

**BISICHI MINING PLC ANNUAL REPORT 2015**

# **BISICHI**

FRIDAY



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17/06/2016

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COMPANIES HOUSE

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# Committed to generating sustainable value in South Africa

Operating profit before  
depreciation, fair value  
adjustments and exchange  
movements (adjusted  
EBITDA) of

**£1.7million**  
(2014: £4.3 million)

UK property portfolio  
continues to perform well  
with a new property  
acquisition in Northampton  
for a total cost of

**£960,000**  
in cash

Dividend yield of

**5.2%**  
at year end share price

## STRATEGIC REPORT

# Chairman's Statement

**The second half of 2015 has been a challenging period for your company and in particular for Black Wattle, our direct coal mining subsidiary in South Africa. Overall for the year ended 31 December 2015, your company achieved operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA) of £1.7 million (2014: £4.3 million).**

Although Black Wattle was profitable for the first half of the year, the mine operated at a loss in the second half. This was largely because of issues over which we have no control, namely the continued weakness in the coal price and delays associated with the granting of blasting permissions. A fuller explanation of these issues and the way that your management have addressed the delays in the permissions is detailed in the Mining Review. On a related issue, your company has been both a beneficiary and a victim of the weakness of the South African Rand. On the upside we have benefitted from the fact that our export coal is priced in US Dollars, but the weakness of the Rand against Sterling, particularly in the second half of the year, has meant that we have taken a substantial exchange rate loss of £1.2million (2014: £0.1million) on consolidation of our South African Rand denominated net assets into the group balance sheet and a £0.5million loss (2014: £0.1million) through the Income Statement related to the retranslation of intercompany trading balances.

Black Wattle continues to perform well under the Quattro Programme, which allows junior black-economic empowerment coal producers direct access to the coal export market via Richards Bay Coal Terminal. We would like to thank Vunani Limited, our black economic empowered shareholders at Black Wattle, for managing and developing this opportunity.

Obviously the resources sector is going through a very difficult time at the moment. Nevertheless we believe that there is still substantial value for our shareholders to be added from our South African coal assets.

The company's UK retail property portfolio, which underpins the group and which is managed actively by London & Associated properties plc, continues to perform well, with average rental yields for the portfolio remaining stable during the year. We are pleased to report that in October 2015, the group acquired a new retail property in Northampton for a total cost of £960,000 in cash. In a separate transaction, in March 2016, the group disposed of its investment in Langney Shopping Centre in Eastbourne for £1.14million. A fuller explanation of the portfolio's valuation results and financial position are discussed in the Directors report.

Looking forward, management will continue to look for opportunities to strengthen and develop the company's UK retail property portfolio.

Finally, your directors have decided to hold the dividend at the 2014 level and will recommend to you, our shareholders, a final dividend of 3p (2014: 3p) payable on Friday 29 July 2016 to shareholders registered at the close of business on 8 July 2016 making the total for the year 4p (2014: 4p). Based on the 2015 year end share price, this represents a 5.2% yield, which is at the high end of the mining sector.

On behalf of the Board and shareholders, I would like to thank all of our staff for their hard work during the course of the year.

**Sir Michael Heller  
Chairman**

18 April 2016



## **EQUALITY**

**Black Wattle Colliery has continued to achieve 18.4 percent women in core mining and has exceeded the 10 percent target of women in management and core mining**

## **PROCUREMENT**

**At present, approximately 80 percent of Black Wattle's equipment and services are provided by Broad Based Black Economic Empowerment companies**

## STRATEGIC REPORT

# Mining Review

**As noted in the Chairman's statement, the challenging environment experienced in the second half at Black Wattle, our South African coal mining operation, had a material effect on the mine's overall performance for the year.**

Although we continue to operate in an environment of historically low coal prices, many of the mining challenges experienced in the second half of 2015 have now been overcome. Looking forward, management will continue to focus on keeping cost of production low and ensuring adequate levels of production are achieved.

### PRODUCTION AND OPERATIONS

Although overall Run of Mine production from Black Wattle improved in 2015, with total production for the year of 1.58million metric tonnes (2014: 1.53million metric tonnes), production was severely hampered in the last four months of the year. Average monthly Run of Mine production decreased from 143,000 metric tonnes in the first eight months of the year to 105,000 metric tonnes in the last four months. As noted in the Chairman's Statement, this decrease in production can mainly be attributable to the delays in obtaining the necessary regulatory blasting permissions.

These approvals have now been received and as we continue into 2016, we will look to combine production from new opencast areas opened at Black Wattle with coal received from the opencast reserve already being mined at Blue Nightingale. As previously reported, the coal delivered from Blue Nightingale is part of an agreement to purchase Run of Mine coal from an opencast reserve nearby to Black Wattle. Blue Nightingale is a South African black owned and managed mining company and we are very pleased to be continuing our successful relationship.

### MAIN TRENDS/MARKETS

Along with the general downturn in commodity and energy prices in 2015, international coal prices continued to weaken. At the beginning of 2015, the average weekly price of Free on Board (FOB) Coal from Richards Bay Coal Terminal (API4) was \$64. By the end of the year the price had weakened to under \$50, less than half the \$120 achieved in 2011. A strong depreciation in the South African Rand against the US Dollar in the last quarter of 2015 has helped to partially offset this decline together with a stable domestic market. Total mining costs increased from £18.2 million in 2014 to £19.2 million in 2015, inclusive of the impact of the depreciation in the South African Rand against the US Dollar.

