

South African Coal Mining Holdings Limited  
(Incorporated in the Republic of South Africa)  
Registration number 1994/009012/06  
Share code : SAH ISIN code: ZAE0000102034  
("SACMH", "the Group" or "the Company")

**REVIEWED PROVISIONAL GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015**

The reviewed condensed annual results for the year ended 31 December 2015 are presented below.

**PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015**

	Notes	31 December 2015 Reviewed R'000	Restated 31 December 2014 Audited R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	293 812	321 386
Intangible assets		62 404	75 430
Deferred Tax		180 908	180 908
Investments		-	14 548
<b>Current assets</b>		<b>570</b>	<b>8 190</b>
Trade and other receivables		294	4 845
Cash and cash equivalents		276	3 345
<b>Total assets</b>		<b>294 382</b>	<b>329 576</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Issued capital and premium		(428 918)	(229 791)
Accumulated loss		233 885	233 885
Revaluation reserve		(398 268)	(199 141)
<b>Non-current liabilities</b>		<b>715 215</b>	<b>553 940</b>
Shareholder's loan		659 962	498 693
Non-current provisions		46 576	46 576
Deferred taxation	9	8 677	8 613
Other liability		-	58
<b>Current liabilities</b>		<b>8 085</b>	<b>5 427</b>
Trade and other payables		2 507	3 309
Current provisions		2 672	-
Other liability		2 906	2 118
<b>Total equity and liabilities</b>		<b>294 382</b>	<b>329 576</b>

**PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	31 December 2015 Reviewed R'000	Restated 31 December 2014 Audited R'000
Revenue		18 841	42 595
Cost of sales		(13 086)	(37 714)
<b>Gross profit</b>		<b>5 755</b>	<b>4 881</b>
Foreign exchange losses		(141 745)	(75 575)
Net impairment charge	13	(2 002)	(53 510)
Depreciation	14	(11 025)	(6 004)
Finance income		54	28
Other income		-	400
Operating expenses		(18 210)	(9 462)
<b>Operating loss before finance costs and taxation</b>		<b>(167 173)</b>	<b>(139 242)</b>
Finance costs		(16 069)	(9 907)
<b>Loss before taxation</b>		<b>(183 242)</b>	<b>(149 149)</b>
Taxation		(15 885)	68 577
<b>Loss for the year</b>		<b>(199 127)</b>	<b>(80 572)</b>
<b>Total comprehensive loss for the year</b>		<b>(199 127)</b>	<b>(80 572)</b>
<b>Total comprehensive loss attributable to ordinary shareholders</b>		<b>(199 127)</b>	<b>(80 572)</b>
Loss attributable to Minority shareholders		(65 712)	(26 589)
Loss attributable to Majority shareholders		(133 415)	(53 983)
<b>Weighted average number of shares ('000)</b>		<b>452 454</b>	<b>452 454</b>
<b>Diluted average number of shares ('000)</b>		<b>452 454</b>	<b>452 454</b>
<b>Basic loss per share (cents)</b>	2	<b>(44.01)</b>	<b>(17.81)</b>
<b>Diluted loss per share (cents)</b>	2	<b>(44.01)</b>	<b>(17.81)</b>
<b>Headline loss per share (cents)</b>	2	<b>(44.01)</b>	<b>(9.29)</b>

**PROVISIONAL CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the year ended 31 December 2015**

	<b>Share Capital R'000</b>	<b>Share Premium R'000</b>	<b>Revaluation reserve R'000</b>	<b>Accumulated loss R'000</b>	<b>Total R'000</b>
<b>Balance at 31 December 2013 – Audited</b>	<b>45 246</b>	<b>188 639</b>	<b>(264 535)</b>	<b>(118 569)</b>	<b>(149 219)</b>
Total comprehensive loss for the year	-	-	-	(80 572)	(80 572)
<b>Balance at 31 December 2014 – Audited (Restated)</b>	<b>45 246</b>	<b>188 639</b>	<b>(264 535)</b>	<b>(199 141)</b>	<b>(229 791)</b>
Total comprehensive loss for the year	-	-	-	(199 127)	(199 127)
<b>Balance at 31 December 2015 – Reviewed</b>	<b>45 246</b>	<b>188 639</b>	<b>(264 535)</b>	<b>(398 268)</b>	<b>(428 918)</b>

**PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2015**

	<b>31 December 2015 Reviewed R'000</b>	<b>31 December 2014 Audited R'000</b>
<b>Cash flows generated from operations</b>	<b>(5 815)</b>	<b>4 549</b>
Finance charges paid	-	(184)
Interest received	54	28
Tax paid	-	-
<b>Net cash for operating activities</b>	<b>(5 761)</b>	<b>4 393</b>
<b>Cash flows from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Repayment of shareholders loans	-	(5 000)
Increase in shareholders loans	4 800	-
RBCT Loan movement	(2 108)	-
<b>Net cash from financing activities</b>	<b>2 692</b>	<b>(5 000)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3 069)</b>	<b>(607)</b>
Cash and cash equivalents at beginning of year	3 345	3 952
<b>Cash and cash equivalents at end of year</b>	<b>276</b>	<b>3 345</b>

**Notes to the Provisional results as at 31 December 2015**

**Note 1**

**Provisional statement of compliance and basis of preparation**

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

These provisional reports were prepared under the supervision of Chandra Prakash Tated, CA( India), CFO.

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 Exchanges 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, and
- JSW remains the majority shareholder, and retain the management and operational control of SACMH.

JSW have demonstrated their on-going support during the current financial year.

**Note 2**

**Earnings and Headline Earnings per Share**

	<b>31 December 2015 Reviewed R'000</b>	<b>Restated 31 December 2014 Audited R'000</b>
<b>Basic earnings loss</b>	<b>(199 127)</b>	<b>(80 572)</b>
<b>Diluted earnings loss</b>	<b>(199 127)</b>	<b>(80 572)</b>
<b>Headline earnings reconciliation:</b>		
<i>Basic earnings loss</i>	<b>(199 127)</b>	<b>(80 572)</b>
<i>Adjusted for:</i>	-	53 510
<i>Impairment of mining right</i>	-	(14 983)
<b>Headline loss</b>	<b>(199 127)</b>	<b>(42 045)</b>
Ordinary shares ('000)		
- In Issue	452 454	452 454
- Weighted Average	452 454	452 454
- Diluted Weighted Average	452 454	452 454
Basic loss per share (cents)	(44.01)	(17.81)
Diluted loss per share (cents)	(44.01)	(17.81)
	<b>R'000</b>	<b>R'000</b>
Determinations of headline loss:		
Loss attributable to ordinary shareholders	(199 127)	(80 994)
<b>Headline Loss</b>	(199 127)	(42 467)
Headline loss per share (cents)	(44.01)	(9.29)

## **Review Conclusion**

The condensed consolidated group results have been reviewed by Nkonki, who have performed the review in accordance with ISRE 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 conclusion, we draw attention to note 11 of the commentary which indicates that the company incurred a loss of R199.1 million. These conditions, along with other matters as set forth in note 11 of the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company’s ability to continue as a going concern”.

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).

This support is subject to JSW India Limited remaining 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.”

## Commentary

### 1. Performance for the 12 months to 31 December 2015

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

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 decreased by R23.754 million
- Cost of sales decreased by R24.628 million
- Gross profit increased by R0.874 million
- Operating expenses increased by R8.748 million

### 2. Foreign exchange loss

The depreciation of the US\$/ZAR rate from R10.674 to R15.398 during the reporting period resulted in an unrealised foreign exchange loss of R141.7 million (2014: R75.3 million) on the shareholders loan.

### 3. Depreciation

Depreciation charges of R11 million (2014: R6 million) are higher than the comparative period as a result of continued strain on the global coal market and uncertainty as to when mining operations can resume.

### 4. Amortisation of mining right

An assessment was made of the expected future cash flows from the mining rights held by the company. Based on the assessment, no amortisation charge was recorded (2014: 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 relates to foreign exchange movement as a result of the weakening Rand, an addition of R4.8 million to the loan from JSW and interest on the capital amount.

