WESCOAL

REVIEWED CONDENSED INTERIM CONSOLIDATED RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

growing sustainably

"We are pleased with the operating performance, production and sales from the broader asset base in the first half. The management team has consistently progressed the disposal of non-core assets and actively sought out acquisitive value-enhancing opportunities in line with our strategy. The company is solidly on track to meet its production targets and is well-positioned for steady sustainable growth."

Waheed Sulaiman *Chief executive officer*

FINANCIAL AND SALIENT FEATURES

Revenue ▲ by **28%** to **R2 064 million**
(HY18: R1 610 million)

Total comprehensive income ▲ by **23%** to **R108 million**
(HY18: R88 million)

Gross profit increased to **R276 million**
(HY18: R267 million)

HEPS ▲ by **16%** to **23.5 cents** per share
(HY18: 20.2 cents per share)

Operating expenses ▼ by **21%** to **R104 million**
(HY18: R131 million)

Cash generation increased ▲ by **41%** to **R291 million**
(HY18: R206 million)

Operating profit ▲ by **22%** to **R197 million**
(HY18: R161 million)

Conservative gearing ratio of **18%**
(HY18: 32%)

Disposal of non-core assets Leeuw Braakfontein Colliery Proprietary Limited ("LBC") and Intibane Collieries.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW

INTRODUCTION

Wescoal Holdings Limited's ("Wescoal") board of directors ("the board") announces a 30% increase in headline earnings for the six months ended 30 September 2018 ("the period") to R103 million (HY18: R79 million). The increase in the headline earnings is mainly due to a 3% increase in gross profit to R276 million (HY18: R267 million), a 28% increase in revenue to R2 064 million (HY18: R1 610 million), a reduction in operating expenses by 21% to R104 million (HY18: R131 million) and a 23% increase in both operating profit and total comprehensive income compared to the six months ended 30 September 2018 ("the prior period"). Headline earnings per share and earnings per share values increased to 23.5 cents and 25.2 cents respectively. As at the reporting date, the group had coal resources of approximately 300mt, which includes 60mt relating to assets held for sale, three operating mines and three processing plants.

OPERATIONAL REVIEW

In 2017, the acquisition of Keaton Energy Proprietary Limited ("Keaton Energy") strengthened Wescoal's balance sheet and free cash generation and further diversified the asset base, realised economies of scale and synergies, as well as enhanced optionality in contracts and off-take negotiations. The enlarged business now has coal resources of approximately 300mt, together with three operating mines, three processing plants and significant interests in coal supply- chain infrastructure. The company is pleased to report that the integration programme, as originally contemplated, is complete. Additionally, as previously reported, an integrated resource management and reporting system was implemented, which has demonstrated enhanced common reporting across all operations and facilitates effective management with integrated, data driven and informed decision-making.

In line with previous reports to shareholders, during the period under review, two non-core assets have been disposed of in order to align the activities of the group with the company's strategy of realising value for shareholders and building a scalable, sustainable business. The non-core assets disposed of are Intibane 1 and 2 Collieries and the consideration received from the disposals were utilised to reduce short-term borrowings and will fund strategic growth options that are identified. Wescoal has also announced its agreement for the disposal of Leeuw Braakfontein Colliery assets located in KwaZulu-Natal.

The Mining division's revenue of R1 325 million (HY18: R1 063 million) realised EBITDA of R248 million (HY18: R250 million). Sales were positively impacted by additional revenue from Vanggatfontein (an operation acquired with Keaton Energy) and opportunistic short-term coal sales. Total Eskom sales volumes during the period amounted to 1.9 million tonnes compared to 1.3 million tonnes during the prior period. Total coal sales volumes from the Mining division was 2.4 million tonnes during the period which was in line with the prior comparative period. Run of mine ("ROM") production has remained consistent with the prior period with only a 3% increase to 3.2 million tonnes (HY18: 3.1 million tonnes) due to the disposal of the Intibane Collieries. The Vanggatfontein operation has contributed an average of 259 000 tonnes per month to the total ROM production disclosed above.