Looking forward, we continue to see strong demand for our coal in both the domestic and export markets and we will continue to focus on keeping our cost of production low in order to offset the impact of lower international coal prices.

### HEALTH, SAFETY & ENVIRONMENT (HSE)

Black Wattle is committed to creating a safe and healthy working environment for its employees and the health and safety of our employees is of the utmost importance.

HSE performance in 2015:

- No cases of Occupational Diseases were recorded.
- Zero claims for the Compensation for Occupational Diseases were submitted.
- No machines operating at Black Wattle exceeded the regulatory noise level.
- Black Wattle Colliery recorded two Lost time Injuries during 2015.

In addition to the required personnel appointments and assignment of direct health and safety responsibilities on the mine, a system of Hazard Identification and Risk Assessments has been designed, implemented and maintained at Black Wattle.

Health and Safety training is conducted on an ongoing basis. We are pleased to report all employees to date have received training in hazard identification and risk assessment in their work areas.

A medical surveillance system is also in place which provides management with information used in determining measures to eliminate, control and minimise employee health risks and hazards and all Occupational Health hazards are monitored on an ongoing basis.

Various systems to enhance the current HSE strategy have been introduced as follows:

- In order to improve hazard identification before the commencing of tasks, mini risk assessment booklets have been distributed to all mine employees and long term contractors on the mine.
- Dover testing for all operators was introduced in the last quarter of 2015.
- All of the plant personnel have undergone basic rigging training in 2015
- Black Wattle Colliery has extensively revised all the SOP's related to machinery and refresher training was done with all the machine operators.
- A Job Safety Analysis form has been introduced to ensure effective identification of hazards in the workplace.

- In order to improve the current reporting practice of incidents on the mine, initial reporting of incidents booklets were handed out to all employees and contractors.
- In order to capture and record investigation findings from incidents, an incident recording sheet was introduced to line management and contractors.
- Black Wattle Colliery utilises ICAM (Incident cause analysis method).
- Hazard Identification and Risk Assessment training was given to all levels of employees, line management, Heads of Departments, contractor representatives and contractor employees.
- Ongoing training on conveyor belt operation is being conducted with all employees involved with this discipline.

#### ENVIRONMENT MANAGEMENT PROGRAMME

Under the terms of the mine's Environmental Management Programme approved by the Department of Mineral Resource ("DMR"), Black Wattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management Plan is fully implemented. In addition to these routine activities, Black Wattle regularly carries out environmental monitoring activities on and around the mine, including evaluation of ground water quality, air quality, noise and lighting levels, ground vibrations, air blast monitoring, and assessment of visual impacts.

Black Wattle is fully compliant with the regulatory requirements of the Department of Water Affairs and Forestry and has an approved water use licence.

Black Wattle Colliery has substantially improved its water management by erecting and upgrading all its pollution control dams in consultation with the Department of Water Affairs and Forestry.

A performance assessment audit was conducted to verify compliance to our Environmental Management Programme and no significant deviations were found.

#### BLACK WATTLE COLLIERY SOCIAL AND LABOUR PLAN (SLP) PROGRESS

Black Wattle Colliery is committed to true transformation and empowerment as well as poverty eradication within the surrounding and labour providing communities.

Black Wattle is committed to providing opportunities for the sustainable socio-economic development of its stakeholders, such as:

- Employees and their families, through Skills Development, Education Development, Human Resource Development, Empowerment and Progression Programmes.
- Surrounding and labour sending communities, through Local Economic Development, Rural and Community Development, Housing and Living Condition, Enterprise Development and Procurement Programmes; and
- Empowerment partners, through Broad-Based Black Economic Empowerment (BBBEE) and Joint Ventures with Historically Disadvantaged South African (HDSA) new mining entrants and enterprises.
- The company engages in ongoing consultation with its stakeholders to develop strong company-employee relationships, strong company-community relationships and strong company-HDSA enterprise relationships.

The key focus areas in terms of the detailed SLP programmes were updated as follows:

- New implementation action plans, projects, targets and budgets were established through regular workshops with all stakeholders.
- A comprehensive desktop socio-economic assessment was undertaken on baseline data of the Steve Tshwete Local Municipality (STLM) and Nkangala District Municipality (NDM).

- The current Black Wattle Colliery Local Economic Development (LED) programmes were upgraded, and new LED projects were selected in consultation with the key stakeholders from the STLM.
- An appropriate forum was established on the mine and a process initiated for the consultation, empowerment and participation of the employee representatives in the Black Wattle Colliery SLP process.
- Black Wattle Colliery has concluded extensive work on various Agricultural projects as well as the E-Bag Recycling projects. The E-Bag Recycling project aims to minimize the environmental impact of post-consumer Polyethylene Terephthalate plastic (PET) on the South African landscape. The project was awarded the PET Entrepreneur award for 2013 and the project was awarded a new bailing machine as part of the award. An additional piece of ground has been identified to extend the project to a different area within the Mhluzi Township nearby to Black Wattle. During 2014 the project self-funded the purchase of an additional bailing machine, an important milestone in bringing the project to a position of self-sustainability. To date in 2016, the E-Bag recycling project has initiated up to 70 local community jobs in the region.

