other revenue</i>		
Rent	67	7
Other revenue	27	12
	94	19
Revenue	7,267	8,173
<i>Other income</i>		
Subsidies and grants	-	10,640
Interest	116	75
Other income	116	10,715

Subsidies and grants represent coal sector job subsidies. The subsidies and grants related to activities that occurred during the year ended 31 March 2014. The subsidies and grants were not recognised until all the conditions pertaining to the subsidies and grants were met.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015
NOTE 7: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Cash at bank	2,673	5,002
Cash on deposit	10,233	4,808
	<u>12,906</u>	<u>9,810</u>

Cash and cash equivalents at 30 September 2015 includes \$8,409,000 (31 March 2015: \$1,284,000) restricted cash held and maintained for debt service coverage.

NOTE 8: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Trade receivables	-	32
Other receivables	199	3,572
Prepayment	515	361
	<u>714</u>	<u>3,965</u>

NOTE 9: CURRENT ASSETS – INVENTORIES

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Stores and consumables – at cost	4,155	4,408
ROM coal stock – at net realisable value	9,845	4,422
Less: Provision for impairment	(120)	(120)
	<u>13,880</u>	<u>8,710</u>

NOTE 10: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Shree Minerals Limited	150	450
Port Kembla Coal Terminal	120	120
	<u>270</u>	<u>570</u>

Refer to note 20 for further information on fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015
NOTE 11: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated Group		
	30 September 2015	31 March 2015
	\$'000	\$'000
Land and Buildings – at cost	46,542	46,542
Less: Accumulated depreciation	(917)	(869)
	<u>45,625</u>	<u>45,673</u>
Plant and Equipment – at cost	270,075	271,493
Less: Accumulated depreciation	(99,054)	(88,847)
	<u>171,021</u>	<u>182,646</u>
Mine development – at cost	691,241	676,231
Less: Accumulated depreciation	(101,910)	(100,599)
Less: Impairment	(88,902)	(88,902)
	<u>500,429</u>	<u>486,730</u>
Mine lease – at cost	387,276	387,276
Less: Accumulated depreciation	(995)	(995)
Less: Impairment	(241,510)	(241,510)
	<u>144,771</u>	<u>144,771</u>
	<u>861,846</u>	<u>859,820</u>

	Land and Buildings	Plant and Equipment	Mine development	Mine lease	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2015	45,673	182,646	486,730	144,771	859,820
Additions*/(adjustment)	-	(1,419)	15,011	-	13,592
Depreciation expense	(48)	(10,206)	(1,312)	-	(11,566)
Balance at 30 September 2015	<u>45,625</u>	<u>171,021</u>	<u>500,429</u>	<u>144,771</u>	<u>861,846</u>

*Included in this balance is \$7,315,000 in capitalised interest on the bank borrowing facilities.

Property, plant and equipment secured under finance leases

Both mines are under care and maintenance as such, amortisation on mining and developments costs has ceased.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015
NOTE 12: NON-CURRENT ASSETS – DEPOSITS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Russell Vale Colliery Trust Funds	393	393

NOTE 13: CURRENT LIABILITIES - TRADE AND OTHER PAYABLE

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Trade payables	16,986	26,729
Accruals	25,312	31,960
Other payables	9,793	17,611
	<u>52,091</u>	<u>76,300</u>

NOTE 14: CURRENT LIABILITIES - BORROWINGS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Bank loans (secured)	393,211	520,352
State Bank of India working capital loan (secured)	11,004	11,010
JSPML working capital loan (unsecured)	117,528	56,462
	<u>521,743</u>	<u>587,824</u>

To continue assisting the consolidated entity with its cash flow, parent entity Jindal Steel has increased its cash advance facility from Australian \$75 million to Australian \$150 million. This facility has been also renewed until 31 March 2016. As at the date of signing this report, \$126.70 million has been drawn and utilized. The amount withdrawn is repayable at the end of the facility term or on demand.