Wescoal's Trading division outperformed its prior year result with a considerable increase of 71% in operating profit to R45 million (HY18: R26 million). The increase is mainly due to a 36% increase in revenue to R808 million (HY18: R593 million) which has contributed 39% to the total revenue generated by the group. The revenue contribution percentage is in line with the prior period demonstrating consistent segmental revenue.

FINANCIAL OVERVIEW PROFITABILITY

The consistent strong operational performance contributed to an impressive 28% increase in group revenue to R2 064 million (HY18: R1 610 million). Operating profit increased by

23% to R197 million (HY18: R161 million). Total comprehensive income (net profit after tax) for the period increased by 23% to R108 million (HY18: R88 million). The positive performance above resulted in a 16% increase in HEPS to 23.5 cents per share (HY18: 20.2 cents per share).

CASH GENERATION

The improved profitability translated into strong cash generation with R291 million in cash generated from operations (HY18: R206 million). The cash generated from operations was largely applied to fund capital expenditure (R45 million), repayment of interest-bearing debt (R147 million), repurchase of shares (R11 million) and to reward shareholders with a dividend payment (R35 million). Overall cash and cash equivalents increased by R48 million during the reporting period.

CAPITAL EXPENDITURE

Wescoal invested R45 million in projects to improve and expand operations, with immediate benefits already seen in operational performance. The main focus areas were mining development, deferred stripping and plant and machinery.

CAPITAL STRUCTURE

The reduction of interest-bearing borrowings and an increase in overall equity strengthened the group's balance sheet resulting in an improved gearing ratio of 18% (HY18: 32%, FY18: 29%). The net asset value per share demonstrated an increasing trend at 257 cents compared to 216 cents at 30 September 2017 and 239 cents at 31 March 2018. Strong cash flows from operations have enabled Wescoal to repay expensive short-term borrowings whilst continuing to distribute dividends to shareholders. Wescoal has maintained its long-term funding arrangement with secured facilities amounting to R650 million of which R337 million remains unutilised. The board is considering the company's financial position and performance and leverages strong cash generation investing in portfolio growth and sector consolidation strategy.

TRANSFORMATION

The BEE transaction completed in 2016 was a significant step in Wescoal's journey and its implementation not only facilitated black shareholding of more than 51% over a five-year period but also resulted in the injection of R176 million in new equity. The company continues to invest in and strengthen its management team, paying special attention to diversity targets. During the period, vacancies for senior roles in the company secretary and finance functions have been filled by skilled female HDSA candidates. Wescoal currently meets the DTI scorecard requirements of 30% HDSA/female employees in senior roles.

RESOURCES AND RESERVES STATEMENT

The most recent SAMREC compliant Resource and Reserve statements of the group are available on the Wescoal website (**http://www.wescoal.com**). The Resource and Reserve statements contain details of all the competent persons, their professional memberships, qualifications and experience.

DIVIDENDS

A final dividend of R35 million for the year ended 31 March 2018 was declared and paid during the period.

PROSPECTS

After the acquisition of Keaton Energy, the company now has a second large operation in the form of Vanggatfontein, which has a remaining life span of +11 years. The mine has been integrated into the group and its mining philosophy has been aligned with that of the rest of the group's mines. Productivity and cost saving opportunities have been identified and implemented over the

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW continued

period. Moabsvelden (asset acquired through the Keaton Energy acquisition) is adjacent to the Vanggatfontein property and represents a significant organic growth option. The mine development project plan is being optimised in conjunction with projected commercial arrangements to sell the coal. With a 47.8mt resource, Moabsvelden has the potential to be developed into a 1.5 to 2mt ROM operation. The asset is fully permitted and conversations with surface right holders are underway. ROM from Moabsvelden can be washed using existing processing facilities at Vanggatfontein.

Wescoal is strongly positioned as a consolidator in the coal sector and will continue to consider value enhancing opportunities. The acquisition strategy is focused on securing additional resources and strategic interests in coal and key logistics infrastructure as well as disposing of non-core assets.

