Universal Coal Plc

(Registration number 4482856)
Consolidated Unaudited Half Year Financial Statements
for the six months ended 31 December 2015

Corporate directory

Directors	John Hopkins OAM	Non-executive Chairman
	Hendrik Bonsma	Non-executive Director
	Anton Weber	Executive Director and Chief Executive Officer
	Shammy Luvhengo	Executive Director
	David Twist	Non-executive Director
	Carlo Baravalle	Non-executive Director
	Nonkululeko Nyembezi-Heita	Non-executive Director
	Andries Engelbrecht	Non-executive Director
Company secretary	Benjamin Harber (United Kingdom) of Shakespeare Martineau LLP	
ASX Liaison and local agent	Emma Lawler (Australia) of Company Matters Proprietary Limited	
United Kingdom registered office	One America Square Crosswall London EC3N 2SG United Kingdom Telephone: +44 20 7264 4444 Facsimile: +44 20 7264 4440	
Australian registered office	Level 12 680 George Street Sydney, NSW, 2000 Australia Telephone: +61 28 280 7355	
Operational office	467 Fehrsen Street Brooklyn, 0182, Pretoria South Africa Telephone: +27 12 460 0805 Facsimile: +27 12 460 2417	
Reviewers	BDO LLP 55 Baker Street London W1U 7EU United Kingdom	
Stock exchange listing	Australian Securities Exchange (Share code: UNV)	
Share registrars	Computershare Investor Services Proprietary Limited Level 2, 45 St. Georges Terrace Perth WA 6000, Australia Telephone: +61 89 323 2000 Computershare Investor Services Plc The Pavilions, Bridgewater Road Bristol BS99 6ZY United Kingdom Telephone: +44 87 070 2003	

Corporate directory

Bankers	HSBC Bank Australia Limited Level 1, 190 St Georges Terrace Perth WA 6000, Australia HSBC Bank Plc Coventry DSC, Harry Weston Road Binley West Midlands CV3 2TQ United Kingdom Investec Bank Limited 100 Grayston Drive Sandown, Sandton, 2146 South Africa Tel: +27 11 286 7000 First National Bank 4 First Place, 3rd Floor, Bankcity Johannesburg, 2000 South Africa Tel: +27 11 352 5601
Solicitors	Mayer Brown International LLP 201 Bishopgate London London EC2M EUG United Kingdom Webber Wentzel Attorneys 10 Fricker Road Illovo Boulevard Illovo, Johannesburg, 2196 South Africa
Website	www.universalcoal.com
Company registration number	4482856

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

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Summary Results

1. Review of financial results and activities

All figures are stated in Australian Dollars	Six months ended 31 Dec 2015 A$'000	Six months ended 31 Dec 2014 A$'000	Movement %
Operating profit/(loss)	6 628	(2 013)	429
Profit/(loss) for the period before taxation	18 899	(4 728)	500
Taxation	(1 259)	661	(290)
Profit/(loss) for the period	17 640	(4 067)	534
Total comprehensive (loss)/income for the period attributable to equity shareholders	(4 532)	34	(13 429)

Universal Coal generated a profit after taxation of A$17.6 million (31 December 2014: loss of A$4.1 million). Included in the profit after taxation figure for the year is a gain on bargain purchase on the acquisition of the NCC of A$14.3 million and a charge of A$2.2 million for an adverse movement in the carrying value of the derivative financial liability due to UNV's rising share price. The A$6.6 million operating profit shows a marked improvement on the corresponding interim loss A$2.0 million and is more in line with management's expectations.

After translating foreign operations and accounting for the effects of exchange rate differences, the Group has reflected a comprehensive loss after tax of A$4.5 million for the half-year ended 31 December 2015 (31 December 2014: profit of A$0.03 million). This is after posting a negative effect of translation of foreign operations of A$22.2 million (31 December 2014: profit of A$4.1 million) as a result of a 21% devaluation in the South African Rand which is the functional currency of the underlying business subsidiaries.

2. Dividends

The board of directors have resolved that no dividends were declared or paid for the financial period ended 31 December 2015 (31 December 2014 – A$nil).

3. Earnings result

The total comprehensive loss of Universal Coal Plc for the six months ended 31 December 2015 was A$4.5 million (31 December 2014: income of A$0.03 million).

	Six months ended 31 Dec 2015 A$'000	Six months ended 31 Dec 2014 A$'000
Basic and diluted earnings/(loss) per share (cents per share)	1.61	(0.87)
Weighted average number of ordinary shares used in the calculation of basic and diluted EPS	505 810 447	397 738 273

The amount used as the numerator in calculating basic and diluted earnings/(loss) per share is the same as the earnings/(loss) attributable to the owners of the parent in the consolidated statement of profit or loss and other comprehensive income.

4. Date of authorisation for issue of financial statements

The consolidated unaudited half year financial statements have been authorised for issue by the directors on 14 March 2016. No authority was given to anyone to amend the consolidated unaudited half year financial statements after the date of issue.

ON BEHALF OF THE BOARD:

MR JOHN HOPKINS OAM
CHAIRMAN
14 March 2016

Chairman's Statement

1. Results

As a lower cost quartile, cashflow-positive coal producer, Universal Coal is well positioned to grow, despite challenging market conditions that the sector faces. Our ultimate aim remains to become a mid-tier, multi-mine coal producer in South Africa, and we continue to progress towards this goal. A key milestone to achieving this will be to bring on stream our second operation, the New Clydesdale Colliery (NCC). Whilst we are disappointed by delays to the re-commissioning process, we believe that these will soon be overcome, providing a substantial boost to Group production, earnings and cashflow for years to come.

Universal Coal generated a profit after taxation of A$17.6 million (1H2015: loss of A$4.1 million) for the six month period ended 31 December 2015. Included in the profit after taxation figure for the year is a gain on bargain purchase on the acquisition of NCC of A$14.3 million and a charge of A$2.2 million for an adverse movement in the carrying value of the derivative financial liability due to UNV's rising share price. Operating profit for the period was A$6.6 million and shows a substantial improvement on the corresponding interim loss of A$2.0 million. We were slightly disappointed in light of the strong earnings result for the 2H2015 half-year period due to the lower production at the company's Kangala Colliery following the pit reconfiguration which was the primary reason for the lower than anticipated earnings result.

After translating foreign operations and accounting for the effects of exchange rate differences, the Group has reflected a comprehensive loss after tax of A$4.5 million for the half-year ended 31 December 2015 (1H2015: profit of A$0.03 million). This is after posting a negative effect of translation of foreign operations of A$22.2 million (1H2015: profit of A$4.1 million) as a result of a 21% devaluation in the South African Rand which is the functional currency of the underlying business subsidiaries.

Our focus is to return Kangala to steady state production promptly whilst bringing NCC into production. Both these goals are expected to be achieved in 2H2016, and we look forward to reporting further improved earnings performance going forward.

2. Review of operations

Coal assets

The Company's coal assets are all located in South Africa, primarily in the Witbank coalfields in the Mpumalanga Province.

As part of our growth strategy, our assets are at varying phases of development. The Kangala Colliery is already operating, NCC is nearing commencement of onsite development, Brakfontein awaits the grant of a water use licence prior to the ability to commence with mine development, and Arnot South is a targeted exploration asset.

Outside of the Witbank area, we also hold the Berenice-Cygnus coking coal project which is due to enter the pre-feasibility phase, located within the Limpopo Province.

Thermal coal operating assets

Kangala Colliery

Kangala was officially completed in October 2014, and ramped up to achieve steady state production by December 2014. The mine is a predominantly domestic thermal coal operation supplying coal to Eskom, the major energy provider in South Africa.

Operating results

For the period under review, the Kangala Colliery produced 1,453,422 run-of-mine (ROM) tonnes and fed 1,391,374 tonnes to the Coal Handling and Preparation Plant (CHPP) at an average yield of 70%. This resulted in sales of 991,313 product tonnes, of which 38,897 tonnes was export product, and the remainder supplied domestically to Eskom.

Chairman's Statement

The operational performance of the Kangala Colliery is tabulated below:

	Operational Results				
Operational Performance (tonnes)	**Current YTD**	**% Change**	**Prior YTD**	**Previous Year**	**Total from SOP**
	31-Dec-15		**31-Dec-14**	**30-Jun-15**	
Run-of-mine (ROM)					
Kangala Colliery	1,453,422	34%	1,083,169	2,472,232	4,559,038
Total ROM	**1,453,422**	**34%**	**1,083,169**	**2,472,232**	**4,559,038**
Feed to plant					
Kangala Colliery	1,391,374	21%	1,145,187	2,569,448	4,422,770
Total feed to plant	**1,391,374**	**21%**	**1,145,187**	**2,569,448**	**4,422,770**
Plant Yields					
Kangala Colliery	70%	-2%	72%	65%	69%
Domestic sales	952,416	38%	691,341	1,627,083	2,954,832
Export sales	38,897	119%	17,728	53,160	92,057
Total sales	**991,313**	**40%**	**709,069**	**1,680,243**	**3,046,889**

Group revenue for the period amounted to A$50.3 million at a gross profit of A$13.1 million or 26% of turnover and a positive Group Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of A$10.2m (1H2015: $0.3m), excluding the gain on bargain purchase recorded as part of the NCC acquisition.

Excluding distribution revenues and costs, the average selling price of coal was A$39.43 per sales tonne at an average cost per sales tonne of A$26.95, leaving a gross margin of A$12.48 per sales tonne, or a 32% gross margin. Removing non-cash operating depreciation costs within the sales cost per tonne derives a revised cash cost of A$23.46 per sales tonne and a gross margin of A$15.97 per sales tonne or a 40% gross margin.

For the period under review, the Free-on-Truck (FOT) costs per ROMt were A$18.38, deriving a revised cash cost of production per ROMt of A$16.00 on an FOT basis.

Production during the period was adversely impacted whilst we reconfigured the pit in order to improve production flexibility and pit stability going forward. This work is expected to be completed during 2H2016 and will allow the operation to better meet steady state production and potential longer-term increases in demand.

Sales

For the period under review, domestic product sales were 952,416 tonnes, 38% above the corresponding period last year. Sales were lower than forecast due to a short pause in the supply to Eskom while we were awaiting revised contractual paperwork and intermittent ROM coal due to the pit redesign.