### 7. Asset management

The significant decrease in trade receivables is due to the write off of long outstanding accounts as bad debt. This was done in order to present the figure on a conservative basis.

Cash and cash equivalents reduced significantly due to additional expenses incurred for delisting purposes during the current financial year.

Trade and other payables reduced due to less operating expenses in South African Coal Mining Operations (Pty) Ltd with less suppliers outstanding at year end.

### 8. Directors' remuneration

The following non-executive, independent directors were paid directors' fees (total cost to company) during the financial year as follows:

-	Mr QMSM Mokoetle	R 176 090
-	Mr A Ashraff	R 145 840
-	Mr HMC Dhlamini (Chairman: Audit Committee)	R 127 510
-	Mr JM Mokgokong	R 112 165
-	Mr LR Mamba (Chairman: Board)	<u>R 36 690</u>

Total:

R 598 295

## 9. Income and deferred tax

	2015 R'000	2014 R'000
Deferred tax was raised on the following items:		
a. Rehabilitation Provision	-	13 044
b. Gain on loss acquired from subsidiaries	( 8 613)	(8 613)
c. Bad debts provision	-	1 504
d. Prepayments	(64)	-
	<u>(8 677)</u>	<u>5 935</u>

Due to uncertainty over realisation of deferred tax assets balance resulting from the rehabilitation cost and bad debts provision, the deferred tax asset previously raised was reversed in the current year.

## 10. 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. No impairment (2014: R53.5 million) has been raised against the value of Mining Rights during the financial year.

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

- *Selling Prices* – the API4 index as quoted by McCloskeys.
- *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 13.10% (2014: 19.41%)

## 11. Going Concern

The Group incurred a loss of R199.1 million (2014: R80.6 million) during the 12 months ended 31 December 2015.

The Group's final financial statements have been prepared on a going concern basis as there is no intention to close the company. The Group's going concern is based on the conditional support of JSW Energy (a company listed on the Indian Stock Exchanges) which operates through its subsidiary JSW Energy Natural Resources South Africa Proprietary Limited supporting SACMH.

JSW Energy has confirmed its support in writing of their intention to continue financial support of SACMH. 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, and
- JSW remains the majority shareholder, and retain the management and operational control of SACMH.

In terms of the loan agreements JSW Energy has undertaken not to accept repayment of its loan accounts until such stage as SACMH's assets, fairly valued, exceed its liabilities.

## 12. Restatement

During the current year, it was found that expenses incurred in relation to the RBCT Deferred Loan in 2014 were not accounted for in that year. A correction has been processed whereby the RBCT Deferred Loan was increased by R 2 066 000 with a corresponding increase in RBCT Expense.

During inspection of the fixed asset register in 2015, it was found that certain assets had been incorrectly depreciated by amounts greater than their carrying value, resulting in assets being reflected at negative values. A correcting journal was passed that reduces accumulated depreciation by the following amounts:

- Office Equipment by R 1 916



- Owned Assets by R 26 945
- Site Establishment by R 2 042
- Plant and Equipment by R 717 252

The correction of these errors has resulted in the following changes:

<b>Statement of Financial Position</b>	<b>Audited 31 December 2014 R'000</b>	<b>Restated 31 December 2014 R'000</b>	<b>Difference 31 December 2014 R'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	74 682	75 430	748
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Other Liability	(52)	(2 118)	(2 066)
<b>Statement of Profit or Loss</b>			
Depreciation	(6 752)	(6 004)	748
Operating Expenses	(7 396)	(9 462)	(2 066)
Basic loss per share	(17.51)	(17.81)	(0.29)
Diluted loss per share	(17.51)	(17.81)	(0.29)
Headline earning per share	(9.00)	(9.29)	(0.29)

### 13. Impairment and Reversal of Impairment

During a site inspection conducted in relation to the audit of the 2015 financial statements, it was ascertained that the following assets needed to be impaired in order to accurately reflect their fair value:

<b>Item</b>	<b>2015 R'000</b>	<b>2014 R'000</b>
Impairment:		
- Furniture and Fittings	(52)	-
- Land and Buildings	(1 464)	-
- Plant and Equipment	(185)	-
- Leased Equipment	(301)	-
- Mineral Rights	-	(53 510)
<b>Net Impairment Charge</b>	<b>(2 002)</b>	<b>(53 510)</b>

### 14. Property, Plant and Equipment

<b>Item</b>	<b>Opening Balance as at 01/01/2016 R'000</b>	<b>Depreciation R'000</b>	<b>Impairments R'000</b>	<b>Closing Balance as at 31/12/2016 R'000</b>
Furniture & Fittings	1 028	(242)	(52)	734
Land and buildings	58 356	(3 945)	(1 464)	52 947
Plant and equipment	5 251	(2 764)	(185)	2 302
SACMEC leased	474	(174)	(301)	(1)
Motor vehicles	214	(100)	-	114
Big tools	52	(43)	-	9
Plant and equipment upgrades	1 629	(376)	-	1 253

Earth moving equipment	367	(73)	-	294
Parnaby plant cost	1 700	(340)	-	1 360
Spiral plant cost	1 618	(603)	-	1 015
Exploration drilling	1 863	(1 863)	-	-
Site establishment	2 878	(502)	-	2 376
	<u>75 430</u>	<u>(11 025)</u>	<u>(2 002)</u>	<u>62 404</u>

## 15. Events After the Reporting Period

On 1 March 2016, the company entered into a service agreement with Signature Business Solutions (Pty) Limited to provide professional services of drawing up of financial statements and monthly basic bookkeeping.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

## 16. Capital expenditure commitments

The Group has no capital expenditure commitments.

## 17. Contingencies and commitments

There have been no changes from those disclosed in the Group's Integrated Report for the year ended 31 December 2014.

## 18. Prospects

Until such stage as approval of the WULA for the Voorslag reserve at Umlabu Colliery is received operations will remain suspended. The Group will continue to lease its logistical and its 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.

## 19. Proposed de-listing of SACMH

Shareholders are referred to the firm intention announcement made on 19 October 2015 and various other subsequent announcements on SENS regarding an offer made by JSW SA to all remaining SACMH shareholders and the subsequent de-listing of SACMH.

The release of these results will enable the offeror and the company to complete the circular and re-submit it to the JSE and the Take-over Regulation Panel for approval.

## 20. Related Parties

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

	2015 R'000	2014 R'000
<b>Interest paid</b>		
-Mainsail Trading 55 (Pty) Limited	2 009	1 849
-JSW Energy Natural Resources South Africa (Pty) Limited	12 716	7 875
<b>Loan repayment</b>		
-JSW Energy Natural Resources South Africa (Pty) Limited	-	(5 000)
<b>Loan addition</b>		
-JSW Energy Natural Resources South Africa (Pty) Limited	4 800	-
<b>Loans from Related Parties</b>		
- Mainsail Trading 55 (Pty) Limited	23 731	21 722
- JSW Energy Natural Resources South Africa (Pty) Limited	636 232	476 971

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

## 21. Changes to directorate

Mr QMSM Mokoetle resigned as chairman and a director of the Company on 15 February 2016. Mr L R Mamba, non-executive director of the company, was appointed as Chairman to replace Mr Mokoetle.

L R Mamba  
Chairman

CP Tated  
Chief Financial Officer

**Directors:** L R Mamba (Non-executive Chairman), K G Harris (CEO), CP Tated (CFO), K Ashraff (Independent non-executive), PP Menon(non-executive)\*, MHC Dhlamini (independent non-executive), JM Mokgokong (independent non-executive) \*India

**Registered office:** c/o Umlabu Mine, Farm Voorslag, Ermelo/Breyten R36, 2360

**Company secretary:** Mrs P F Smit

**Transfer secretary:** Computershare Investor Services (Pty) Ltd

**Sponsor:** Exchange Sponsors

**Auditors:** Nkonki

**Website:** [www.sacmh.co.za](http://www.sacmh.co.za)