Black Wattle Colliery has entered into a joint venture project with Enviroserv Waste Management to further develop and ensure the future sustainability of this project.

- Various upgrades were initiated at the Evergreen School nearby to Black Wattle including upgrades to the roof, classrooms and outer areas. Further upgrades to this school will commence in 2016 whereby proper toilet facilities will be erected for the boys and girls, this will form part of the mines skills development program for our employees.



## PROCUREMENT

In compliance with the Mining Charter and the Mineral and Petroleum Resource Development Act, Black Wattle has implemented a BBBEE-focussed procurement policy which strongly encourages our suppliers to establish and maintain BBBEE credentials. At present, BBBEE companies provide approximately 80 percent of Black Wattle's equipment and services. We closely monitor our monthly expenditure and welcome potential BBBEE suppliers to compete for equipment and service contracts at Black Wattle. Black Wattle also sells much of its coal products to empowered companies.

## EMPLOYMENT IN SOUTH AFRICA

As part of Black Wattle's commitment to the South African government Mining Charter, the company seeks to:

- Expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and benefit from the extraction and processing of the country's resources;
- Utilise the existing skills base for the empowerment of HDSAs; and
- Expand the skills base of HDSAs in order to serve the community.

In addition Black Wattle is committed to achieving the goals of the South African Employment Equity Act and is pleased to report the following:

- Black Wattle Colliery has exceeded the 10 percent women in management and core mining target.
- Black Wattle Colliery has achieved 18.4 percent women in core mining.
- 94 percent of the women at Black Wattle Colliery are HDSA females.

Black Wattle Colliery has successfully submitted their annual Employment Equity Report to the Department of Labour.

In terms of staff training some highlights for 2015 were:

- 17 employees were trained in ABET (Adult Basic Educational Training) on various levels;
- An additional 5 disabled women continue their training on ABET level one and two.
- 4 HDSA Females have commenced apprenticeship at the mine.
- 78 Plant personnel were trained in Basic Rigging skills.
- One HDSA male is currently undergoing an intensive one year safety training course on the mine.

## PROSPECTS

Management continue to focus on providing consistent production from its own existing reserves as well as reserves developed in partnership with our BEE partners. Although international coal prices remain depressed, management continue to remain confident in the ability to achieve significant value from our existing South African mining operations.

As a result, I look forward to the coming year with confidence.



**Andrew Heller**  
**Managing Director**

18 April 2016

## **PEOPLE**

**17 employees at Black wattle  
were trained in ABET (Adult  
Basic Educational Training)  
on various levels**

## STRATEGIC REPORT

# Risk & performance

The directors present the Strategic Report of the company for the year ending 31 December 2015. The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the company for the collective benefit of shareholders.

### BUSINESS REVIEW

The Chairman's Statement and the Mining Review which form part of the Strategic Report on the preceding pages 2 to 7 give a comprehensive and fair review of the group's activities during the past year and prospects for the forthcoming year.

### PRINCIPAL ACTIVITY, STRATEGY & BUSINESS MODEL

The company carries on business as a mining company and its principal activity is coal mining in South Africa. The company's strategy is to create and deliver long terms sustainable value to our stakeholders through our business model which can be broken down into four key areas:

- acquiring and securing additional coal reserves in South Africa
- coal mining
- coal washing
- coal transportation and marketing

In addition to the four key areas outlined above, we seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations. The company invests in retail property across the UK. The UK property portfolio is managed by London & Associated Properties PLC whose responsibility is to actively manage the portfolio to improve rental income and thus enhance the value of the portfolio over time.

### RISK & UNCERTAINTIES

**Coal price risk:** The group's South African mining operational earnings are largely dependent on movements in both the export and domestic coal price.

**Coal washing:** The group's mining operation's earnings are highly sensitive to coal washing, therefore a stoppage or disruption to the process could significantly impact earnings. However, there is scope to raise earnings substantially if the yield from the washing process is improved even marginally.

**Mining risk:** Attached to mining there are inherent health and safety risks. Any such safety incidents disrupt operations, and can slow or even stop production. The group has a comprehensive Health and Safety programme in place to mitigate this. As with many mining operations, the reserve that is mined has the risk of not having the qualities and accessibility expected from geological and environmental analysis.

**Currency risk:** The group's South African operations are sensitive to currency movements, especially those between the South African Rand, US Dollar and British Pound.

**New reserves and mining permissions:** The life of the mine, acquisition of additional reserves, permissions to mine and new mining opportunities in South Africa generally are contingent on a number of factors outside of the group's control, e.g. approval by the Department of Mineral Resources and the Department of Water Affairs and Forestry.

**Regulatory risk:** The group's South African operations are subject to the government Mining Charter and scorecard which primarily seeks to:

- Promote equitable access to South Africa's mineral resources for all people in South Africa;
- Expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and benefit from the extraction and processing of the country's resources;
- Utilise the existing skills base for the empowerment of HDSAs;
- Expand the skills base of HDSAs in order to serve the community;
- Promote employment and the social and economic welfare of mining communities and areas supplying mining labour; and
- Promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer goods.

The group continues to make good progress towards meeting the Charter requirements. However any regulatory changes to these, or failure to meet existing targets, could adversely affect the mine's ability to retain its mining rights in South Africa.