Export sales were 38,897 tonnes for the period (1H2015: 17,728 tonnes). Production and sales of export quality coal were lower than forecast due to the unpredictable existence of the mid-seam coal in the current mining area of the pit.

Chairman's Statement

Local economic development and sustainability initiatives

In early 2015, we established an operator skills training programme in collaboration with a Mining Qualification Authority (MQA) certified training institute for residents of the Victor Khanye local municipality. The purpose was to equip operators with a MQA, thereby enabling them to find employment throughout the mining sector.

To date, the initiative has trained over 90 local residents as qualified heavy mining machinery operators. In addition, the programme has provided several new employees with employment at Kangala, establishing 5 production teams from graduates and employing another 40 operators as Articulate Dump Truck operators. The programme aims to train 100 operators which is likely to be achieved by the end of March 2016.

Three students from the local area have been offered a four year degree bursary to study Mining, Civil Engineering and Accounting. It is our plan to sponsor and fund at least seven additional students intending to further their academic qualifications in the field of Mine artisans.

Construction of the Nkangala FET Satellite College - a local economic development project – is nearing completion as building contractors complete the final stages of the construction process. The initiative is a joint venture with Exxaro's Leeuwpan Coal Mine, the Department of Education and the Local Municipality. Enrolments for the first class of students are expected to commence shortly.

Thermal Coal Development Assets

New Clydesdale Colliery (incorporating Roodekop)

NCC is poised to become our second long-term significant producing asset. All funding and approvals have been secured for the Phase 1 open cut development at Roodekop, which is planned to deliver 2 million tonnes per annum (Mtpa) ROM of thermal and low-phosphorous metallurgical coal for at least the next 20 years, primarily for the domestic market.

In July 2015, we assumed official ownership of NCC following the securing of Ministerial approval in terms of Section 11 of the Mineral and Petroleum Resources Development Act (MPRDA).

Since then, we have focused on recommissioning NCC's existing processing facilities. Production is anticipated to commence upon finalisation of a long-term Coal Supply Agreement (CSA) with Eskom for NCC's thermal coal, with agreement already reached on key contractual terms including coal quality, quantity and commercial aspects.

NCC is located immediately adjacent to our Roodekop license that contains a shallow JORC-compliant coal resource of 84.36 million tonnes.

Mine development activities continued, with onsite mine development and opencast mining activities poised to commence once the CSA has been finalised. Trollope Mining Services (Pty) Ltd (opencast mining), Ingwenya Mineral Processing (Pty) Ltd (Coal Handling and Processing Plant) and Frazer Alexander (Discard Handling) have al been nominated as the preferred contractors following the conclusion of a competitive tender process.

Thermal Coal Exploration Assets

Brakfontein

Located less than 25 km by sealed road from Kangala, Brakfontein is pegged to become our third project for development. The project contains a JORC compliant coal resource of 75.8 million tonnes. Brakfontein awaits the grant of a water use licence prior to the ability to commence with mine development.

Arnot South

In September 2015, the company announced a binding sale of Prospecting Right Agreement with Exxaro to acquire the Arnot South project, located near NCC in the Witbank coalfield. The prospect spans some 15,212 hectares, and has been subject to several drilling campaigns by major mining companies including Goldfields and Exxaro. We await the regulatory approvals and satisfaction of the conditions precedent to the acquisition agreement prior to assuming ownership.

Coking Coal Assets

Berenice-Cygnus

The Berenice-Cygnus project hosts a JORC-compliant 1.35 billion tonnes resource, primarily of semi-soft coking coal.

On the back of recent interest from new investors in the region, we are investigating potential funding partners to progress the completion of a pre-feasibility study and to complete the necessary technical work. A Mining Right application was submitted in December 2015.

Chairman's Statement

3. Corporate

Refinancing Kangala Project Finance Facility

In July 2015, we successfully effected a refinancing of banking facilities with the drawdown of the Kangala Project Finance Facility ("Tranche A") of A$25.09 million (ZAR 285 million) with Investec Bank Limited, acting through its Corporate and Institutional banking division (Investec).

The drawdown effectively replaces the previous project finance debt facilities with Rand Merchant Bank, a division of FirstRand Bank Limited, but on more favourable terms, including:

- Interest rates over the Tranche-A facility will be levied at three-month JIBAR plus a margin of 4.0% p.a. until completion of the New Clydesdale Colliery (NCC), after which the margin will be further reduced to 3.5% p.a.
- A revolving Working Capital facility of A$2.2 million (ZAR 25 million) is now available to be used to fund fluctuations in cash flows at the Kangala Colliery.

Repayment of Tranche-A will follow a quarterly cycle over twenty repayment periods, with interest being serviced simultaneously. The revolving Working Capital facility has a tenor of five years and must be repaid at the end of the period.

The Tranche B financing facility of A$18.9 million (ZAR 215 million) to fund the balance of the NCC development requirements remains subject to several conditions precedent yet to be fulfilled, the most significant of which is the conclusion of a CSA with Eskom.

Takeover offers

On 21 August 2015, major shareholder IchorCoal N.V. (Ichor) announced its intention to make an unsolicited and conditional offer for the ordinary shares of Universal Coal that it did not already hold, at a price of A$0.16 per share. This offer was formalised on 30 September 2015. On 20 October 2015 and following an Independent Expert placing a fair market valuation range of A$0.26 to A$0.34 per Universal Coal share, Universal Coal's directors, independent of the offer, recommended that shareholders reject the offer. In December 2015, Ichor extended the deadline for acceptance of its offer to 5 February 2016. Ichor has since allowed their offer to lapse.

On 26 November 2015, details of an offer by Coal of Africa Limited (CoAL) for the entire issued and to be issued share capital of Universal Coal was announced. On 21 December 2015, the CoAL offer was formally opened. Under the terms of the CoAL offer, eligible Universal Coal shareholders are entitled to receive, for each Universal Coal share, either:

- A$0.20 in cash and 1 new CoAL share; or
- subject to eligibility, a non-converting, secured Loan Note with a principal amount of A$0.25 per Loan Note

Restricted shareholders not eligible to participate in the cash and share CoAL offer are instead offered A$0.25 in exchange for each Universal Coal share.

CoAL held a general meeting of shareholders on 3 March 2016 to ratify their offer for Universal Coal and to approve the transaction. CoAL shareholders controlling 61.08% of CoAL's total issued share capital have voted in favour of the transaction.

On 3 March 2016, CoAL confirmed that 53.2% of Universal Coal shareholders had accepted the offer.

The CoAL offer deadline has been extended to 15 April 2016.

4. The Rotation of Senior Statutory Auditor

The external auditors are required to rotate the Senior Statutory Auditor responsible for the company audits every five years. In certain circumstances, it is permissible to extend that tenure by up to two years. The Board believes that due to the significance of the recent NCC transaction to the Group and the complexity of the Group's refinancing arrangements it is appropriate for a request to be made for the extension of tenure for the Senior Statutory Auditor for the year ended 30 June 2016. The Board has requested, and has had confirmed, that the extension of the Senior Statutory Auditor, will be extended for this initial one year period.

I'd like to thank our shareholders, the board and management of Universal Coal for their continued support.

John Hopkins OAM
Non-executive Chairman
14 March 2016

Directors' Declaration

In the opinion of the Directors:

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

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

(ii) Give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date.

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

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

ON BEHALF OF THE BOARD

MR JOHN HOPKINS OAM
CHAIRMAN

14 March 2016

Condensed Consolidated Statement of Financial Position at 31 December 2015

	Note	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
Assets				
Non-Current Assets				
Property, plant and equipment	3	104 677	60 952	60 609
Intangible assets	4	50 139	60 560	60 107
Investments in associated undertakings		14	12	13
Loan receivable	6	2 792	1 813	1 679
Deferred tax	15	-	-	40
		157 622	**123 337**	**122 448**
Current Assets				
Inventories	7	4 526	1 039	1 668
Trade and other receivables	8	11 739	9 580	8 839
Cash and cash equivalents (including restricted amounts)	9	8 604	26 539	22 223
		24 869	**37 158**	**32 730**
Total Assets		**182 491**	**160 495**	**155 178**
Equity and Liabilities				
Equity				
Share capital	10	43 093	42 989	42 989
Share premium	10	52 701	52 605	52 605
Reserves		(16 132)	3 962	2 235
Accumulated loss		(11 082)	(22 070)	(26 190)
Attributable to Equity Holders of Parent		68 580	77 486	71 639
Non-controlling interest		30 660	26 086	25 792
Total Equity		**99 240**	**103 572**	**97 431**
Liabilities				
Non-Current Liabilities				
Borrowings	12	20 663	3 715	29 250
Converting notes	13	5 974	6 021	5 897
Derivative financial liability	14	3 548	1 375	2 313
Deferred tax	15	8 201	1 745	-
Provisions	16	31 385	4 446	4 068
		69 771	**17 302**	**41 528**
Current Liabilities				
Borrowings	12	5 391	30 393	10 331
Trade and other payables	17	8 089	9 228	5 888
		13 480	**39 621**	**16 219**
Total Liabilities		**83 251**	**56 923**	**57 747**
Total Equity and Liabilities		**182 491**	**160 495**	**155 178**

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

Universal Coal Plc

(Registration number 4482856)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2015

	Note	Reviewed half year to 31 December 2015 A$ '000	Reviewed half year to 31 December 2014 A$ '000
Revenue		50 331	26 662
Cost of sales		(37 276)	(24 491)
Gross profit		**13 055**	**2 171**
Operating expenses		(6 427)	(4 184)
Operating profit/(loss)		**6 628**	**(2 013)**
Finance income	18	1 943	456
Foreign exchange loss		(22)	(8)
Gain on bargain purchase	5	14 336	-
Derivative financial liability	14	(2 173)	(956)
Finance expenses	19	(1 813)	(2 207)
Profit/(loss) before taxation		**18 899**	**(4 728)**
Taxation		(1 259)	661
Profit/(loss) for the period		**17 640**	**(4 067)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(22 172)	4 101
Other comprehensive (loss)/income for the period net of taxation		**(22 172)**	**4 101**
Total comprehensive (loss)/income for the period		**(4 532)**	**34**
Profit/(loss) attributable to:			
Owners of the parent		8 152	(3 455)
Non-controlling interest		9 488	(612)
Profit/(loss) for the period attributable to owners of the parent		**17 640**	**(4 067)**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(9 106)	(644)
Non-controlling interest		4 574	678
		(4 532)	**34**
Earnings/(loss) per share			
Per share information			
Basic earnings/(loss) per share (c)	23	1.61	(0.87)
Diluted earnings/(loss) per share (c)	23	1.61	(0.87)

