



**SOUTH AFRICAN COAL MINING HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)  
 Registration number 1994/009012/06  
 Share code: SAH ISIN: ZAE000102034  
 ("SACMH", "the Group" or "the Company")

**REVIEWED PROVISIONAL  
 GROUP RESULTS FOR THE YEAR  
 ENDED 31 DECEMBER 2014**

The reviewed condensed annual results for the year ended 31 December 2014 are presented below.  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 at 31 December 2014

	31 December 2014	31 December 2013
<b>R'000</b>	<b>Reviewed</b>	<b>Audited</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	359 302	367 094
Intangible assets	74 882	82 176
Deferred tax	180 908	234 418
Investments	53 213	-
<b>Current assets</b>		
Trade and other receivables	50 500	50 500
Cash and cash equivalents	8 190	11 451
	4 945	7 489
	3 345	3 952
<b>Total assets</b>	<b>367 492</b>	<b>378 545</b>
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>		
Issued capital and premium	(191 201)	(149 219)
Accumulated loss	233 895	233 895
<b>Non-current liabilities</b>		
Shareholders' loan	(415 086)	(363 104)
Shareholders' loan	545 327	525 326
Non-current provisions	498 693	418 385
Deferred taxation	46 576	44 286
Other liability	-	62 645
<b>Current liabilities</b>		
Trade and other payables	58	-
Other liability	3 366	2 438
	3 314	2 438
	52	-
<b>Total equity and liabilities</b>	<b>367 492</b>	<b>378 545</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 for the year ended 31 December 2014

	31 December 2014	31 December 2013
<b>R'000</b>	<b>Reviewed</b>	<b>Audited</b>
Revenue	42 595	23 150
Cost of sales	(37 714)	(13 369)
<b>Gross profit</b>	<b>4 881</b>	<b>9 784</b>
Foreign exchange losses	(75 575)	(61 244)
Net impairment charge	(53 510)	(115 350)
Depreciation	(6 752)	(8 421)
Profit on sale of assets	-	800
Other income	400	-
Operating expenses	(7 389)	(6 447)
<b>Operating loss before finance costs and taxation</b>	<b>(137 924)</b>	<b>(190 866)</b>
Finance costs	(9 907)	(11 236)
<b>Loss before taxation</b>	<b>(147 831)</b>	<b>(190 866)</b>
Taxation	115 857	32 298
<b>Total comprehensive loss for the year</b>	<b>(31 974)</b>	<b>(158 564)</b>
<b>Total comprehensive loss attributable to ordinary shareholders</b>	<b>(31 974)</b>	<b>(158 804)</b>
<b>Diluted average number of shares ('000)</b>	<b>452 454</b>	<b>452 454</b>
<b>Basic and diluted loss per share (cents)</b>	<b>(7.06)</b>	<b>(35.32)</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
 for the year ended 31 December 2014

	Share capital	Share premium	Accumulated loss	Total
<b>R'000</b>				
<b>Balance at 31 December 2012 - Audited</b>	<b>45 246</b>	<b>188 639</b>	<b>(223 300)</b>	<b>10 585</b>
Total comprehensive loss for the year	-	-	(159 804)	(159 804)
<b>Balance at 31 December 2013 - Audited</b>	<b>45 246</b>	<b>188 639</b>	<b>(383 104)</b>	<b>(149 219)</b>
Total comprehensive loss for the year	-	-	(31 974)	(31 974)
<b>Balance at 31 December 2014 - Reviewed</b>	<b>45 246</b>	<b>188 639</b>	<b>(415 084)</b>	<b>(181 201)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 for the year ended 31 December 2014

	31 December 2014	31 December 2013
<b>R'000</b>	<b>Reviewed</b>	<b>Audited</b>
<b>Cash flows generated from/(utilised in) operations</b>		
Finance charges paid	6 397	431
Interest received	(2 032)	(11 236)
	28	2
<b>Net cash generated from/(utilised in) investing activities</b>	<b>4 393</b>	<b>(10 603)</b>
<b>Net cash from financing activities</b>	<b>-</b>	<b>800</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5 000)</b>	<b>8 570</b>
Cash and cash equivalents at beginning of year	3 992	(1 439)
<b>Cash and cash equivalents at end of year</b>	<b>3 945</b>	<b>3 952</b>

**Statement of compliance and basis of preparation**

The condensed provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and in terms of IAS 34 Interim Financial Reporting, the SAICA Reporting Guides, as issued by the Accounting Practices Committee, the Companies Act of South Africa and the Listings Requirements of the JSE Limited. The accounting policies and methods of compilation used to prepare the financial statements have been consistently applied to all periods presented and are consistent with those used in the annual financial statements for the financial year ended 31 December 2014.