**Transport risk:** At present the government owned Transnet Freight Rail (TFR) is the sole rail freight provider for coal in South Africa. The group's South African operations are therefore reliant on TFR for delivery of its export quality coal directly or indirectly via the Southern African ports to its end customers.

## **PRODUCT**

**Black Wattle produced  
1.58 million metric tonnes  
of Run of Mine coal in 2015  
(2014: 1.53 million metric  
tonnes)**

**Power supply risk:** The current utility provider for power supply in South Africa is the government run Eskom. Eskom continues to undergo capacity problems resulting in power cuts and lack of provision of power supply to new projects. The group's mining operations have to date not been affected by power cuts.

**Flooding risk:** The group's mining operations are susceptible to seasonal flooding which could disrupt production. Management monitors water levels on an ongoing basis and various projects have been completed, including the construction of additional dams, to mitigate this risk.

**Environmental risk:** The group's South African mining operations are required to adhere to local environmental regulations. Details of the groups Environment Management Programme are disclosed in the Mining Review on page 6.

**Health & Safety risk:** The group's South African mining operations are required to adhere to local Health and Safety regulations. Details of the group's Health and Safety Programme are disclosed in the Mining Review on page 5.

**Labour risk:** The group's mining operations and coal washing plant facility are labour intensive and unionised. Any labour disputes, strikes or wage negotiations may disrupt production and impact earnings.

**Cashflow risk and property:** We seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations. Fluctuations in property values, which are reflected in the Consolidated Income Statement and Balance Sheet, are dependent on an annual valuation of commercial properties. A fall in UK commercial property can have a marked effect on the profitability and the net asset value of the group. However, due to the long term nature of the leases, the effect on cash flows from property investment activities are expected to remain stable as long as tenants remain in operation.

## FINANCIAL POSITION

In South Africa, an increase in the structured trade finance facility from R60million (South African Rand) to R80million was signed by Black Wattle Colliery (Pty) Limited ("Black Wattle") in October 2013 with Absa Bank Limited, a South African subsidiary of Barclays Bank PLC. The facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held in the group's South African operations. This facility comprises of a R60million revolving loan to cover the fluctuating working capital requirements of the group's South African operations, and a fully drawn R20million loan facility to cover guarantee requirements related to the group's South African mining operations.

In December 2014, the group signed a £6 million term loan facility with Santander. The Loan is secured against the group's UK retail property portfolio. The facility has a five year term, is fully drawn and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR. The property portfolio was externally valued at 31 December 2015 and the value of UK investment properties attributable to the group at year end was £12.8 million (2014: £11.6million).

In October 2015, the group acquired a new retail property in Northampton for a total cost of £960,000 in cash. The group's portfolio is managed actively by London & Associated properties plc and continues to perform well with voids across the portfolio at the low level of 1.12%.

In a separate transaction, in March 2016 the group disposed of its joint venture investment in Langney Shopping Centre in Eastbourne for £1.14million in cash. The investment is classified as a non-current asset held for sale within the group's consolidated balance sheet.

The open market value of the company's share of investment properties included within its joint venture investment in Dragon Retail Properties is £1.3million (2014: £4million) and within non-current assets held for sale is £2.3million (2014: £nil). Overall, the group achieved net property revenue of £1.3million (2014: £1.2million) for the year which includes the company's share of net property revenue from its investment in joint ventures of £86,000 (2014: £236,000) and non-current assets held for sale of £172,000 (2014: £nil).

The Group holds a £1,225,000 (2014: £1,722,000) of loans and joint venture investment in Ezimbokedwini Mining (Pty) Limited the carrying value of which is dependent upon the completion of the acquisition of the Pegasus coal project in South Africa. The carrying value of the underlying project is supported by its coal reserves and Life of Mine plan and is considered appropriate given the underlying economic value of the project. Further details on the financial positions of the Groups joint ventures can be found in note 13 to the financial statements.

The group's cash and cash equivalents (excluding bank overdrafts) at year end were £1.6million (2014: £2.8million). The net assets of the group at the year end were £15.6million (2014: £17.7million). The group has considerable financial resources available at short notice including cash, investments available for sale and its £2m loan to Dragon Retail Properties Limited which accrues annual interest at 6.875 per cent.

Further details on the group's overall financial position are stated in the Consolidated Balance Sheet on page 42.

**KEY PERFORMANCE INDICATORS**

The Key Performance Indicators for the group are:

	2015 £'000	2014 £'000
<b>For our UK property investment operations:</b>		
Net property valuation	12,800	11,575
<b>For South African mining activities:</b>		
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	625	3,161
	<b>Tonnes</b>	<b>Tonnes</b>
Mining production	1,580	1,530
	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>For the group:</b>		
(Loss)\Profit before tax	(147)	1,568
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	1,717	4,276

**CASHFLOW**

The company at year end had a net balance owing of cash and cash equivalents (including bank overdrafts) of £0.6 million (2014: net positive balance of £0.7 million). For the year, the group had a net cash generated from operating activities of £1.7million (2014: £3.4million) and an overall net decrease in cash and cash equivalents of £1.7million (2014: Increase of £2.0million) after taking into account financing and investing activities. Details on the group's cashflow position are stated in the Consolidated Cashflow Statement on page 45. Cash and cash equivalents as per the Cashflow Statement comprise Cash and cash equivalents as presented in the balance sheet and bank overdrafts (secured).