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

Universal Coal Plc

(Registration number 4482856)

Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2015

	Note	Reviewed half year to 31 December 2015 A$ '000	Reviewed half year to 31 December 2014 A$ '000
Cash flows from operating activities			
Cash generated from / (utilised in) operations	20	4 576	(1 019)
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	(8 663)	(9 307)
Acquisition of other intangible assets	4	(15)	(656)
Consideration paid on business combination	5	(7 454)	-
Movements in loan to shareholder		-	(1 590)
Investment in associated undertakings		(2)	(6)
Transfer from/(to) restricted cash		12 440	(15 351)
Finance income		611	368
Net cash used in investing activities		**(3 083)**	**(26 542)**
Cash flows (used in) / from financing activities			
Proceeds from share issues, net of share issue expenses	10	200	24 124
Repayment of converting notes		(172)	-
Proceeds from RMB finance facilities		-	3 491
Repayment and settlement of RMB finance facilities		(33 508)	-
Proceeds from Investec finance facilities		30 913	-
Repayment of Investec finance facilities		(2 205)	-
Finance expenses		(379)	(696)
Net cash (used in) / from financing activities		**(5 151)**	**26 919**
Total cash movement for the six months		**(3 658)**	**(642)**
Unrestricted cash at the beginning of the period	9	6 691	2 657
Effect of exchange rate movement on cash balances		(1 837)	481
Total cash and cash equivalents	9	**1 196**	**2 496**
Restricted cash	9	7 408	19 727
Total cash and cash equivalents (including restricted cash)	9	**8 604**	**22 223**

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

Universal Coal Plc
(Registration number 4482856)

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2015

	Share capital A$ '000	Share premium A$ '000	Total share capital A$ '000	Foreign currency translation reserve A$ '000	Convertible instrument reserve A$ '000	Share based payment reserve A$ '000	Total reserves A$ '000	Accumulated loss A$ '000	Total attributable to equity holders of the group A$ '000	Non-controlling interest A$ '000	Total equity A$ '000
Balance at 1 July 2014	**26 253**	**41 967**	**68 220**	**(6 844)**	**2 951**	**4 729**	**836**	**(22 870)**	**46 186**	**25 114**	**71 300**
(Loss) / profit for the year	-	-	-	-	-	-	-	(3 455)	(3 455)	(612)	(4 067)
Other comprehensive income	-	-	-	2 811	-	-	2 811	-	2 811	1 290	4 101
Total comprehensive Loss for the six months	**-**	**-**	**-**	**2 811**	**-**	**-**	**2 811**	**(3 455)**	**(644)**	**678**	**34**
Transactions with owners											
Issue of shares	10 255	4 299	14 554	-	(1 392)	-	(1 392)	-	13 162	-	13 162
Issue of preferred shares	6 481	6 339	12 820	-	-	-	-	-	12 820	-	12 820
Transfer between reserves	-	-	-	(494)	494	(20)	(20)	20	-	-	-
Recycling finance charge on convertible loan note	-	-	-	-	-	-	-	115	115	-	115
Other movements within equity	**16 736**	**10 638**	**27 374**	**(494)**	**(898)**	**(20)**	**(1 412)**	**135**	**26 097**	**-**	**26 097**
Unaudited balance at 31 December 2014	**42 989**	**52 605**	**95 594**	**(4 527)**	**2 053**	**4 709**	**2 235**	**(26 190)**	**71 639**	**25 792**	**97 431**
Balance at 1 July 2015	**42 989**	**52 605**	**95 594**	**(2 800)**	**2 053**	**4 709**	**3 962**	**(22 070)**	**77 486**	**26 086**	**103 572**
Profit for the six months	-	-	-	-	-	-	-	8 152	8 152	9 488	17 640
Other comprehensive loss	-	-	-	(17 258)	-	-	(17 258)	-	(17 258)	(4 914)	(22 172)
Total comprehensive loss for the six months	**-**	**-**	**-**	**(17 258)**	**-**	**-**	**(17 258)**	**8 152**	**(9 106)**	**4 574**	**(4 532)**
Transactions with owners											
Conversion of options	104	96	200	-	-	(163)	(163)	163	200	-	200
Transfer between reserves	-	-	-	-	-	(2 673)	(2 673)	2 673	-	-	-
Other movements within equity	**104**	**96**	**200**	**-**	**-**	**(2 836)**	**(2 836)**	**2 836**	**200**	**-**	**200**
Unaudited balance at 31 December 2015	**43 093**	**52 701**	**95 794**	**(20 058)**	**2 053**	**1 873**	**(16 132)**	**(11 082)**	**68 580**	**30 660**	**99 240**
Note	10	10	10			11					

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

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2015

1. Significant accounting policies

General Information

The Company is domiciled in the UK. The address of the registered office is One America Square, Crosswall, London, EC3N 2SG. The registered number of the company is 4482856.

Presentation of the Consolidated Unaudited Half Year Financial Statements

The consolidated unaudited half year financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The accounting policies and methods of computation applied in these condensed consolidated half year financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2015 and expected to be applied in the financial statements for the year ended 30 June 2016.

Basis of preparation

The condensed consolidated half year financial information has been prepared using the accounting policies applied by the company in its 30 June 2015 annual report which are in accordance with the framework concepts and the recognition and measurement criteria of the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board (“IASB”) as adopted for use in the EU (“IFRSEU”), and the presentation and disclosure requirements of IAS 34: Interim Financial Reporting:

The condensed consolidated unaudited half year financial information are prepared in accordance with the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted under the recognition and measurement criteria of the International Financial Reporting Standards. This condensed consolidated half year financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements by Universal Coal Plc.

The accounts have been prepared on the going concern basis. At the period-end the Group had A$1.2 million (31 December 2014: A$2.5 milion) of unrestricted cash reserves. The Group's cash flow projections show that in order for the Group to meet its known commitments, debt repayment schedules and operating cash flow requirements, the Group is reliant on the Kangala Colliery continuing to operate in line with forecasts. The Group is currently fulfilling the terms of the off-take arrangement with Eskom with the key deliverables being delivery of tonnage and coal quality requirements. There is no evidence to suggest that this will not occur as additional stripping of the mining area has been undertaken and the Directors are confident that the Group will continue to meet its obligations under the Eskom off-take agreement. The Directors are therefore satisfied that the half year financial statements should be prepared on a going concern basis.

The condensed half year financial information for the period 1 July 2015 to 31 December 2015 is unaudited. In the opinion of the Directors, the condensed half year financial information for the period presents the financial position, result from operations, changes in equity and cash flows for the period in conformity to IAS 34 'Interim Financial Reporting' consistently applied. The condensed half year financial information incorporates comparative figures for the periods to 30 June 2015 and 31 December 2014 for the consolidated statement of financial position, the half year period from 1 July 2014 to 31 December 2014 for the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows and the half year period from 1 July 2014 to 31 December 2014 for the consolidated statement of changes in equity. The financial information for the year ended 30 June 2015 contained in this half year report does not constitute statutory accounts as defined by section 435 of the Companies Act, 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors’ report on those accounts was unqualified and did not contain a statement under section 498(2) – (3) of the Companies Act, 2006.

1. Significant accounting policies (continued)

Functional and presentation currency

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

The Group's functional currency is Australian Dollar ("A$"). The consolidated half year financial statements are presented in Australian Dollar ("A$"), which is the Group's presentation currency. Further details are provided on the foreign currency accounting policy in the year ended 30 June 2015 Financial Statements.

2. Segmental reporting

All investments in associates and subsidiaries operate in one geographical location being South Africa, and are organised into two business units from which the Group's expenses are incurred and revenues are earned, being (1) for the exploration and development of coal and (2) mining and sale of coal. The reporting on these investments to the Chief Operating Decision Makers, the Board of Directors, focuses on the key performance indicators that the Directors monitor on a regular basis which are:

- Run-of-Mine (ROM) tonnages, processing plant yields and sales tonnages
- Revenue per tonne
- Cash cost per run-of-mine tonne (ROMt)
- Gross margin in percentage and gross margin per sales tonne
- Earnings before interest taxation and depreciation (EBITDA) and EBITDA percentage of revenue on a monthly and year-to-date basis
- Management of liquid resources through regular analysis of working capital requirements, bank balances, stay in business capital requirements, cash flow forecasts, accounts receivable and accounts payable ageing metrics.

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

For the half year to 31 December 2015	**Mining and sale of coal**	**Exploration and development of coal**	**Corporate (Unallocated)**	**Total**
	A$'000	**A$'000**	**A$'000**	**A$'000**
Revenue	48 792	1 539	-	50 331
Cost of sales	(36 464)	(812)	-	(37 276)
Cost of sales - depreciation	(1 766)	-	-	(1 766)
Cost of sales excluding depreciation	(34 698)	(812)	-	(35 510)
Gross profit	12 328	727	-	13 055
Operating expenses (excluding share based payments)	(2 011)	(294)	(4 122)	(6 427)
Foreign exchange loss	-	-	(22)	(22)
Net finance cost	(1 228)	104	1 254	130
Derivative financial liability	-	-	(2 173)	(2 173)
Bargain purchase gain	-	14 336	-	14 336
Profit / (loss) before taxation	9 089	14 873	(5 063)	18 899
Taxation	(1 259)	-	-	(1 259)
Profit / (loss) after taxation	7 830	14 873	(5 063)	17 640
Total non-current assets	47 832	106 751	3 039	157 622
Total capital expenditure	8 649	57 570	14	66 233
Total assets	59 421	118 334	4 736	182 491
Total liabilities	(49 464)	(23 556)	(10 231)	(83 251)