On 26 October 2018, Wescoal announced on SENS that it had joined a consortium led by private equity firm, ATA Resources, to buy Universal Coal listed in Australia. Universal Coal controls two operating mines in South Africa – the 2.4mt per annum ROM Kangala Colliery and New Clydesdale Colliery which is forecasted to produce 2.7mt per annum ROM. Wescoal will not be actively involved in the management of the Universal Coal business in the short term although this potential exists in the medium to long term.

REVIEW BY THE INDEPENDENT AUDITOR

These condensed interim consolidated financial statements for the period have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. A copy of the auditor's review report on the condensed interim consolidated financial statements is available for inspection at the company's registered office, together with the financial statements identified in the auditor's review report. The auditor's report does not necessarily report on all the information contained in this announcement/financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

By order of the board

MR Ramaite
Chairman

W Sulaiman
Chief executive officer

13 November 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2018

	Notes	Reviewed as at 30 September 2018 R'000	Reviewed as at 30 September 2017 R'000	Audited as at 31 March 2018 R'000
ASSETS				
Non-current assets		1 967 992	2 128 454	2 180 001
Property, plant and equipment	7	1 731 691	1 932 639	1 949 160
Investment property		709	709	709
Investments		41 996	26 050	40 435
Goodwill and intangibles		89 614	91 389	91 513
Investments in joint venture	5	7 912	–	7 912
Prepaid royalty		7 123	8 762	8 023
Other receivables		63 943	55 994	56 730
Deferred taxation		25 004	12 911	25 519
Current assets		746 942	604 341	820 198
Inventories and work in progress		141 621	103 621	99 824
Prepaid royalty		1 374	1 275	1 175
Trade and other receivables		519 444	438 272	626 112
Cash and cash equivalents		84 503	61 173	93 087
Non-current assets held for sale	7	121 761	–	–
Total assets		2 836 695	2 732 795	3 000 199
EQUITY AND LIABILITIES				
Capital and reserves		1 110 570	951 677	1 047 174
Share capital		664 816	679 836	675 346
Share-based payment reserve		11 222	10 692	10 320
Minority interest		8 699	9 258	10 388
Retained income		425 833	251 891	351 120
Non-current liabilities		1 050 849	950 545	1 063 400
Interest-bearing debt – long-term		199 564	171 323	193 956
Instalment sale agreements		3 064	258	3 135
Other financial liabilities		30 360	351 508	30 167
Deferred tax		313 787	5 467	340 985
Provisions for rehabilitation		504 074	421 989	495 157
Current liabilities		638 267	830 573	889 625
Trade and other payables		469 813	436 202	524 514
Provisions for rehabilitation		1 334	9 260	6 088
Bank overdraft		–	15 702	56 223
Taxation payable		46 357	44 945	39 478
Other financial liabilities		1 019	1 019	1 478
Instalment sale agreements		3 135	1 644	5 393
Interest-bearing debt – short-term		116 609	321 801	256 451
Non-current liabilities held for sale		37 009	–	–
Total equity and liabilities		2 836 695	2 732 795	3 000 199
Net asset value per share (cents)		257	216	239
Tangible net asset value per share (cents)		236	196	218