**ENVIRONMENT**

The group's UK activities are principally property investment whereby we provide premises which are rented to retail businesses. We seek to provide those tenants with good quality premises from which they can operate in an efficient and environmentally sound manner.

Further information relating to the company's position on the Environment and Environmental Management issues related to our South African operations can be found in The Mining Review which forms part of the Strategic Report on the preceding pages 5 to 7.

**EMPLOYMENT**

Employment terms and conditions for our employees based at our UK office and at our South African mining operations are regulated by and are operated in compliance with all relevant prevailing national and local legislation. Employment terms and conditions provided to mining staff meet or exceed the national average.

Further information relating to the company's position on Employment issues can be found in The Mining Review which forms part of the Strategic Report on the preceding pages 5 to 7.

**GREEN HOUSE GAS REPORTING**

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations.

The group has employed the Operational Control boundary definition to outline our carbon footprint boundary. Included within that boundary are Scope 1 & 2 emissions from coal extraction and onsite mining processes for Black Wattle Colliery. We have not measured and reported on our Scope 3 emissions sources. Excluded from the footprint boundary are emission sources considered non material by the group, including refrigerant use onsite.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and a methodology adapted from the Intergovernmental Panel on Climate Change (2006) to calculate fugitive emissions from surface coal mining activities. Further emission factors were used from UK Government's GHG Conversion Factors for company Reporting 2015.

## **ENVIRONMENTAL MANAGEMENT**

**Black Wattle undertakes  
a host of environmental  
protection activities in order  
to ensure that the approved  
Environmental Management  
Plan is fully implemented**

## STRATEGIC REPORT RISK & PERFORMANCE continued

### The group's carbon footprint:

	2015 CO <sub>2</sub> e Tonnes	2014 CO <sub>2</sub> e Tonnes
<b>Emissions source:</b>		
Scope 1 Combustion of fuel & operation of facilities	10,571	14,867
Scope 1 Emissions from coal mining activities	27,789	26,872
Scope 2 Electricity, heat, steam and cooling purchased for own use	7,571	8,300
<b>Total</b>	<b>45,931</b>	<b>50,039</b>
<b>Intensity:</b>		
Intensity 1 Tonnes of CO <sub>2</sub> per pound sterling of revenue	0.00179	0.00189
Intensity 2 Tonnes of CO <sub>2</sub> per tonne of coal produced	0.0291	0.0327

### SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The company believes that it is in the shareholders' interests to consider social and human rights issues when conducting business activities both in the UK and South Africa. Further information relating to the company's position on social and community issues can be found in the Mining Review which forms part of the Strategic Report on the preceding pages 5 to 7.

### DIRECTORS, EMPLOYEES AND GENDER REPRESENTATION

At the year end the group had 6 directors (6 male, 0 female), 7 senior managers (6 male, 1 female) and 205 employees (154 male, 51 female).

### FUTURE PROSPECTS

The group seeks to expand its operations in South Africa through the acquisition of additional coal reserves. Further information on the outlook of the company can be found in both the Chairman's Statement on page 2 and the Mining Review on page 5 which form part of the Strategic Report.

Signed on behalf of the Board of Directors



**Garrett Casey**  
Finance Director

18 April 2016



## **COMMUNITY**

**Black Wattle's E-Bag recycling project has initiated up to 70 local community jobs in the region**

# GOVERNANCE

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# Management team

- 1

**SIR MICHAEL HELLER**  
Chairman  
Bisichi Mining PLC
- 2

**ANDREW HELLER**  
Managing Director  
Bisichi Mining PLC  
  
Managing Director  
Black Wattle Colliery
- 3

**CHRISTOPHER JOLL**  
Senior Independent Director  
Chairman Audit and  
Remuneration Committees
- 4

**GARRETT CASEY**  
Finance Director  
Bisichi Mining PLC  
  
Director  
Black Wattle Colliery
- 5

**ROBERT GROBLER**  
Director of Mining  
Bisichi Mining PLC  
  
Director  
Black Wattle Colliery
- 6

**ETHAN DUBE**  
Director  
Black Wattle Colliery
- 7

**NICO SERFONTEIN**  
Mine Manager  
Black Wattle Colliery

1

2

3

4

5

6

7

## GOVERNANCE

# Directors and advisors

\* **SIR MICHAEL HELLER**  
MA, FCA (Chairman)

**ANDREW R HELLER**  
MA, ACA  
(Managing Director)

**GARRETT CASEY**  
CA (SA)  
(Finance Director)

**ROBERT GROBLER**  
Pr Cert Eng  
(Director of mining)

o\* **CHRISTOPHER A JOLL**  
MA (Non-executive)  
Christopher Joll was appointed a Director on 1 February 2001. He has held a number of non-executive directorships of quoted and un-quoted companies and is currently senior partner of MJ2 Events LLP an event management business.

o\* **JOHN A SIBBALD**  
BL (Non-executive)  
John Sibbald has been a Director since 1988. After qualifying as a Chartered Accountant he spent over 20 years in stockbroking, specialising in mining and international investment.