2. Segmental reporting (continued)

For the half year to 31 December 2014	Mining and sale of coal	Exploration and development of coal	Corporate (Unallocated)	Total
	A$'000	A$'000	A$'000	A$'000
Revenue	26 662	-	-	26 662
Cost of sales	(24 491)	-	-	(24 491)
Cost of sales - depreciation	(2 707)	-	-	(2 707)
Cost of sales excluding depreciation	(21 784)	-	-	(21 784)
Gross profit	2 171	-	-	2 171
Operating expenses (excluding share based payments)	(1 935)	(200)	(2 049)	(4 184)
Foreign exchange loss	-	-	(8)	(8)
Net finance cost	(1 445)	-	(306)	(1 751)
Derivative financial liability	-	-	(956)	(956)
Loss before taxation	(1 209)	(200)	(3 319)	(4 728)
Taxation	661	-	-	661
Loss after taxation	(548)	(200)	(3 319)	(4 067)
Total non-current assets	59 872	59 881	2 695	122 448
Total capital expenditure	3 662	5 628	17	9 307
Total assets	73 033	59 979	22 166	155 178
Total liabilities	(50 591)	(162)	(6 994)	(57 747)

3. Property, plant and equipment

	31 December 2015			30 June 2015		
	Cost A$'000	Accumulated depreciation A$'000	Carrying value A$'000	Cost A$'000	Accumulated depreciation A$'000	Carrying value A$'000
Mine development	10 156	(1 920)	8 236	12 255	(1 629)	10 626
Mining infrastructure	10 195	(1 931)	8 264	11 961	(1 636)	10 325
Processing plant	47 523	(2 138)	45 385	15 719	(1 669)	14 050
Mine owners assets	11 625	(883)	10 742	5 093	(695)	4 398
Mineral properties	7 520	(639)	6 881	9 074	(542)	8 532
Development and production assets	12 580	(888)	11 692	5 513	(754)	4 759
Land rehabilitation asset	3 410	(660)	2 750	4 115	(560)	3 555
Furniture and fixtures	35	(25)	10	41	(26)	15
Computer equipment	94	(59)	35	103	(55)	48
Motor vehicles	176	(93)	83	212	(86)	126
Capital work in progress	4 797	-	4 797	2 665	-	2 665
Deferred stripping costs	6 078	(276)	5 802	1 935	(82)	1 853
Total	**114 189**	**(9 512)**	**104 677**	**68 686**	**(7 734)**	**60 952**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 December 2015

	Opening balance A$'000	Additions A$'000	Business acquisition A$'000	Foreign exchange movements A$'000	Depreciation A$'000	Total A$'000
Mine development	10 626	-	-	(2 099)	(291)	8 236
Mining infrastructure	10 325	283	-	(2 049)	(295)	8 264
Processing plant	14 050	190	40 676	(9 062)	(469)	45 385
Mine owners assets	4 398	1 117	7 431	(2 016)	(188)	10 742
Mineral properties	8 532	-	-	(1 554)	(97)	6 881
Development and production assets	4 759	-	9 463	(2 396)	(134)	11 692
Land rehabilitation asset	3 555	-	-	(705)	(100)	2 750
Furniture and fixtures	15	1	-	(5)	(1)	10
Motor vehicles	126	-	-	(36)	(7)	83
Computer equipment	48	9	-	(18)	(4)	35
Capital work in progress	2 665	2 588	-	(456)	-	4 797
Deferred stripping costs	1 853	4 475	-	(334)	(192)	5 802
	60 952	**8 663**	**57 570**	**(20 730)**	**(1 778)**	**104 677**

Reconciliation of property, plant and equipment - 30 June 2015

	Opening balance A$'000	Additions A$'000	Transfers A$'000	Foreign exchange movements A$'000	Depreciation A$'000	Total A$'000
Mine development	11 250	33	-	676	(1 333)	10 626
Mining infrastructure	10 911	-	-	718	(1 304)	10 325
Processing plant	5 958	2 995	6 162	423	(1 488)	14 050
Mine owners assets	4 663	-	-	290	(555)	4 398
Mineral properties	3 632	5 101	-	231	(432)	8 532
Development and production assets	5 055	-	-	305	(601)	4 759
Land rehabilitation asset	3 755	19	-	228	(447)	3 555
Furniture and fixtures	16	4	-	2	(7)	15
Computer equipment	35	32	-	2	(21)	48
Motor vehicles	170	-	-	11	(55)	126
Capital work in progress	6 162	2 665	(6 162)	-	-	2 665
Deferred stripping costs	-	1 935	-	-	(82)	1 853
	51 607	**12 784**	**-**	**2 886**	**(6 325)**	**60 952**

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2015

4. Intangible assets

	Project	31 December 2015 Cost A$'000	31 December 2015 Accumulated amortisation A$'000	31 December 2015 Carrying value A$'000	30 June 2015 Cost A$'000	30 June 2015 Accumulated amortisation A$'000	30 June 2015 Carrying value A$'000
Mining and Prospecting Rights (held by:)							
Universal Coal Development I (Pty) Ltd	Kangala	801	-	801	965	-	965
Universal Coal Development II (Pty) Ltd	Berenice & Somerville	29 204	-	29 204	35 237	-	35 237
Universal Coal Development III (Pty) Ltd	Brakfontein	8 904	-	8 904	10 745	-	10 745
Universal Coal Development IV (Pty) Ltd	Roodekop	7 883	-	7 883	9 513	-	9 513
Universal Coal Development V (Pty) Ltd	Cygnus	3 221	-	3 221	3 886	-	3 886
Other Intangible Assets							
Computer software		388	(262)	126	453	(239)	214
Total		**50 401**	**(262)**	**50 139**	**60 799**	**(239)**	**60 560**

Reconciliation of intangible assets - 31 December 2015

	Project	Opening balance A$'000	Additions A$'000	Foreign exchange movements A$'000	Amortisation A$'000	Total A$'000
Universal Coal Development I (Pty) Ltd	Kangala	965	-	(164)	-	801
Universal Coal Development II (Pty) Ltd	Berenice & Somerville	35 237	3	(6 036)	-	29 204
Universal Coal Development III (Pty) Ltd	Brakfontein	10 745	-	(1 841)	-	8 904
Universal Coal Development IV (Pty) Ltd	Roodekop	9 513	-	(1 630)	-	7 883
Universal Coal Development V (Pty) Ltd	Cygnus	3 886	-	(665)	-	3 221
Computer software		214	12	(28)	(72)	126
		60 560	**15**	**(10 364)**	**(72)**	**50 139**

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2015

4. Intangible assets (continued)

Reconciliation of intangible assets - 30 June 2015

	Project	Opening balance A$'000	Additions A$'000	Foreign exchange movements A$'000	Amortisation A$'000	Total A$'000
Universal Coal Development I (Pty) Ltd	Kangala	912	-	53	-	965
Universal Coal Development II (Pty) Ltd	Berenice & Somerville	33 249	39	1 949	-	35 237
Universal Coal Development III (Pty) Ltd	Brakfontein	9 894	271	580	-	10 745
Universal Coal Development IV (Pty) Ltd	Roodekop	8 878	115	520	-	9 513
Universal Coal Development V (Pty) Ltd	Cygnus	3 671	-	215	-	3 886
Computer software		232	118	-	(136)	214
		56 836	**543**	**3 317**	**(136)**	**60 560**

Supplementary information on intangible assets

The following detailed schedule provides additional information pertaining specifically to the interests held by Universal Coal Plc in the identifiable Mining Rights (MR) and Prospecting Rights (PR) as at 31 December 2015:

Project	Entity	Location	Property	Size (hectare)	Permit type & Number	Expiry date	Comment	% Interest
Kangala	Universal Coal Development I (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Wolvenfontein 244IR: Portion 1 and RE of Portion 2	951	Mining right: MP30/5/1/2/2/429MR	02/05/2032	-	70.50 %
Kangala	Universal Coal Development I (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Middelbult 235IR: Portions 40 and 82	942	Prospecting Right: MP30/5/1/1/2/6 41PR	09/07/2017	-	70.50 %
Kangala	Universal Coal Development I (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Modderfontein 236IR: Portion 1	127	Prospecting Right: MP30/5/1/1/2/6 39PR	09/07/2017	-	70.50 %

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2015

4. Intangible assets (continued)

Berenice & Somerville	Universal Coal Development II (Pty) Ltd	Waterpoort, Limpopo Province, South Africa	Berenice 548 MS; Celine 547 MS; Doncaster 414 MS; Doornvaart 355 MS; Duinen 419 MS; Gezelschap 395 MS; Hastings 485 MS; Longford 354 MS; Matsuri 358 MS; Monmouth 294 MS; Scot 465 MS; Secrabje 470 MS; Smithfield 456 MS; Trekpad 455 MS; Troy 458 MS; Twyfelfontein 483 MS; Vriendschap 460 MS; Wintersveld 427 MS; Ratho 1 MS; Parma 40 MS; Pont Drift 12 MS; Princess Royal 10 MS; Montrow 6 MS; Somerville 9 MS and Patricia 65 MS	39 484	Prospecting Right: LP30/5/1/1/2/376PR Mining right: LP30/5/1/2/2/10121 MR	19/03/2016 Not applicable	- Application lodged on 4 December 2015	50.00 %
Brakfontein	Universal Coal Development III (Pty) Ltd	Delmas, Mpumalanga Province, South Africa	Brakfontein 264IR : Portions 6, 8, 9, 10, 20, 26, 30 and Remaining Extent	879	Mining Right: MP30/5/1/2/2/1 0027MR	Not applicable	Execution and registration of the right is pending	50.29 %
Roodekop	Universal Coal Development IV (Pty) Ltd	Kriel, Mpumalanga Province, South Africa	Roodekop 63IS	860	Mining Right: MP30/5/1/1/2/4 92MR	05/02/2034	-	74.00 %
Cygnus	Universal Coal Development V (Pty) Ltd	All Days, Limpopo Province, South Africa	Cygnus 543MS; Dorothy 254 MS; Jan van Rensburg 525 MS; Albasini 524 MS; Zwartland 506 MS; Kitchener 504 MS; Piet 509 MS; Barend 523 MS and Emery 522 MS	12 299	Prospecting Right: LP30/5/1/1/2/12 76PR	In renewal	Renewal of the prospecting right for a further three years is pending	50.00 %

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2015

4. Intangible assets (continued)

New Clydesdale Colliery	Universal Coal Development VIII (Pty) Ltd	Kriel, Mpumalanga Province , South Africa	Middeldrift 42 IS (portion 4), Diepspruit 41 IS (RE, RE of portions 1, 2, 3, portions 7, 8, 9, 10), Rietfontein 43 IS (RE, RE of portion 1, portion 3, M/A 2, 3, 4 of RE portion 1), Vaalkrans 29 IS (portions 4, 6, 8, 9, 11, 12, 13, 14, 16, RE of portion 16, M/A 2 of portion 6), Clydesdale 483 IS, Lourens 472 IS, Enkelbosch 20 IS (M/A 4 and 5) and Haasfontein 28 IS (portion 1, M/a 6 and 7 of portion 7)	4 125	Mining right: MP30/5/1/2/2/148MR	05/12/2019	-	49.00 %
Episolve	Episolve (Pty) Ltd	Delmas, Mpumalanga Province , South Africa	Goedgedacht 228IR, Portion 14 (remaining) and Portion of portion 26	216	Prospecting right: MP30/5/1/1/2/4842PR	08/02/2017	-	74.00 %
Bold Moves	Bold Moves 1765 (Pty) Ltd	Witbank, Mpumalanga Province , South Africa	Langsloot 99IS, portion 3, 4, 8,13, 14, 15 and 16	1 647	Prospecting right: MP30/5/1/1/2/4966PR	14/12/2020	-	74.00 %

On review during the period, the Directors have not noted any circumstances which would suggest that at this time any impairment is necessary given the preliminary results on surveys obtained to date. The situation will be closely monitored and adjustments made in future periods if there are indications that the assets held are not recoverable.