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2018

	Notes	Reviewed for the six months ended 30 September 2018 R'000	Reviewed for the six months ended 30 September 2017 R'000	Audited for the year ended 31 March 2018 R'000
Turnover	8	2 064 296	1 610 120	3 527 057
Cost of sales	4	(1 788 568)	(1 343 025)	(2 962 043)
Gross profit	8	275 728	267 095	565 014
Negative goodwill		–	6 637	6 638
Other income		15 637	15 880	23 570
Profit on sale of assets		9 939	2 145	638
Operating costs		(104 128)	(130 897)	(251 459)
Operating profit		197 176	160 860	344 401
Interest income		6 320	10 475	18 613
Finance cost		(43 506)	(36 175)	(79 393)
Share of net profit of joint venture	5	–	–	7 912
Net profit before taxation		159 990	135 160	291 533
Taxation		(51 966)	(47 520)	(89 519)
Net profit for the period		108 024	87 640	202 014
Other comprehensive income		–	–	–
Total comprehensive income		108 024	87 640	202 014
Attributable to:				
Owners of the parent		109 713	88 157	201 401
Non-controlling interest		(1 689)	(517)	613
		108 024	87 640	202 014
Headline earnings reconciliation				
Net profit for the year		109 713	87 640	201 401
Net profit on sale of assets		(7 156)	(2 145)	(638)
Negative goodwill		–	(6 637)	(6 638)
Headline earnings for the year		102 557	78 858	194 125
Ordinary shares in issue ('000)				
Total at period end		432 322	437 856	437 685
Weighted average shares in issue		435 737	392 266	418 606
Fully diluted weighted average shares in issue		436 689	392 266	419 089
Earnings per share for profit attributable to the ordinary equity holders of the company (cents)				
Basic earnings per ordinary share		25.2	22.5	48.1
Fully diluted basic earnings per ordinary share		25.1	22.5	48.1
Headline earnings per ordinary share		23.5	20.2	46.4
Fully diluted headline earnings per ordinary share		23.5	20.2	46.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2018

	Share capital R'000	Share-based payment reserve R'000	Retained earnings R'000	Total attributable equity to holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 31 March 2017	500 222	8 676	175 734	684 632	–	684 632
Acquisition of Keaton Energy Holdings Limited	179 614	–	–	179 614	–	179 614
Total comprehensive income for the period	–	–	88 157	88 157	(517)	87 640
Non-controlling interest on acquisition of subsidiary	–	–	–	–	9 775	9 775
Dividends declared	–	–	(12 000)	(12 000)	–	(12 000)
Employee share option scheme	–	2 016	–	2 016	–	2 016
Balance at 30 September 2017	679 836	10 692	251 891	942 419	9 258	951 677
Balance at 31 March 2018	675 346	10 320	351 120	1 036 786	10 388	1 047 174
Total comprehensive income for the period	–	–	109 713	109 713	(1 689)	108 024
Dividends declared	–	–	(35 000)	(35 000)	–	(35 000)
Share buyback	(10 530)	–	–	(10 530)	–	(10 530)
Employee share option scheme	–	902	–	902	–	902
Balance at 30 September 2018	664 816	11 222	425 833	1 101 871	8 699	1 110 570

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2018

	Notes	Reviewed for the six months ended 30 September 2018 R'000	Reviewed for the six months ended 30 September 2017 R'000	Audited for the year ended 31 March 2018 R'000
Cash flows from operating activities		235 825	136 283	213 373
Cash generated from operations		291 077	206 111	358 779
Net finance costs		(18 990)	(25 700)	(30 596)
Income tax paid		(36 263)	(44 128)	(114 810)
Cash flows from investing activities		3 039	(63 553)	(118 519)
Purchase of property, plant and equipment	7	(44 861)	(37 075)	(63 228)
Purchase of an intangible asset		(2 013)	–	(4 888)
Proceeds from sale of property, plant and equipment	7	56 733	2 145	1 153
Investment in rehabilitation funds		(10 641)	–	(15 290)
Proceeds from/(investment in) other financial assets		3 821	(11 359)	(22 496)
Acquisition of subsidiary, net of cash acquired		–	(375 799)	(375 799)
Transfer from restricted cash		–	350 393	350 393
Divestment on rehabilitation asset		–	8 142	11 636
Cash flows from financing activities		(191 224)	(94 572)	(125 303)
Movement in interest-bearing borrowings		(147 374)	(82 185)	(94 411)
Dividends paid		(34 222)	(12 000)	(26 015)
Share issue cost		–	(3 174)	(3 485)
Share buyback		(10 530)	–	(3 597)
Shares issued		902	2 787	2 205
Net increase in cash and cash equivalents		47 639	(21 842)	(30 449)
Cash and cash equivalents at beginning of period		36 864	67 313	67 313
Cash and cash equivalents at end of period		84 503	45 471	36 864

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The condensed interim consolidated financial statements for the six months ended 30 September 2018 are prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those described and applied in the previous consolidated audited financial statements except for the adoption of IFRS 9 and IFRS 15.