**SECRETARY AND REGISTERED OFFICE**  
**Garrett Casey CA (SA)**  
24 Bruton Place  
London W1J 6NE

**BLACK WATTLE COLLIERY DIRECTORS**  
**Andrew Heller**  
(Managing Director)  
**Ethan Dube**  
**Robert Grobler**  
**Garrett Casey**

**PROPERTY PORTFOLIO ASSET MANAGER**  
**James Charlton** BSc MRICS

**COMPANY REGISTRATION**  
Company registration No. 112155  
(Incorporated in England and Wales)

**WEBSITE**  
[www.bisichi.co.uk](http://www.bisichi.co.uk)

**E-MAIL**  
[admin@bisichi.co.uk](mailto:admin@bisichi.co.uk)

\* **Member of the nomination committee**

+ **Senior independent director**

O **Member of the audit, nomination and remuneration committees.**

**AUDITOR**  
BDO LLP

**Principal bankers**  
*United Kingdom*  
Santander UK PLC  
National Westminster Bank PLC  
Investec PLC

*South Africa*  
ABSA Bank (SA)  
First National Bank (SA)  
Standard Bank (SA)

**CORPORATE SOLICITORS**  
*United Kingdom*  
Olswang LLP, London  
Memery Crystal, London  
Fladgate LLP, London

*South Africa*  
Tugendhaft Wapnick Banchetti and Partners, Johannesburg  
Hogan Lovells, Johannesburg  
Brandmullers Attorneys, Middelburg

**STOCKBROKERS**  
Shore Capital & Corporate Ltd

**REGISTRARS AND TRANSFER OFFICE**  
Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent, BR3 4TU

Telephone 0871 664 0300  
(Calls cost 12p per minute + network extras) or  
+44 (0) 208 639 3399 for overseas callers  
[www.capitaassetservices.com](http://www.capitaassetservices.com)  
Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

## GOVERNANCE

# Five year summary

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
<b>Consolidated income statement items</b>					
Revenue	25,655	26,500	35,105	35,962	29,909
Operating profit/(loss)	150	1,364	123	2,568	(1,328)
Profit/(loss) before tax	(147)	1,568	102	2,190	(1,450)
Trading profit/(loss) before tax	(188)	1,157	17	2,808	(1,210)
Revaluation and impairment profit/(loss) before tax	41	411	85	(618)	(240)
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	1,717	4,276	3,834	5,484	(144)
<b>Consolidated balance sheet items</b>					
Investment properties	12,800	11,575	11,559	11,612	12,068
Fixed asset investments	2,112	4,090	4,370	4,309	2,727
	14,912	15,665	15,929	15,921	14,795
Available for sale investments	594	796	822	787	2,515
	15,506	16,461	16,751	16,708	17,310
Other assets less liabilities less non-controlling interests	(196)	854	(123)	607	(537)
<b>Total equity attributable to equity shareholders</b>	<b>15,310</b>	<b>17,315</b>	<b>16,628</b>	<b>17,315</b>	<b>16,773</b>
<b>Net assets per ordinary share (attributable)</b>	<b>143.4p</b>	<b>162.2p</b>	<b>156.3p</b>	<b>164.0p</b>	<b>158.9p</b>
<b>Dividend per share</b>	<b>4.00p</b>	<b>4.00p</b>	<b>4.00p</b>	<b>4.00p</b>	<b>4.00p</b>

# Financial calendar

<b>10 June 2016</b>	Annual General Meeting
<b>29 July 2016</b>	Payment of final dividend for 2015 (if approved)
<b>Late August 2016</b>	Announcement of half-year results to 30 June 2016
<b>Late April 2017</b>	Announcement of results for year ending 31 December 2016

## GOVERNANCE

# Directors' report

### THE DIRECTORS SUBMIT THEIR REPORT TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015.

#### ACTIVITIES AND REVIEW OF BUSINESS

The group continues its mining activities. Income for the year was derived from sales of coal from its South African operations. The group also has a property investment portfolio for which it receives rental income.

The results for the year and state of affairs of the group and the company at 31 December 2015 are shown on pages 39 to 80 and in the Strategic Report on pages 2 to 15. Future developments and prospects are also covered in the Strategic Report. Over 99 per cent. of staff are employed in the South African coal mining industry – employment matters and health and safety are dealt with in the Strategic Report.

The management report referred to in the Director's responsibilities statement encompasses this Directors' Report and Strategic Report on pages 2 to 15.

#### CORPORATE RESPONSIBILITY

##### Environment

The environmental issues of the group's South African coal mining operations are covered in the Strategic Report on pages 2 to 15.

The group's UK activities are principally property investment whereby premises are provided for rent to retail businesses. The group seeks to provide those tenants with good quality premises from which they can operate in an efficient and environmentally friendly manner. Wherever possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all the company's locations.

##### Greenhouse Gas Emissions

Details of the group's greenhouse gas emissions for the year ended 31 December 2015 can be found on page 13 of the Strategic Report.

#### Employment

The group's policy is to attract staff and motivate employees by offering competitive terms of employment. The group provides equal opportunities to all employees and prospective employees including those who are disabled. The Strategic Report gives details of the group's activities and policies concerning the employment, training, health and safety and community support and social development concerning the group's employees in South Africa.