5. Business combinations

Universal Coal Development VIII Proprietary Limited ("UCDVIII")

On 30 July 2015 Universal Coal Development VIII (Pty) Ltd (“UCD VIII”) acquired all of the assets and assumed certain liabilities of New Clydesdale Colliery (“NCC”) from Exxaro Coal Mpumalang Proprietary Limited ("Exxaro"). UCEHSA (an intermediary holding company) holds a 49% interest in UCD VIII and a BEE partner, Ndalamo Resources (Pty) Ltd ("Ndalamo"), holds the balance of 51% of the equity of UCD VIII. Management has performed a control assessment as required under IFRS 10 *Consolidated Financial Statements* and concluded that by virtue of the Operating and Management Agreement ("O&M") between Universal Coal Development IV (Pty) Ltd (“UCD IV”), UCD VIII, UCEHSA and Ndalamo, UCD VIII is controlled by UCEHSA. UCEHSA is a wholly owned subsidiary of Universal Coal Plc.

The acquisition of NCC will enable the Group to realise synergies from the access to the Roodekop coal reserves that are located adjacent to NCC. The Roodekop reserves are held by the Group in UCD IV.

In the five months to 31 December 2015, UCD VIII through its acquisition of the New Clydesdale Colliery contributed a profit of A$14.9 million (ZAR146 million) to the group’s results. This includes a gain on bargain purchase of A$14.3 million (ZAR138 million) and an amount of A$1.0 million relating to the trading of coal. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2015. Management has assessed the additional effect of UCD VIII’s revenue and profit on the group results, had the acquisition occurred on 1 July 2015, as not being material as the mine was on care and maintenance and therefore had minimal activity.

Identifiable assets acquired and liabilities assumed -2015

	Note	Cost A$'000	Fair value uplift A$'000	Fair Value A$'000
Property, plant and equipment	3	3 907	44 200	48 107
Mining resource	3	1 441	8 022	9 463
Inventory		1 596	1 664	3 260
Environmental rehabilitation provision	16	-	(30 115)	(30 115)
Environmental liability - Water treatment liability		-	(2 434)	(2 434)
Deferred tax liability	15	-	(6 491)	(6 491)
Total fair value of identifiable net assets acquired		**6 944**	**14 846**	**21 790**

Measurement of fair values

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

Assets acquired	Valuation technique
Property, plant and equipment	Depreciated replacement cost: Depreciated replacement cost reflects adjustment for physical deterioration as well as functional and economic obsolescence.
Inventories	Market realisation value

The fair value of NCC’s tangible assets (Mining right) have been measured provisionally, pending new information which may effect management's current assessment, the valuation will be finalised within 12 months of the acquisition.

NCC’s operations are subject to specific environmental regulations. The Group has conducted a preliminary assessment of the environmental rehabilitation provision arising from these regulations and has recognised a provisional amount, which reflects the fair value of such liabilities. The Group will continue to review these matters during the measurement period.

The Water treatment liability relates to the installation of a cost effective system of evaporators to assist with water management at the NCC operations. The liability consists of initial capital expenditure of A$0.9 million, NPV of future operating expenditure over the life of mine of A$1.3 million and a wetland rehabilitation strategy of A$0.3 million. The capital expenditure is expected to be incurred within the financial year.

5. Business combinations (continued)

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Consideration transferred

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

	2015 A$'000
Cash	6 934
Contingent consideration	520
Total consideration transferred	**7 454**

The original purchase price of A$15 million (ZAR170 million) inclusive of Value Added Taxation, was amended by the parties to A$6.9 million (ZAR76 million) inclusive of Value Added Taxation, following further negotiation and offset of the obligation for Exxaro to transfer the rehabilitation trust fund and the assumption of Universal Coal Development VIII (Pty) Ltd to repair the discard facility.

Contingent consideration

At acquisition date, a condition of sale existed whereby the purchase consideration for the acquisition of the New Clydesdale Colliery may or may not have been increased upwards by A$0.5 million (ZAR5.7 million). This condition was dependent on the Department of Mineral Resources (“DMR”) and the Department of Water Affairs and Sanitation ("DWS") accepting and unconditionally approving a high-density polyethylene ("HDPE") (plastic) lined solution for the management of the Discard Facility stormwater run-off. The required approval was subsequently obtained and the contingent consideration was subsequently settled in November 2015. The A$0.5 million represented the acquisition date fair value. Due to the short term between acquisition date and the date of settlement of the contingent consideration, management does not consider the effects of discounting as material.

Gain on acquisition

The gain on business acquisition has been recognised as follows:

	2015 A$'000
Consideration transferred	7 454
Fair value of identifiable net assets	(21 790)
Gain on acquisition	**(14 336)**

A gain of A$14.3 million was recognised. Exxaro had previously placed NCC under care and maintenance as NCC did not fit in with Exaxaro's strategic plan. Universal Coal purchased NCC from Exxaro in order to realise the synergies on Universal Coal's adjacent coal reserves, Roodekop. The gain has been included in a separate line item on the consolidated statement of profit and loss.

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000

6. Loan receivable

Ndalamo Resources Proprietary Limited	2 792	1 813	1 679

The loan is secured against a share pledge of Ndalamo's shares in UCD VIII and UCD IV, bears interest at prime plus 7.5% per annum and is fully repayable by 30 June 2020 in varying capital installments. The balance above represents a nett amount of A$1.3 million and accumulated interest of A$1.5 million. To date a gross capital amount of A$11.5 million has been loaned to Ndalamo Resources of which A$10.2 million has been on lent to UCD IV and UCD VIII. On consolidation this amount is offset against the gross loan balance due to offsetting rights included in the agreements.

7. Inventories

Run-of-mine(ROM) stockpiles	1 233	687	902
Coal product stockpiles	225	308	734
Diesel on hand	40	44	32
Consumable stores	3 028	-	-
	4 526	**1 039**	**1 668**

8. Trade and other receivables

Trade receivables	9 658	6 257	5 590
Deposits	1	78	1
Prepayments	1 455	1 640	1 393
Financial assets	11 114	7 975	6 984
Value Added Taxation	625	1 605	1 855
	11 739	**9 580**	**8 839**

Prepayments: Universal Coal Development VII (Pty) Ltd

On 19 April 2012, Universal Coal & Energy Holdings South Africa Proprietary Limited acquired 1 (one) ordinary share (50%) of Universal Coal Development VII Proprietary Limited, a special purpose entity formed with the intention of acquiring additional prospecting rights in South Africa. The contribution of A$1.4 million (30 June 2015: A$1.6 million; 31 December 2014: A$1.4 million) continues to be treated as a prepayment as certain conditions precedent still have to be concluded.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	833	6 691	2 496
Fixed term deposits	363	-	-
Restricted cash	7 408	19 848	19 727
	8 604	**26 539**	**22 223**

Restricted cash and cash equivalents

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

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000

9. Cash and cash equivalents (continued)

Cash security in respect of financial guarantees	6 914	1 067	954
Guarantee account	494	2	2
Acquisition guarantee	-	15 928	15 981
Debt service reserve account	-	2 851	2 790
	7 408	**19 848**	**19 727**

Financial guarantees

Certain financial guarantees have been entered into by Universal Coal and Energy Holdings South Africa Proprietary Limited in relation to rehabilitation guarantees in favour of the Department of Minerals Resources and are secured against a cash at bank balance of A$6.9 million (30 June 2015: A$1.1 million; 31 December 2014: A$1.0 million).

Acquisition guarantees

A deposit guarantee in the amount of A$nil (30 June 2015: A$ 2.1 million), not collateralised by cash, was provided to Exxaro Coal Mpumalanga Proprietary Limited as a non-refundable deposit and a provisional purchase price guarantee of A$nil (30 June 2015: A$16 million) for the acquisition of the assets of the New Clydesdale Colliery (refer to note 5).

Guarantee account

Finance guarantees have been provided to certain suppliers of Universal Coal Development I (Pty) Ltd and have been fully secured by a cash balance of A$0.5 million (ZAR5.6 million).

Debt service reserve account (DSRA)

The DSRA is a restricted cash account of A$nil (30 June 2015: A$2.9 million; 31 December 2014: A$2.8 milion) held in favour of Rand Merchant Bank (RMB) which is funded to the extent required to cover the following quarter's capital and interest repayments to RMB under the Project Financing Facility agreement.

The DSRA is not required under the Investec finance facility (note 12) and has been released to unrestricted cash in the period.