NOTE 15: CURRENT LIABILITIES – CONVERTIBLE BONDS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Fully convertible bonds – 8%	1,000	2,000
Accumulated interest	-	984
	<u>1,000</u>	<u>2,984</u>

Statutory demand was issued by Bellpac Pty Limited (Receivers & Managers appointed) (in Liquidation) for an early redemption of above-mentioned convertible bonds with face value of \$2 million plus \$0.98 million interest accrued. As part of the settlement, \$1 million was paid during the half year, \$500k in October 2015 and remaining \$500k is due in December 2015. Interest amount of \$0.98 million was forgiven.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 16: PROVISIONS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
<i>Current</i>		
Provision for redundancy	1,600	-
Provision for employment entitlements	4,810	9,396
	<u>6,410</u>	<u>9,396</u>
<i>Non-current</i>		
Provision for Mine restoration liability	29,155	28,189
	<u>29,155</u>	<u>28,189</u>

NOTE 17: NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
JSPAL term loan (secured)	172,535	-
	<u>172,535</u>	<u>-</u>

On 6 August 2015, the Company entered into a US \$630 million facility with Jindal Steel & Power Australia Pty Ltd. As at 30 September 2015, US \$ 121.28 million has been disbursed to the Company through Jindal Steel & Power Australia Pty Ltd (JSPAL). Funds were used to repay existing loans, which were classified as current liabilities in accordance with AASB101. The repayment of the loan facility shall be paid in 26 unequal quarterly instalment starting from 30 June 2018. The interest rate is the market rate at the date the agreement was entered into plus LIBOR.

NOTE 18: NON-CURRENT LIABILITIES – CONVERTIBLE BONDS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Fully convertible bonds – 8%	8,000	8,000
Accumulated interest	4,527	4,195
	<u>12,527</u>	<u>12,195</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 19: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	30 September 2015	31 March 2015	30 September 2015	31 March 2015
	Shares	Shares	\$'000	\$'000
Ordinary shares – fully paid	6,894,913,576	6,894,913,576	899,080	899,080

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 the meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Dividends

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

Share buy-back

There is no current on-market share buy-back.

Capital risk management

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 20: FAIR VALUE MEASUREMENT

a. 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

	Level 1	Level 2	Level 3	Total
Consolidated – 30 September 2015	\$'000	\$'000	\$'000	\$'000
Assets:				
Available for sale financial assets: listed equity securities	150	-	-	150
Available for sale financial assets: unlisted equity securities	-	-	120	120
Total assets	150	-	120	270

	Level 1	Level 2	Level 3	Total
Consolidated – 31 March 2015	\$'000	\$'000	\$'000	\$'000
Assets:				
Available for sale financial assets: listed equity securities	450	-	-	450
Available for sale financial assets: unlisted equity securities	-	-	120	120
Total assets	450	-	120	570

There were no transfers between levels during the financial half-year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 20: FAIR VALUE MEASUREMENT (CONT'D)

The fair value of derivative instruments is derived using valuation techniques based on observable market inputs, such as interest rates, at the end of the reporting period. The amounts disclosed in the statement of financial position are the fair values and are classified under level 2 in the fair value measurement hierarchy.

The fair value of the consolidated entity's investment in unlisted shares is classified under level 3 in the fair value measurement hierarchy. The consolidated entity's holding in unlisted shares is minor and any reasonably possible change in assumptions would not have a material impact on the consolidated entity's financial statements.

The carrying values of the financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed within the consolidated entity's 31 March 2015 annual report due to their short term nature. The US\$630m Jindal loan facility was negotiated during this period at market rates and therefore the fair value approximates the carrying value at 30 September 2015.

During the year, the consolidated entity held equity shares as available for sale financial instruments classified as level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below.

Consolidated	Available-for-sale \$'000	Total \$'000
Balance at 1 April 2015	570	570
Balance at 30 September 2015	270	270

NOTE 21: CONTINGENT LIABILITIES

The consolidated entity has given the following guarantees as at 30 September 2015:

Parent entity

Bank guarantee of \$5,657,000 provided to the Department of Primary Industries for Russell Vale Colliery; and bank guarantee of \$391,000 provided to Commonwealth Bank of Australia for Port Kembla Coal Terminal.