1.2 New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group was required to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9: *Financial Instruments*; and
- IFRS 15: *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed in note 2 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

IFRS 16: *Leases* is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

2. CHANGES IN ACCOUNTING POLICIES

IFRS 15: *Revenue from Contracts with Customers* (effective 1 April 2018)

The International Accounting Standards Board ("IASB") has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance in identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

The new standard did not have a significant impact on the group relating to the timing of when revenue is recognised and the amount of revenue recognised based on the company's operations and processes in place.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods which is largely consistent with when revenue was previously recognised by the company. The company does not have any other performance obligations associated with the recognition of revenue.

IFRS 9: *Financial Instruments* (effective 1 April 2018)

On 24 July 2014, the IASB issued the final IFRS 9: *Financial Instruments* standard, which replaced earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39: *Financial Instruments: Recognition and Measurement*. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

An assessment of the business model indicates that the company's loans to group companies, trade and other receivables and cash and cash equivalents currently classified as loans and receivables will be classified as measured at amortised cost. The reclassification will not have a material effect on the financial position of the group.

Impairment – Financial assets

IFRS 9 replaces the "incurred loss" model IAS 39 with a forward looking "expected credit loss" ("ECL") model. This will require considerable judgement as to how changes in economic factors affected ECLs, which will be determined on a probability weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

An assessment by management indicated that the application of the expected credit loss model did not result in material adjustments. The company has determined that retrospective restatement would require the application of hindsight. The company has therefore decided not to restate comparatives.

Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

The company assessed the potential impact on the financial statements resulting from these amendments. The reclassification will not have a material effect on the financial position of the group.

3. DESCRIPTION OF SEGMENTS

For management purposes, the group is organised into business units based on their products and activities and has four reportable operating segments:

- The Mining segment is involved in the exploration, beneficiation and mining of bituminous coal;
- The Trading segment buys and sells coal to inland customers;
- The Wescoal holding company of the group also acts as a central treasury function; and
- The other segments within the group.

The group executive committee is the group's chief decision-making body. Management has determined the operating segments based on the information received by the group executive committee. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim consolidated financial statements.

All revenue is generated from customers in southern Africa and all operating assets are situated in South Africa. The Mining segment generates its revenue mainly from sales to Eskom and large corporates. The Trading segment generates its revenue from sales to a variety of customers that include private sector, government institutions, mining entities and various small and medium enterprises.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
continued

3. DESCRIPTION OF SEGMENTS continued

	Wescoal Trading R'000	Wescoal Mining R'000	Wescoal Corporate R'000	Other segments R'000	Eliminations R'000	Total R'000
Six months ended 30 September 2018 (Reviewed)						
Total segment revenue	808 290	1 324 562	48 437	2 858	(119 852)	2 064 296
Inter-segment revenue	–	70 517	48 437	898	(119 852)	–
Revenue from external customers*	808 290	1 254 045	–	1 961	–	2 064 296
EBITDA	49 775	248 441	10 266	(5 649)	(1 986)	300 847
Six months ended 30 September 2017 (Reviewed)						
Total segment revenue	593 078	1 062 579	50 320	90	(95 947)	1 610 120
Inter-segment revenue	–	45 627	50 320	–	(95 947)	–
Revenue from external customers*	593 078	1 016 952	–	90	–	1 610 120
EBITDA	31 573	250 365	(6 137)	(834)	(800)	274 167
Total segment assets						
At 30 September 2018	251 477	1 872 250	1 624 244	193 500	(1 104 775)	2 836 695
At 31 March 2018	271 214	1 943 746	1 663 123	200 592	(1 078 476)	3 000 199
Total segment liabilities						
At 30 September 2018	162 600	1 722 316	100 697	350 331	(609 819)	1 726 125
At 31 March 2018	214 256	1 874 014	104 405	345 856	(585 506)	1 953 025

**Revenue is generated at point in time when coal is delivered (HY19: R1 584 million; HY18: R1 401 million) to customers and for transport services (HY: R480 million; HY18: R209 million) at the time of rendering the service.*