10. Share capital

Allotted, issued and fully paid			
506 685 447 (2014: 434 465 447) Ordinary shares of £0.05	43 093	36 508	36 508
Nil (2014: 71 220 000) Preferred shares of £0.05	-	6 481	6 481
Share premium	52 701	52 605	52 605
	95 794	**95 594**	**95 594**
Reconciliation of ordinary and preferred shares issued:			
Reported as at beginning of period	42 989	26 253	26 253
Issue of ordinary shares	6 481	10 255	10 255
Issue of preferred shares	-	6 481	6 481
Conversion of preferred shares	(6 481)	-	-
Exercise of share options	104	-	-
Balance at end of period	**43 093**	**42 989**	**42 989**

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
10. Share capital (continued)			
Reconciliation of share premium:			
Reported as at beginning of period	52 605	41 967	41 967
Issue of ordinary shares	6 339	4 299	4 299
Issue of preferred shares	-	6 339	6 339
Conversion of preferred shares	(6 339)	-	-
Exercise of share options	96	-	-
Balance at end of period	**52 701**	**52 605**	**52 605**

Significant changes in the share capital of the Group for the half year ended 31 December 2015 were as follows:

Ordinary shares	**Date of issue**	**Number of shares issued**	**Cumulative shares issued**
Opening balance		-	434 465 447
Conversion of preferred shares	14 August 2015	71 220 000	505 685 447
Exercise of options	8 December 2015	1 000 000	506 685 447
Closing balance			506 685 447

Preferred shares	**Date of issue**	**Number of shares issued**	**Cumulative shares issued**
Opening balance		-	71 220 000
Conversion to ordinary shares	14 August 2015	(71 220 000)	(71 220 000)
Closing balance			-

These shares attract a 2% per annum, non-cumulative preferred dividend, if declared or paid by the Company and do not have voting rights.

A conversion notice for 71 220 000 preferred shares was received from the holder of the preferred shares and on 14 August 2015, 71 220 000 ordinary shares were converted from preferred to ordinary shares.

Significant changes in the share capital of the Group for the financial year ended 30 June 2015 were as follows:

Ordinary shares	**Date of issue**	**Number of shares issued**	**Cumulative shares issued**
Opening balance		-	321 775 447
Issue of ordinary shares	16 October 2014	86 690 000	408 465 447
Conversion of loan notes	16 October 2014	26 000 000	434 465 447
Closing balance		-	434 465 447

Preferred shares	**Date of issue**	**Number of shares issued**	**Cumulative shares issued**
Issue of preferred shares	16 October 2014	71 220 000	71 220 000

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

11. Share based payments

Share Options

The Company has share based payment arrangements relating to share options granted, which are as below:

31 December 2015

Grant date	Expiry Date	Exercise Price	Number issued	Outstanding
04/06/2012	04/06/2017	A$ 0.26	16 855 736	16 855 736
04/06/2012	04/06/2017	A$ 0.28	5 618 579	5 618 579
01/04/2013	01/04/2018	A$ 0.26	3 300 001	3 300 001
			25 774 316	**25 774 316**

31 December 2014

Grant date	Expiry Date	Exercise Price	Number issued	Outstanding
09/12/2010	09/12/2015	A$ 0.26	490 617	490 617
09/12/2010	09/12/2015	A$ 0.20	3 800 000	3 800 000
09/12/2010	09/12/2015	A$ 0.26	4 618 000	4 618 000
09/12/2010	24/11/2015	A$ 0.26	3 007 110	3 007 110
09/12/2010	09/12/2015	A$ 0.39	5 200 000	5 200 000
09/12/2010	03/11/2015	A$ 0.34	3 200 000	3 200 000
22/06/2012	31/12/2014	A$ 0.40	500 000	500 000
04/06/2012	03/06/2017	A$ 0.26	16 855 736	16 855 736
04/06/2012	03/06/2017	A$ 0.28	5 618 579	5 618 579
01/04/2013	01/04/2018	A$ 0.26	3 300 001	3 300 001
			46 590 043	**46 590 043**

The fair value of the share-based payment is based upon the Black-Scholes formula, a commonly used option pricing model. The calculation of volatility used in the model is based upon an average of market prices against current market prices of listed companies operating in the mining industry.

All options are equity settled and it has been assumed that all options will vest.

Warrants

The company has unlisted warrants in issue in favour of certain shareholders as set out below:

31 December 2015

Grant date	Expiry date	Exercise price	Number issued	Outstanding
27/01/2014	31/12/2015	A$ 0.23	19 500 000	-
16/10/2014	16/10/2016	A$ 0.36	71 220 000	71 220 000
			90 720 000	**71 220 000**

31 December 2014

Grant	Expiry date	Exercise price	Number issued	Outstanding
27/01/2014	31/12/2015	A$ 0.23	19 500 000	19 500 000
16/10/2014	16/10/2016	A$ 0.36	71 220 000	71 220 000
			90 720 000	**90 720 000**

11. Share based payments (continued)

Warrants issued to Coal Development Holding B.V. (CDH)

On 24 January 2014, 19 500 000 warrants to subscribe for Ordinary Shares at A$ 0.23 were issued to Coal Development Holding B.V.

The Warrants are convertible to Ordinary Shares on the payment of A$0.23 per Warrant, subject to the following conditions:
(a) The Warrants cannot be exercised unless the Loan Notes have been converted to Ordinary Shares;
(b) In the event of conversion of the total number of Loan Notes, all of the Warrants may be exercised;
(c) In the event of conversion of only part of the Loan Notes, the Warrants may be exercised in accordance with the relevant percentage of Converted Loan Notes – for example if 50% of the Loan Notes are converted, 50% of the Warrants may be exercised; and
(d) The Warrants will be able to be exercised and Ordinary Shares issued on exercise, at any time following conversion of the convertible loan notes up to 31 December 2015.

The Company will not seek quotation of the Warrants on any stock exchange. On exercise, each Warrant will convert into one Ordinary Share. The Ordinary Shares issued will rank equally with fully paid Ordinary Shares on issue.

In the event the Company reorganises its capital, then the number of Ordinary Shares over which a Loan Note or Warrant exists will be adjusted pursuant to the ASX Listing Rules.

On 31 December 2015, 19 500 000 warrants expired.

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
12. Borrowings			
Shareholder's loan			
Mountain Rush Trading 6 Proprietary Limited	2 705	3 715	3 510

The above loan is unsecured, interest free and has no specified terms of repayment. In accordance with IAS 39, the present value of the loan has been calculated at the prime rate of interest in South Africa plus two percent over 2.5 years (31 December 2014: 3.5 years), with the present value of the equity component being recognised in a convertible instrument reserve.

Finance facilities

Investec Kangala Project Finance Facility	22 997	-	-
RMB Kangala Project Finance Facility	-	30 393	33 412
Investec Short term loan	352	-	-
RMB Short term loan	-	-	2 659
	23 349	**30 393**	**36 071**

Investec Kangala Project Finance Facility

On 31 July 2015 Universal Coal entered into new financing agreements with Investec Bank Limited (Investec), acting through its Corporate and Institutional Banking division, replacing the existing banking facilities with Rand Merchant Bank, a division of FirstRand Bank Limited.

12. Borrowings (continued)

Funds from the Investec facility are available as follows:

- Tranche A: Settlement of the Kangala project finance facility of A$26 million (ZAR285 million plus R5 million for fees).
- Tranche B: A$19 million (ZAR215 million) facility to fund the balance of capital development activities at NCC (undrawn).

Interest rates over the new facilities will be reduced after the completion of the NCC project to three-month JIBAR plus a margin of 3.5% p.a.. Prior to completion, interest will be levied by Investec at three-month JIBAR plus a margin of 4% p.a..

Repayment of Tranche A will follow a quarterly cycle over twenty repayment periods, with interest being serviced simultaneously. The revolving working capital facility has a tenure of five years and must be repaid at the end of the period. Repayment of Tranche B will benefit from a repayment holiday for the first 12 months, and sixteen quarterly repayments will be made thereafter. Interest on this second tranche will be serviced quarterly following drawdown.

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

Transaction costs (debt issuance costs) of ZAR18 milion (A$1.6 million) have been settled by utilising the finance facility. Debt issuance costs are recorded as a deferred charge and amortised over the term of the debt using the effective interest method.

Investec Short term loan

A Short-term uncommitted demand facility of A$2.2 million (ZAR25 million) has been provided to the Kangala Colliery by Investec Bank Limited which is secured in line with the security package for the project financing facility. Interest on the daily outstanding balance is levied at JIBAR plus 4% per annum.

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
Non-current liabilities			
Shareholder's loans	2 705	3 715	3 510
Investec Kangala Project Finance Facility	17 958	-	-
RMB Kangala Project Finance Facility	-	-	25 740
	20 663	3 715	29 250
Current liabilities			
Current portion of Investec Kangala Project Finance Facility	5 039	-	-
Current portion of RMB Kangala Project Finance Facility	-	30 393	7 672
Investec Short term loan	352	-	-
RMB Short term loan	-	-	2 659
	5 391	30 393	10 331

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
13. Converting notes			
Held at amortised cost			
Susquehanna Pacific Proprietary Limited	5 974	6 021	5 897

Converting notes and options issued to Susquehanna Pacific (Pty) Ltd

On 5 April 2012, Universal Coal Plc entered into a binding Converting Note Agreement with Susquehanna Pacific (Pty) Ltd for 7 000 000 unlisted and secured Converting Notes at a coupon rate of 9.5% per annum and a maturity date of 7 years to be issued together with a maximum of 22 474 314 share options as follows:

7,000,000 unlisted and secured Convertible Notes at a face value of A$ 1 each and a maximum of 22 474 314 options ("Tranche A").

The Tranche A options will be issued at a maximum of:
- 16 855 735 options (low) at an exercise price of A$0.2628 per option with a grant date of 4 June 2012 and an expiry date of 3 June 2017
- 5 618 579 options (high) at an exercise price of A$0.2745 per option with a grant date of 4 June 2012 and an expiry date of 3 June 2017

See also note 11: Share Based Payments

Subject to the terms of the Converting Note Agreement, the rate at which Converting Notes convert into CDI shares is equal to the principal amount outstanding on the Converting Notes divided by the Conversion Price.

The Conversion Price for the Converting Notes is equal to 110% of the Close Price. The Close price is determined as follows:

Close Price =
(a) A$0.25 per CDI if at any time during an 8 week notice period the 5 day VWAP is equal to or greater than A$0.25 per CDI or

(b) A$0.2336

Specific terms of the Converting Notes:

- Other than a conversion permitted as a result in a change of control or default event, no conversion is permitted for the first 7½ months.

- Noteholders are not permitted to hold in excess of 19.99% of the CDI's in issue. A monthly cap of 5% of the principal amount of the Converting Notes if they are first ranking in the capital structure of the Company and

- A monthly cap of 10% of the principal amount of the Converting Notes if they are subordinated in the capital structure of the Company

- Converting Notes may be converted or redeemed if a change of control event occurs

- All outstanding Converting Notes must be converted on the maturity date

- If by the date, 3 years and 6 months after the Closing Date, the 5 day, 10 day and 30 day VWAP on the first day of the month is equal to or greater than the Conversion Price, the Noteholder may issue a Conversion Notice to convert as many Converting Notes as it wishes.