The financial statements have been prepared on the going-concern basis taking into account the fact that the Group is dependent on JSW Energy Limited (a company listed on the Indian Stock Exchange and operating through its subsidiary JSW Energy Natural Resources South Africa (Proprietary) Limited ("JSW"), which will continue to support SACMH. JSW have indicated their firm intention to continue financial support in writing subject to the following:

- JSW obtains board approval for the additional funding at the time;
- JSW fulfils all regulatory requirements as prescribed by India legislation;
- JSW remains the majority shareholder, and retain the management and operational control of SACMH; and
- JSW has demonstrated its ongoing support during the current financial year.

**NOTES TO THE PROVISIONAL RESULTS AS AT 31 DECEMBER 2014**  
**Note 1 Earnings and headline earnings per share**

	31 December 2014	31 December 2013
<b>R'000</b>	<b>Reviewed</b>	<b>Audited</b>
<b>Basic loss</b>	<b>(31 974)</b>	<b>(159 804)</b>
Adjusted for:		
Impairment of mining right	53 510	115 350
Tax effect of impairment of mining right	(14 983)	(32 298)
(Profit) on sale of non-current assets	-	(60)
<b>Headline loss</b>	<b>(6 553)</b>	<b>(77 552)</b>
Diluted average number of shares ('000)	452 454	452 454
Basic and diluted loss per share (cents)	(7.06)	(35.32)
Weighted average shares in issue for the year ('000)	452 454	452 454
Diluted average shares in issue ('000)	452 454	452 454
<b>Headline and diluted loss per share (cents)</b>	<b>(17.14)</b>	<b>(17.14)</b>
Net asset value per share (cents)	(40.04)	(32.98)
Tangible less all intangibles; net asset deficit value per share (cents)	(41.23)	(70.28)

**REVIEW OPINION**

The condensed consolidated group results have been reviewed by Mazars, who have performed the review in accordance with ISPE 2410 "Review of Interim Financial Information performed by the independent auditor of the entity". A modified report with an emphasis of matter on going concern has been issued. A copy of the full modified review report is available at the registered office of the company. An extract of the emphasis of matter in the report is as follows:

"Without qualifying our opinion, we draw attention to note 10 of the condensed consolidated results of South African Coal Mining Holdings Limited for the year ended 31 December 2014 and the financial results which indicate that the Group incurred a net loss of R31.9 million for the year ended 31 December 2014, and as at that date, the Group's total liabilities exceed its total assets by R181.2 million. In addition, the Group's going concern status is dependent on the continued financial support of JSW Energy Limited (a company listed on the Indian stock exchange and operating through its subsidiary JSW Energy Natural Resources South Africa Proprietary Limited (JSWSA)). JSWSA has confirmed in writing their firm intention to continue their financial support to South African Coal Mining Holdings Limited (SACMH). The support is subject to JSW India Limited retaining the majority shareholder of the Group; the Company obtaining board approval to provide the further funding; and the Company obtaining regulatory approval specific to the laws of India. These conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern." Other legal and regulatory matters relating to non-compliance with certain requirements of the Companies Act of 2008, King III and Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry have been reported. Further details on these areas of non-compliance are detailed in the modified review report.

**COMMENTARY**

**1. Performance for the 12 months to 31 December 2014**

Operations at the Group's Umhlabo Colliery continue to be suspended pending the finalisation of the Water Use Licence Application (WULA) by the Department of Water Affairs (DWA). All assets and infrastructure is being maintained under a "Care and Maintenance" programme.

The Group is utilising its logistical and infrastructural assets to generate rental income to offset the costs incurred while operations remain suspended. This has resulted in a movement in the following items reflected in the statement of comprehensive income:

- Turnover increased by R19.4 million
- Cost of sales increased by R24.3 million
- Gross profit decreased by R4.5 million
- Operating expenses increased by R0.9 million

**2. Foreign exchange loss**

The depreciation of the S\$/ZAR rate from R10.674 to R11.697 during the reporting period resulted in an unrealised foreign exchange loss of R75.3 million (2013: R61.2 million) on the shareholders' loan.

**3. Depreciation**

Depreciation charges of R6.7 million (2013: R8.4 million) are lower than the previous comparative period as a result of certain assets being fully depreciated in the current year.

**4. Amortisation of mining right**

No amortisation charge was recorded (2013: Nil) as no mining activities were conducted during the year.

**5. Statement of reserves and resources and prospects**

There are no changes to the Group's estimated reserves and resources as no mining activities took place.

**6. Financing activities**

The movement on the shareholders loan relate to foreign exchange movement as a result of the weakening Rand as well as a capital repayment of R5 million.