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	Reviewed for the six months ended 30 September 2018 R'000	Reviewed for the six months ended 30 September 2017 R'000
EBITDA	300 218	274 167
Net finance costs	(37 186)	(25 700)
Depreciation and amortisation expense	(103 042)	(113 307)
Profit before income tax from operations	159 990	135 160

4. COST OF SALES

	Reviewed for the six months ended 30 September 2018 R'000	Reviewed for the six months ended 30 September 2017 R'000
Direct purchases	1 043 933	665 740
Royalty expense	25 178	24 190
Mining contractor cost	368 914	266 793
Fuel costs	121 507	82 386
Other cost of sales including amortisation and depreciation	229 036	303 916
	1 788 568	1 343 025

5. INTEREST IN JOINT VENTURE

		% of ownership interest		Carrying amount	
Name of entity	Measurement method	30 September 2018 %	31 March 2018 %	30 September 2018 R'000	31 March 2018 R'000
Aztolinx Proprietary Limited	Equity method	35%	35%	7 912	7 912

Aztolinx Proprietary Limited is a company specialising in coal mining activities. The investment in the joint venture is held by Wescoal Mining Proprietary Limited and is equity accounted for.

During the reporting period, the joint venture parties had differences of opinions on how the Aztolinx coal should be marketed resulting in a dispute that Wescoal believes will soon be resolved. Wescoal remains committed to a practical, sustainable solution whilst ensuring its rights and interests are maintained and protected.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
continued

6. FINANCIAL LIABILITIES AND FACILITIES

The following tables analyse the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year R'000	Between one and two years R'000	Between two and five years R'000	Contractual cash flows R'000	Carrying amount R'000
GROUP					
As at 30 September 2018					
Trade and other payables	459 292	–	–	459 292	459 292
Instalment sale agreements	5 929	719	–	6 648	6 199
Other financial liabilities	2 676	4 726	–	7 402	5 709
Interest-bearing borrowings	156 167	174 494	58 941	389 602	316 174
	624 063	179 939	58 941	862 944	787 374
As at 31 March 2018					
Trade and other payables	472 116	–	–	472 116	472 116
Instalment sale agreements	6 035	3 237	–	9 272	8 528
Other financial liabilities	2 626	6 130	–	8 756	5 516
Interest-bearing borrowings	262 566	76 446	121 717	460 729	450 407
Bank overdraft	56 223	–	–	56 223	56 223
	799 566	85 813	121 717	1 007 096	992 790

Facilities

As at 30 September 2018, total facilities available to the group amount to R650 million, of which R337 million remains utilised.

7. PROPERTY, PLANT AND EQUIPMENT

	Reviewed for the six months ended 30 September 2018 R'000	Audited for the year ended 31 March 2018 R'000
Reconciliation of property, plant and equipment		
Opening balance	1 949 160	641 198
Business combination	–	1 344 568
Additions	55 208	147 123
Disposals and scrapping	(47 112)	(626)
Depreciation	(98 072)	(183 103)
Closing balance	1 859 184	1 949 160

Leeuw Braakfontein disposal: On 7 August 2018, Wescoal announced, through its wholly-owned subsidiary, Leeuw Braakfontein Colliery Proprietary Limited ("LBC") that it had disposed of its non-core LBC assets located in KwaZulu-Natal (around 10km from Newcastle) to Sitatunga Resources Proprietary Limited, for a total consideration of R103 million (excluding VAT) payable in cash from funds within the Sitatunga group. This monetises a non-operating asset. LBC falls outside Wescoal's strategic focus area and disposing of it generates cash which may be used for other value-enhancing opportunities.

The carrying value of the asset to be disposed amounts to R84.7 million as at 30 September 2018.

The disposal is subject to the fulfilment or waiver of regulatory consensus from the Department of Mineral Resources and the Competition Commission as well as procedural matters standard for this type of transaction.