13. Converting notes (continued)

- If by the date, 3 years and 6 months after the Closing Date, the 5 day, 10 day and 30 day VWAP on the first day of the month is lower than the Conversion Price then the Noteholder must issue a Conversion Notice to convert between 2.45% and 5% of the Principal being A$7 million or 7,000,000 Converting Notes. Once the Conversion Notice is issued, Universal Coal may elect to redeem the Converting Notes for cash or convert the Converting Notes into ordinary share capital by dividing the cash amount that is payable by 90% x lower of the 5 day, 10 day and 30 day 30 day VWAP on the first day of the month.

- The coupon rate of 9.5% fixed per annum is payable quarterly in arrears in cash or for the first 18 months, in shares at a 10% discount to the lower of the 5, 10 and 30 day VWAP.

On 3 December 2015 a conversion notice for 171 500 notes was received from Susquehanna Limited and Universal Coal elected to settle this notice in cash.

14. Derivative financial liability

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
Opening balances	1 375	1 357	1 357
Movements in the period	2 173	18	956
Closing balance	**3 548**	**1 375**	**2 313**

Contained within the Susquehanna Pacific Proprietary Limited Converting Notes is an acceleration option which in the event that the Universal Coal Plc share price is equal to or above the Conversion Price on or after 30 November 2015, there is an option to convert all outstanding loan notes. This is considered to be an embedded derivative ("Converting Option") contained within the Converting notes.

The Conversion Price is A$ 0.25696 per share, calculated as 110% of the lower of A$ 0.2336 and A$ 0.25. Refer to note 13: Converting notes.

The fair value of the Converting Option has been determined by using the Black Scholes option pricing model, a commonly used option pricing model.

The following key inputs were used in the valuation of the Derivative Financial Liability:

Share price	A$0.21	A$0.10	A$0.14
Strike price	A$0.25696	A$0.25696	A$0.25696
Volatility	96%	96%	96%
Risk free rate	2.06%	2.74%	2.74%
Time to maturity	3.41 years	3.92 years	4.41 years

The indicative fair value of the Converting Option at 31 December 2015 is A$ 0.1335 (30 June 2015: A$ 0.0505) per option.

There are still 6 828 500 loan notes (with a face value of A$1 each) in issue which are convertible at a price of A$ 0.25696. On exercise, this would result in the issue of the total of 26 574 175 new shares. The total indicative fair value of the Converting Option over these new shares is A$3.5 million (30 June 2015: A$1.4 million).

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
15. Deferred tax			
Reconciliation of deferred tax liability			
Balance at the beginning of year	1 745	589	589
Foreign exchange adjustments	(1 294)	35	(3)
Statement of comprehensive income charge	1 259	1 121	(626)
Business acquisition	6 491	-	-
Balance at the end of the year	**8 201**	**1 745**	**(40)**
Comprising			
Deferred tax liability	8 254	1 757	589
Deferred tax asset	(53)	(12)	(629)
Total net deferred tax liability	**8 201**	**1 745**	**(40)**

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

16. Provisions

Reconciliation of provisions - 31 December 2015

	Opening balance A$'000	Provision raised A$'000	Business acquisition A$'000	Unwinding of provision A$'000	Foreign exchange movement A$'000	Total A$'000
Environmental rehabilitation - Kangala	4 446	-	-	146	(761)	3 831
Environmental rehabilitation - NCC	-	-	32 549	-	(4 995)	27 554
	4 446	**-**	**32 549**	**146**	**(5 756)**	**31 385**

Reconciliation of provisions - 30 June 2015

	Opening balance A$'000	Provision raised A$'000	Unwinding of provision A$'000	Foreign exchange movement A$'000	Total A$'000
Environmental rehabilitation - Kangala	3 869	19	331	227	4 446

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

The cost of rehabilitation of the Kangala Colliery was estimated at A$4.3 million (ZAR48.9 million) (30 June 2015: A$5.2 million (ZAR49 million)). The future value of the Kangala provision was calculated by escalating estimated costs at CPI of 6% per annum over the life of the mine of 7.5 years. This amount is discounted at the 10 year South African Government Bond Rate of 8.09% to arrive at a carrying value of A$3.8 million (30 June 2015: A$4.4 million).

The cost of rehabilitation of NCC was estimated at A$32.5 million (ZAR313.1 million). This includes a rehabilitation provision of A$30.1 million (ZAR289.7 million) assumed from the business acquisition and estimated costs of a water treatment facility as explained in note 5.

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

Notes to the Condensed Consolidated Financial Statements for the six months ended 31 December 2015

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
17. Trade and other payables			
Trade payables	6 844	7 672	4 888
Financial liabilities	6 844	7 672	4 888
Accrued expenses	1 245	1 556	1 000
	8 089	**9 228**	**5 888**

	Reviewed 31 December 2015 A$ '000	Reviewed 31 December 2014 A$ '000
18. Finance income		
Interest revenue		
Bank and fixed deposit interest	611	456
Ndalamo loan interest	1 332	-
	1 943	**456**
19. Finance expenses		
Interest on Investec Project Finance Facility	1 409	-
Interest on RMB Project Finance Facility	273	1 710
Reverse accretion of transaction cost included in interest in prior periods	(510)	-
Unwinding of rehabilitation provisions	146	-
Interest on converting notes	495	497
	1 813	**2 207**
20. Cash generated from / (utilised in) operations		
Profit / (loss) before taxation	18 899	(4 728)
Adjustments for:		
Depreciation and amortisation	1 850	2 706
Gain on bargain purchase	(14 336)	-
Finance income	(1 943)	(456)
Finance expenses	1 813	2 207
Derivative financial liability	2 173	956
Changes in working capital:		
(Increase) / decrease in inventories	(1 041)	1 775
Increase in trade and other receivables	(3 112)	(1 893)
Increase / (decrease) trade and other payables	273	(1 586)
	4 576	**(1 019)**

21. Related parties

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

21. Related parties (continued)

	Reviewed 31 December 2015 A$ '000	Audited 30 June 2015 A$ '000	Reviewed 31 December 2014 A$ '000
Related party balances			
Loan from related parties			
Mountain Rush Trading 6 (Pty) Limited	2 705	3 715	4 978
Loan to related party			
Ndalamo Resources (Pty) Limited	2 792	1 813	1 679
Related party transactions			
Consulting fees paid to related parties			
Ofhani Phaswana	-	21	21
African Minerals Exploration and Development GP SARL	80	160	80
IchorCoal N.V.	80	113	30
Mountain Rush Trading 6 (Pty) Limited	2 853	5 698	2 230
Goods sold to related parties			
Bonsma Enterprises (Pty) Ltd	142	-	-
Rent paid to related parties			
KEE Enterprises (Pty) Limited	52	90	45
Shareholder loan repayment			
Mountain Rush Trading 6 (Pty) Ltd	1 170	-	-

Universal Coal Development I Warrants issued to Coal Development Holding B.V. (CDH) secured a portion of the 100% Kangala equity funding requirement of A$16.9 million (ZAR160 million) through a shareholders loan of A$ 4.98 million (ZAR47.2 million) from Black Economic Empowerment partner Mountain Rush Trading 6 (Pty) Ltd. A shareholder loan repayment of A$1.2 million (ZAR11.5 million) was made in July 2015.

On 12 August 2014, a financing term sheet was entered into between Universal Coal and Energy Holdings South Africa (Pty) Ltd and Ndalamo Resources (Pty) Ltd for the financing of the NCC Roodekop project. The loan is secured against a share pledge, bears interest at prime plus 7.5% per annum and is fully repayable by 30 June 2020 in varying capital installments. The balance above represents a nett amount of A$1.3 million and accumulated interest of A$1.5 million. To date a gross capital amount of A$11.5 million has been loaned to Ndalamo Resources of which A$10.2 million has been on lent to UCD IV and UCD VIII. On consolidation this amount is offset against the gross loan balance due to offsetting rights included in the agreements.

A consultancy agreement was extended with Ofhani Phaswana, a director of Bono Lithihi Investments Group (Pty) Ltd, on 1 September 2013 for facilitation services in the mining sector in South Africa and to represent Universal Coal Plc as a “Black- Economic Empowerment” partner. Monthly fees of A$0.01 million have been paid, the last of which occurred on 31 August 2014.

On 5 December 2012, the Company entered into a private placement agreement with Coal Development Holding B.V. (CDH) a wholly owned investment vehicle of African Minerals Exploration and Development GP SARL for the acquisition of 29.99% of the issued share capital of Universal Coal Plc. One of the key terms of the placement was that CDH has the right to nominate two Non-Executive Directors to the Company’s Board. Following Shareholder approval at the Company’s Annual General Meeting on 21 December 2012, the Board of Universal Coal Plc approved the appointment of Mr David Twist and Mr Carlo Baravalle as Non-Executive Directors effective from 7 January 2013. Monthly fees of A$0.01 million are payable to African Minerals Exploration and Development GP SARL.

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

21. Related parties (continued)

On 1 September 2014, Universal Coal Plc entered into a Subscription Agreement with IchorCoal N.V. for the strategic investment of A$24.5 million and furthermore entered into a Warrant Instrument with IchorCoal N.V. whereby IchorCoal N.V. would subscribe for 71 220 000 Warrants, exercisable for a period of 18 months at a strike price of A$0.36. As part of the investment and effective from 16 October 2014, Messrs Nonkululeko Nyembezi-Heita and Andries Engelbrecht were appointed to the Board of Universal Coal as nominee directors of IchorCoal N.V. Monthly fees of A$0.01 million are payable to IchorCoal N.V.

A lease agreement was entered into with KEE Enterprises on 1 June 2014 for office rental in South Africa. The controlling shareholder of KEE Enterprises (Pty) Ltd, Hendrik Bonsma is also a non-executive director of Universal Coal Plc. The period of the lease is for 5 years at a market related rental of A$0.01 million per month with an annual escalation clause of 8% per annum. This transaction is considered to be at “arms-length”.

During the period under review Bonsma Enterprises (Pty) Limited ("Bonsma Enterprises") bought certain of the assets of the NCC. These assets were made available on bid offer to the public. The controlling shareholder of Bonsma Enterprises, Hendrik Bonsma is also a non-executive director of Universal Coal Plc.