#### DIVIDEND POLICY

An interim dividend for 2015 of 1p was paid on 5 February 2016 (Interim 2014: 1p). The directors recommend the payment of a final dividend for 2015 of 3p per ordinary share (2014: 3p) making a total dividend for 2015 of 4p (2014: 4p).

Subject to shareholder approval, the total dividend per ordinary share for 2015 will be 4p per ordinary share.

The final dividend will be payable on Friday 29 July 2016 to shareholders registered at the close of business on 8 July 2016.

#### INVESTMENT PROPERTIES

The investment property portfolio is stated at its open market value of £12,800,000 at 31 December 2015 (2014: £11,575,000) as valued by professional external valuers. The open market value of the company's share of investment properties included within its investments in joint ventures is £1,334,000 (2014: £4,021,000) and within non-current assets held for sale is £2,286,000.

#### FINANCIAL INSTRUMENTS

Note 22 to the financial statements sets out the risks in respect of financial instruments. The Board reviews and agrees overall treasury policies, delegating appropriate authority to the managing director. Financial instruments are used to manage the financial risks facing the group – speculative transactions are not permitted. Treasury operations are reported at each Board meeting and are subject to weekly internal reporting.

#### DIRECTORS

The directors of the company for the whole year were Sir Michael Heller, A R Heller, G J Casey, C A Joll, R J Grobler (a South African citizen), and J A Sibbald.

The directors retiring by rotation are Sir M A Heller, Mr C A Joll and Mr J A Sibbald who offer themselves for re-election.

Sir Michael Heller has been an executive Director since 1972 and Chairman since 1981. He is a Chartered Accountant and has a contract of employment determinable at six months' notice.

Christopher Joll has been a Director since 1 February 2001 and has a contract of service determinable at three months' notice. He has held a number of non-executive directorships of quoted and un-quoted companies and is currently a senior partner of MJ2 Events LLP an event management business.

John Sibbald has been a non-executive Director since 1988. He is a retired Chartered Accountant. For most of his career he was employed in stockbroking in the City of London where he specialised in mining and international investment. He has a contract of service determinable at three months notice.

No director had any material interest in any contract or arrangement with the company during the year other than as shown in this report.

#### DIRECTORS' SHAREHOLDINGS

The interests of the directors in the shares of the company, including family and trustee holdings where appropriate, are shown on page 30 of the Annual Remuneration Report.

**SUBSTANTIAL INTERESTS**

The following have advised that they have an interest in 3 per cent. or more of the issued share capital of the company as at 18 April 2016:

London & Associated Properties PLC – 4,432,618 shares representing 41.52 per cent. of the issued capital. (Sir Michael Heller is a director and shareholder of London & Associated Properties PLC).

Sir Michael Heller –	330,117 shares representing 3.09 per cent. of the issued capital.
A R Heller –	785,012 shares representing 7.35 per cent. of the issued capital.
Cavendish Asset Management Limited –	1,848,110 shares representing 17.31 per cent. of the issued share capital.
James Hyslop –	341,126 shares representing 3.20 per cent. of the issued share capital.

**DISCLOSURE OF INFORMATION TO AUDITOR**

The directors in office at 31 December 2015 have confirmed that as far as they are aware that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all reasonable steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**CORPORATE GOVERNANCE**

The Board acknowledges the importance of the guidelines set out in the Quoted Companies Alliance (QCA) published Corporate Governance Code and complies with these so far as is appropriate having regard to the size and nature of the Company. The paragraphs below set out how the company has applied this guidance during the year.

**PRINCIPLES OF CORPORATE GOVERNANCE**

The group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management, but also as a positive contribution to business prosperity. The Board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the group's business. The key objective is to enhance and protect shareholder value.

**BOARD STRUCTURE**

During the year the Board comprised the executive chairman, the managing director, two other executive directors and two non-executive directors. Their details appear on page 19. The Board is responsible to shareholders for the proper management of the group. The Directors' responsibilities statement in respect of the accounts is set out on page 37. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The Board has a formal schedule of matters reserved to it and meets bi-monthly.

The Board is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The following Board committees, which have written terms of reference, deal with specific aspects of the group's affairs:

- The nomination committee is chaired by Christopher Joll and comprises the non-executive directors and the executive chairman. The committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. In appropriate cases recruitment consultants are used to assist the process. Each director is subject to re-election at least every three years.

- The remuneration committee is responsible for making recommendations to the Board on the company's framework of executive remuneration and its cost. The committee determines the contractual terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors. The committee comprises the non-executive directors. It is chaired by Christopher Joll. The company's executive chairman is normally invited to attend meetings. The report on directors' remuneration is set out on pages 28 to 34.
- The audit committee comprises the two non-executive directors and is chaired by Christopher Joll. Its prime tasks are to review the scope of external audit, to receive regular reports from the company's auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the group's internal control and risk management systems and processes. The committee also considers annually the need for an internal audit function. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The committee, which meets formally at least twice a year, provides a forum for reporting by the group's external auditors.

Meetings are also attended, by invitation, by the company chairman, managing director and finance director.

## GOVERNANCE DIRECTORS' REPORT continued

The audit committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

The audit committee report is set out on page 35.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 4 to the financial statements.