Intibane disposals: Wescoal announced on 7 June 2018, the disposal of its Intibane 1 and Intibane 2 Collieries located in Mpumalanga, which became effective in July 2018. The disposal resulted in a total consideration of R57 million and was paid in cash. Intibane had an operating lifespan of less than two years and exiting from it freed up management's time to focus on optimising the group's other operations.

These disposals are in line with the company's strategy of realising value for shareholders and building a scalable, sustainable business.

8. REVENUE AND GROSS PROFIT

Wescoal delivered 3 047kt (Mining 2 446kt and Trading 601kt) sales volumes for the period ended 30 September 2018 compared to 2 906kt (Mining 2 385kt and Trading 521kt) for the comparable period ended 30 September 2017.

During the period Wescoal generated external revenue of R2 064 million (Mining R1 254 million and Trading R808 million) from coal sales compared to R1 610 million (Mining R1 017 million and Trading R593 million) for the comparable period ended 30 September 2017.

Wescoal Mining revenue was 23% higher than the prior period as a result of the inclusion of Vanggatfontein revenue for the full six months ended 30 September 2018. The higher revenue was partially offset by lost revenue as a result of the disposal of Intibane.

8. REVENUE AND GROSS PROFIT
continued

Wescoal Trading achieved higher sales volumes (+15%) and revenue (+36%) generated was largely as a result of increased sales to independent power producers.

Gross profit margins for the group decreased by 4% from 17% for the comparable period ended 30 September 2017 to the current period gross profit margin of 13%.

The decrease in gross profit margin is as a result of:

- Lower margins on sales distribution transport;
- Higher than inflation increase of input costs;
- Wescoal Trading's slightly lower gross profit margin; and
- Vanggatfontein's gross profit and cash generation improved on the prior period, due to acquisition accounting in terms of the business combination lower gross profit percentage.

9. SUBSEQUENT EVENTS
The following event occurred subsequent to 30 September 2018:

- The company is in advanced negotiations with ATA Resources to enter into a consortium to acquire the entire issued share capital of Universal Coal Plc, a company listed on the Australian Securities Exchange ("ASX"). On 22 October 2018, ATA Resources, on behalf of the consortium, delivered a binding, conditional commitment to Universal Coal for the consortium, through a special purpose bidding company, to acquire the entire issued share capital of Universal Coal, for a fully cash settled consideration of AUD0.35 per Universal Coal share.

10. SHARE BUY BACK
In December 2017, Wescoal resolved to repurchase a maximum of R20 million worth of its own shares in terms of the general approval granted by shareholders of the company at the annual general meeting held on 14 November 2017. The share repurchase is subject to the board having applied the solvency and liquidity test as required in terms of sections 46(1)(b) and 46(1)(c) of the Companies Act, No 71 of 2008. To date 7.6 million shares (R14 million) have been repurchased.

11. CONTINGENCIES AND COMMITMENTS
There are no changes to the contingent liabilities disclosed in the integrated annual report for the year ended 31 March 2018.

Capital commitments comprised of R13 million of which R10 million mainly relates to the upgrade of the dams.

CORPORATE INFORMATION

Wescoal Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 2005/006913/06)
Share code: WSL
ISIN: ZAE000069639
("Wescoal" or "the company" or "the group")

Non-executive chairman
MR Ramaite

Lead independent non-executive director
DMT van Gaalen

Independent non-executive directors
HLM Mathe, KM Maroga

Non-executive directors
JG Pansegrouw, C Maswanganyi, ET Mzimela

Executive directors
W Sulaiman *(chief executive officer)*
IJ van der Walt *(chief financial officer)*
T Tshithavhane

Registration number
2005/006913/06

Registered address
First Floor, Building 10
Woodmead Office Park
142 Western Service Road
Woodmead, Sandton 2191
South Africa

Postal address
PO Box 1962, Edenvale 1610

Company secretary
Sharon Ramoetlo
Telephone: +27 11 049 8611
Facsimile: +27 11 570 5848

Transfer secretaries
Computershare Investor Services
Proprietary Limited

Sponsor
Nedbank Corporate and
Investment Banking

IR Adviser
Singular Systems IR

Website
www.wescoal.com

WESCOAL

www.wescoal.com