**7. Asset management**

Working capital has reduced primarily due to tighter credit management hence the lower trade receivables number. Cash and trade payables combined are slightly lower than previous year due to subdued trading conditions.

**8. Taxation**

No normal taxation adjustments have been made for the year as the group has incurred further tax losses for the current year. A movement in the deferred tax liability of R115.8 million (2013: R32.3 million) was recorded as a result of the reduction in the carrying amount of the mining right due to the impairment loss recognised as well as the increase in the of the rehabilitation provision.

**9. Mining Rights**

The carrying value of Mining Rights is tested against expected economic benefit based on expected cash flows discounted to their present value to determine whether there is any impairment of the value of the Mineral Rights at year end. An impairment of R53.5 million (2013: R15.3 million) has been raised against the value of Mining Rights as a result of the reduction of the forecast export price of coal as well as the increase in anticipated mining costs.

The following significant assumptions have been made in determining the economic value of mineral rights:

- Selling Prices - the AP24 index as quoted by McCoskeys.
- Foreign Exchange - the forecast as quoted by The Standard Bank of South Africa.
- Discount Rate - expected future cash flows have been discounted to their present value based on a Weighted Average Cost of Capital (WACC) of 19.41% (2013: 20.7%).

**10. Going concern**

The Group incurred a net loss of R31.9 million (2013: R159.8 million) during the year. The Group's going concern has been underwritten by the support of JSW to SACMH. JSW has confirmed its support in writing of their intention to continue financial support of SACMH. In terms of the loan agreements JSW has undertaken not to accept repayment of its loan accounts until such stage as SACMH's assets, fairly valued, exceed its liabilities. The Group's life of Mine plan, reflects that operations are expected to produce positive cash flows after servicing capital requirements by 2016 once the WULA is received.

**11. Events after the reporting period**

The general coal market remains under pressure due to the commodity price of coal remaining depressed.

As a result of the prevailing market conditions lower revenues are expected as coal producers are reducing production.

The direct effect of this on the Company is that allocation revenue as well as sliding rental income will reduce as the market slows down.

**12. Capital expenditure commitments**

The Group has no capital expenditure commitments.

**13. Contingencies and commitments**

There have been no changes from those disclosed in the Group's Integrated Report for the year ended 31 December 2013.

**14. Prospects**

Until such stage as approval of the WULA for the Voortrek reserve at Umhlabo Colliery is received operations will remain suspended. The Group will continue to lease its logistical and infrastructural assets to third parties in the interim to offset the costs of Care and Maintenance.

No commitment has been received from the Department of Water Affairs with regard to finalisation of the WULA.

**15. Related party transactions**

During the period under review, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	2014	2013
<b>R'000</b>		
<b>Interest paid</b>		
- Mainsell Trading 55 (Pty) Limited	1 849	1 696
- JSW Energy Natural Resources South Africa (Pty) Limited	7 875	7 393
<b>Loan repayment</b>	<b>(5 000)</b>	<b>-</b>
- JSW Energy Natural Resources South Africa (Pty) Limited		
<b>Loans from related parties</b>	<b>21 722</b>	<b>19 574</b>
- Mainsell Trading 55 (Pty) Limited	476 971	398 521
- JSW Energy Natural Resources South Africa (Pty) Limited		

There were no other related party transactions or balances during the year.

**16. Changes to directorate**

Mr DGA Miller resigned CEO/CFO on 30 June 2014 and was replaced by Mr AP Singh. Mr CP Tated was appointed on 30 September 2014 to fill the vacant position of CEO/CFO following the resignation of Mr AP Singh on 29 September 2014.

Mr VP Gang, non-executive director, resigned as a director of the Company on 18 December 2014.

Mr Kareem Ashraf was appointed an independent non-executive director on 30 January 2015 to fill the vacant seat on the board following the resignation of Mr Gang.

Mr Keith Harris was appointed CEO on 2 February 2015. Mr CP Tated would retain the position of CFO.

Messrs Maseki Dlamini and Joo Mokoeng were appointed as independent non-executive directors on 18 May 2015.

**QMSM Mokoelle**

Chairman  
 18 June 2015

Directors:

Registered office:

Company secretary:

Transfer secretary:

Sponsor:

Auditors:

Website:

CP Tated  
 Chief Financial Officer

QMSM Mokoelle (independent non-executive Chairman), K G Harris (CEO), CP Tated (CFO),  
 K Ashraf (independent non-executive), PP Meron (non-executive),  
 MHC Dlamini (independent non-executive), JM Mokoeng (independent non-executive)

\*India

Mrs PFC Smit

Mrs PFC Smit

ComputerShare Investor Services (Pty) Ltd

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