Wongawilli Coal Pty Ltd

Bank guarantee of \$40,010,000 was provided to the Department of Primary Industries for the rehabilitation of Wongawilli Colliery; and bank guarantee of \$1,924,000 was provided to NSW Department of Trade and Investment, Minerals for rehabilitation of Russell Vale Colliery.

The following legal matters are outstanding at 30 September 2015. All other matters described in the 31 March 2015 annual report have been settled or accrued for as required.

The statement of claim filed by Gujarat NRE Coke Limited, which is part of Gujarat Group, the consolidated entity's previous largest shareholder, for the amount of around US\$86.03 million and AUD\$18.83 million as claim for damages relating to unpaid guarantee commission debit notes and coal quality debit notes was struck out. The consolidated entity is now defending another claim for US\$39.74 million and AUD\$18.83 million from Gujarat NRE Coke Limited.

The consolidated entity is also defending an indemnity/restitution claim based on implied terms for approximately AUD\$12 million for damages and AUD\$12 million for indemnity from Gujarat NRE India Pty Ltd (GNIPL). These claims include AUD\$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which was set aside by the Court earlier.

The consolidated entity is defending a claim from Mr Jasbir Singh, former Chairman and Director, in relation to his remuneration entitlement.

While the Court did not set aside statutory demands from Cougar Stratajacks Pty Ltd and Cougar Mining Group Pty Ltd, on the consolidated entity's evidence, the Court varied those (2 out of 3) statutory demands under Corporations Act 2001 (Cth) s459H(4) and reduced the total amount claimed from \$765,156.15 to \$664,329.99. The consolidated entity intends to pay the reduced amount by the due date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015
NOTE 22: COMMITMENTS

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	5,975	3,371
One to five years	697	1,340
	<u>6,672</u>	<u>4,711</u>

NOTE 23: RELATED PARTY TRANSACTIONS

Parent entity

Wollongong Coal Limited is the parent entity in Australia. The immediate parent entity is Jindal Street & Power (Mauritius) Limited ('JSPML'), a company registered in Mauritius. The ultimate parent entity is Jindal Street & Power Limited ('JSPL'), a company registered in India.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Group	
	30 September 2015	30 September 2014
	\$'000	\$'000
Sale of goods and services:		
Export coal sales to ultimate parent entity JSPL	-	4,890

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated Group	
	30 September 2015	31 March 2015
	\$'000	\$'000
Current receivable:		
Net payables to parent entity JSPML*	121,418	58,005
Net payables to JSPAL**	173,519	-

*The net payable to the parent JSPML represent funds received of \$121,417,613 against cash advance facility and accrued interest of \$3,890,120 (31 March 2015: \$1,542,826) thereon as at 30 September 2015.

**The net payable to JSPAL represent funds received of \$173,018,544 (USD\$121,286,000) against USD\$630 million facility and accrued interest of \$500,000 thereon as at 30 September 2015. Refer to Note 17 for more details.

Terms and conditions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2015

NOTE 24: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

NOTE 25: EARNING PER SHARE

	Consolidated Group	
	30 September 2015	30 September 2014
	\$'000	\$'000
Loss after income tax attributable to the owners of Wollongong Coal Limited	(70,770)	(58,918)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	6,894,913,576	3,746,347,523
Weighted average number of ordinary shares used in calculating diluted earnings per share	6,894,913,576	3,746,347,523
	Cents	Cents
Basic (loss)/ earnings per share	(1.03)	(1.57)
Diluted (loss)/ earnings per share	(1.03)	(1.57)

11,850,000 (2014: 22,638,000) options were omitted from the above calculations, as they were anti-dilutive.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Wollongong Coal Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 29, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion having regard to note 2 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Signed

Date: 27 November 2015

Maurice Anghie

Director

Independent auditor's report to the members of Wollongong Coal Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Wollongong Coal Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 September 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Wollongong Coal Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

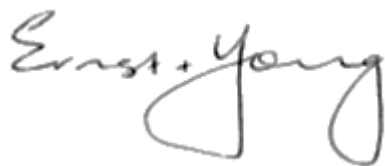
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wollongong Coal Limited is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters there is significant uncertainty whether the company will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.



Ernst & Young



Trent van Veen
Partner
Sydney
27 November 2015