22. Risk management

Financial risk management

A. Accounting Classifications and Fair values

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

The financial instruments of the Group are:		Note	Fair value hierarchy	Loans and receivables Carrying amount A$'000	Loans and receivables Fair value A$'000	Financial Liabilities Carrying amount A$'000	Financial Liabilities Fair value A$'000
31 December 2015							
Financial assets							
Trade and other receivables	1	8	Level 3	11 114	11 114	-	-
Unrestricted cash	1	9	Level 2	1 196	1 196	-	-
Restricted cash	1	9	Level 2	7 408	7 408	-	-
Loan receivable	1	6	Level 3	2 792	2 792	-	-
				22 510	22 510	-	-
Financial liabilities							
Shareholder's loan	2	12	Level 3	-	-	2 705	2 705
Trade payables	1	17	Level 3	-	-	6 844	6 844
Derivative financial liability	3	14	Level 3	-	-	3 548	3 548
Borrowings	2	12	Level 3	-	-	23 349	23 349
Converting notes	2	13	Level 3	-	-	5 974	5 974
				22 510	**22 510**	**42 420**	**42 420**

The financial instruments of the Group are:		Note	Fair value hierarchy	Loans and receivables Carrying amount A$'000	Loans and receivables Fair value A$'000	Financial Liabilities Carrying amount A$'000	Financial Liabilities Fair value A$'000
30 June 2015							
Financial assets							
Trade and other receivables	1	8	Level 3	6 984	6 984	-	-
Unrestricted cash	1	9	Level 2	6 691	6 691	-	-
Restricted cash	1	9	Level 2	19 848	19 848	-	-
Loan receivable	1	6	Level 3	1 813	1 813	-	-
				35 336	35 336	-	-
Financial liabilities							
Shareholder's loan	2	12	Level 3	-	-	3 715	3 715
Trade payables	1	17	Level 3	-	-	7 672	7 672
Derivative financial liability	3	14	Level 3	-	-	1 375	1 375
Borrowings	2	12	Level 3	-	-	30 393	30 393
Converting notes	2	13	Level 3	-	-	6 021	6 021
				35 336	**35 336**	**49 176**	**49 176**

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

Value Added Taxation of A$0.6 million (30 June 2015: A$1.6 million) and provisions, accruals and deferred tax of A$40.8 million (30 June 2015: A$7.8 million) have been excluded as these do not meet the definition of a financial asset or financial liability as defined in IAS 32 *Financial Instruments: Presentation.*

22. Risk management (continued)

B. Valuation Techniques and significant unobservable inputs

The Group has assessed the different levels in the fair value hierarchy, for its financial instruments, based on the inputs used in the valuation techniques.

The following tables show the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at Fair Value

Type	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Converting notes and derivative financial liabilities	Black-Scholes option pricing model	Share price volatility of 96% (2014: 96%)	Not applicable

Financial instruments not measured at Fair Value

Type	Valuation Technique	Significant unobservable input
Shareholder Loan, Borrowings	Amortised cost which approximates fair value	Not applicable

Transfers between levels 1 and 2

There were no transfers in either direction during 2014 or 2015 as there were no level 1 fair values.

Level 3 Fair Values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values:

	Note	Derivative financial liability A$'000	Converting notes A$'000
Balance at 1 July 2015	13 & 14	1 375	6 021
Gain or loss included in profit and loss		2 173	125
Converted and settled in cash		-	(172)
Balance at 31 December 2015		**3 548**	**5 974**

Sensitivity of Level 3 financial assets and liabilities

The carrying amount of financial assets and liabilities that are valued using inputs other than observable market data are calculated using appropriate valuation models, including discounted cash flow modelling, with inputs such as term of instruments, risk free interest rate, volatility and consumer price index. The potential effect of using reasonably possible alternative assumptions in these models, based on change in the most significant input by 10 percent while holding all other variables constant would have the following effects:

22. Risk management (continued)

31 December 2015	Carrying amount A$'000	10% increase in input	10% decrease in input
Derivative financial liability	3 548	3 816	3 259
Converting notes	5 974	6 571	5 430
	9 522	**10 387**	**8 689**

30 June 2015	Carrying amount A$'000	10% increase in input	10% decrease in input
Derivative financial liability	1 375	1 551	1 189
Converting notes	6 021	6 623	5 473
	7 396	**8 174**	**6 662**

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while optimising the debt and equity balance. The capital structure of the Group consists of equity comprising issued share capital, equity reserves and retained deficit and debt comprising of converting notes, shareholder's loan, long term loans and short term loans.

Where future investment in the interest in associates or other Group projects is required the Board will assess the structure of whether it can be funded from existing resources or financing arrangements as appropriate.

The Group finances its operations through equity and debt. During the current year the Group raised finance through issuing ordinary shares and draw downs from the project finance debt facility. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without prior consent of the Company.

Foreign exchange risk

Universal Coal Plc operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the South African Rand and British Pound. Universal Coal Plc is exposed to currency risk on cash reserves, deposits paid, trade receivables, trade payables, shareholder's loan and project finance debt facility.

However the majority of the Group's exposure is indirect resulting from those transactions entered into by its associated undertakings and subsidiaries, consequently the direct currency risk facing the Group is not considered to materially affect its financial position and operating results.

Price risk

Prices ultimately received for minerals in relation to the Group's investments will have significant impact on the profitability and viability of all projects in which the Group has an interest. Increase in prices may have significant and leveraged effect to the current and future values of projects and shares held, the converse will apply where prices fall.

However, the Kangala Colliery has a contracted price with a majority customer in Eskom Holdings SOC Limited, which is not subject to global commodity pricing fluctuations.

Interest rate on financial assets and liabilities

The Group's financial assets consist of cash and cash equivalents and other receivables. The Group earn interest on its cash and cash equivalents, consequently the Group is exposed to cash flow interest rate risk on its financial assets which earn interest based on variable interest rates. To mitigate this risk the cash balances maintained by the Group are proactively managed in order to ensure that the maximum level of interest is received for the available funds but without affecting the working capital flexibility the Group requires.

22. Risk management (continued)

The Group's financial liabilities consist of borrowings, converting notes, trade payables and a shareholder's loan. The Group incurs interest on its borrowings (variable) and converting notes (fixed) and is exposed to cash flow interest rate risk. The Group does not enter into hedging agreements at this point in time and proactively manages cash flow interest rate risk by analysing interest rate forward curves.

Credit risk

The carrying amount of the Group's financial assets represents its maximum exposure to credit risk.

The Group is exposed to credit risk on payments from customers and cash deposits however it does not consider that it has significant exposure because its major customer is Eskom Holdings SOC Limited (Eskom) and it banks with reputable institutions in various locations, including HSBC Bank Australia Ltd, ANZ Bank Australia, ABSA Bank Ltd, Investec Ltd and FirstRand Bank. Eskom Holdings SOC Limited is a state owned company and is backed by the South African Government. Eskom continues to pay their outstanding balance on a monthly basis.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors rolling forecasts of the Group's liquidity reserve. The review consists of considering the liquidity of local markets, projecting cash flows and the level of liquid assets to meet these. Management raises additional capital financing when the review indicates this to be necessary.

	Reviewed 31 December 2015	Audited 30 June 2015	Reviewed 31 December 2014
23. Earnings / (Loss) Per Share			
Numerator			
Earnings/(loss) used in basic earnings / (loss) per share (A$)	8 151 599	664 546	(3 454 322)
Denominator			
Weighted average number of shares used in basic earnings/(loss) per share	505 810 447	451 268 242	397 738 273
Potential ordinary shares that could dilute earnings / (loss) per share in future:			
Weighted average number of shares used in basic earnings/(loss) per share	505 810 447	451 268 242	397 738 273
Adjusted for convertible preferred shares in issue	-	71 220 000	-
Weighted average number of shares used in diluted earnings / (loss) per share	**505 810 447**	**522 488 242**	**397 738 273**

Convertible loan notes, share options and warrants have not been included in the calculation of diluted earnings / (loss) per share because they are out of the money. The total number of options and warrants issued is disclosed in note 11.

24. Events after the reporting period

Takeover Offers

On 21 August 2015, major shareholder IchorCoal N.V. (Ichor) announced its intention to make an unsolicited and conditional offer for the ordinary shares of Universal Coal that it did not already hold, at a price of A$0.16 per share. This offer was formalised on 30 September 2015 without receiving an endorsement from Universal Coal's directors, independent of the offer. On 20 October 2015 and following an Independent Expert placing a fair market valuation range of A$0.26 to A$0.34 per Universal Coal share, Universal Coal's directors, independent of the offer, recommended that shareholders reject the offer. In December 2015, Ichor extended the deadline for acceptance of its offer to 5 February 2016. Ichor has since allowed their offer to lapse.

On 26 November 2015, details of an offer by Coal of Africa Limited (CoAL) for the entire issued and to be issued share capital of Universal Coal was announced. On 21 December 2015, the CoAL offer was formally opened. Under the terms of the CoAL offer, eligible Universal Coal shareholders are entitled to receive, for each Universal Coal share, either:

- A$0.20 in cash and 1 new CoAL share; or
- subject to eligibility, a non-converting, secured Loan Note with a principal amount of A$0.25 per Loan Note

Restricted shareholders as defined in the CoAL offer are not eligible to participate in the cash and share offer and are instead offered A$0.25 cash in exchange for each Universal Coal share.

CoAL held a general meeting of shareholders on 3 March 2016 to ratify their offer for Universal Coal and to approve the transaction. CoAL shareholders controlling 61.08% of CoAL's total issued share capital have voted in favour of the transaction.

On 3 March 2016, CoAL confirmed that 53.2% of Universal Coal shareholders had accepted the offer.

The CoAL offer deadline has been extended to 15 April 2016.

Independent Review Report

Independent Review Report to Universal Coal Plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly report in accordance with the rules of the Australian Stock Exchange. As disclosed in note one, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ‘‘Interim Financial Reporting’’, as adopted by the European Union.

Our responsibility

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

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ‘‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’’, issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent Review Report (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015 is not prepared, in all material respects, in accordance with the rules of the Australian Stock Exchange and International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

BDO LLP

BDO LLP
Chartered Accountants
55 Baker Street
London W1U 7EU
United Kingdom
14 March 2016

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