### PERFORMANCE EVALUATION – BOARD, BOARD COMMITTEES AND DIRECTORS

The performance of the board as a whole and of its committees and the non-executive directors is assessed by the chairman and the managing director and is discussed with the senior independent director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the Board. The performance of executive directors is discussed and assessed by the remuneration committee. The senior independent director meets regularly with the chairman and both the executive and non-executive directors individually outside of formal meetings. The directors will take outside advice in reviewing performance but have not found this necessary to date.

### INDEPENDENT DIRECTORS

The senior independent non-executive director is Christopher Joll. The other independent non-executive director is John Sibbald.

Christopher Joll has been a non-executive director for over ten years and John Sibbald has been a non-executive director for over twenty years. The Board encourages Christopher Joll and John Sibbald to act independently. The board considers that their length of service and connection with the company's public relations advisers, does not, and has not, resulted in their inability or failure to act independently. In the opinion of the Board, Christopher Joll and John Sibbald continue to fulfil their role as independent non-executive directors.

The independent directors regularly meet prior to Board meetings to discuss corporate governance issues.

### BOARD AND BOARD COMMITTEE MEETINGS

The number of meetings during 2015 and attendance at regular Board meetings and Board committees was as follows:

		Meetings held	Meetings Attended
Sir Michael Heller	Board	5	5
	Nomination committee	1	1
A R Heller	Board	5	5
	Audit committee	2	2
G J Casey	Board	5	5
	Audit committee	2	2
R J Grobler	Board	5	1
C A Joll	Board	5	5
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
J A Sibbald	Board	5	5
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1



## INTERNAL CONTROL

The directors are responsible for the group's system of internal control and review of its effectiveness annually. The Board has designed the group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control system in operation are:

- the Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- there are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the group's financial performance against approved budgets and forecasts;
- UK property and financial operations are closely monitored by members of the Board and senior managers to enable them to assess risk and address the adequacy of measures in place for its monitoring and control. The South African operations are closely supervised by the UK based executives through daily, weekly and monthly reports from the directors and senior officers in South Africa. This is supplemented by monthly visits by the UK based finance director to the South African operations which include checking the integrity of information supplied to the UK. The directors are guided by the internal control guidance for directors issued by the Institute of Chartered Accountants in England and Wales.

During the period, the audit committee has reviewed the effectiveness of internal control as described above. The Board receives periodic reports from its committees.

There are no significant issues disclosed in the Annual Report for the year ended 31 December 2015 (and up to the date of approval of the report) concerning material internal control issues. The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

## COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders is a matter of priority. Extensive information about the group and its activities is given in the Annual Report, which is made available to shareholders. Further information is available on the company's website, [www.bisichi.co.uk](http://www.bisichi.co.uk). There is a regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the group are dealt with informatively and promptly.

## TAKEOVER DIRECTIVE

The company has one class of share capital, ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank *pari passu*. There are no securities issued in the company which carry special rights with regard to control of the company. The identity of all substantial direct or indirect holders of securities in the company and the size and nature of their holdings is shown under the "Substantial interests" section of this report above.

A relationship agreement dated 15 September 2005 (the "Relationship Agreement") was entered into between the company and London & Associated Properties PLC ("LAP") in regard to the arrangements between them whilst LAP is a controlling shareholder of the company. The Relationship Agreement includes a provision under which LAP has agreed to exercise the voting rights attached to the ordinary shares in the company owned by LAP to ensure the independence of the Board of directors of the company.

Other than the restrictions contained in the Relationship Agreement, there are no restrictions on voting rights or on the transfer of ordinary shares in the company. The rules governing the appointment and replacement of directors, alteration of the articles of association of the company and the powers of the company's directors accord with usual English company law provisions. Each director is re-elected at least every three years. The company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the company following a takeover bid. The company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the company and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

## THE BRIBERY ACT 2010

The Bribery Act 2010 came into force on 1 July 2011, and the Board took the opportunity to implement a new Anti-Bribery Policy. All directors and staff continue to complete an e-learning training course on a bi-annual basis. The company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance of the code is closely monitored.

## ANNUAL GENERAL MEETING

The annual general meeting of the company ("Annual General Meeting") will be held at 24 Bruton Place, London W1J 6NE on Friday, 10 June 2016 at 11.00 a.m. Resolutions 1 to 9 will be proposed as ordinary resolutions. More than 50 per cent. of shareholders' votes cast must be in favour for those resolutions to be passed. Resolutions 10 to 12 will be proposed as special resolutions. At least 75 per cent. of shareholders' votes cast must be in favour for those resolutions to be passed.

The directors consider that all of the resolutions to be put to the meeting are in the best interests of the company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.

Please note that the following paragraphs are only summaries of certain resolutions to be proposed at the Annual General Meeting and not the full text of the resolutions. You should therefore read this section in conjunction with the full text of the resolutions contained in the notice of Annual General Meeting.

#### **DIRECTORS' AUTHORITY TO ALLOT SHARES (RESOLUTION 9)**

In certain circumstances it is important for the company to be able to allot shares up to a maximum amount without needing to seek shareholder approval every time an allotment is required. Paragraph 9.1.1 of Resolution 9 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to an aggregate nominal value of £355,894. This represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 18 April 2016 (being the last practicable date prior to the publication of this Directors' Report). Paragraph 9.1.2 of Resolution 9 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to a further aggregate nominal value of £355,894, in connection with a pre-emptive rights issue. This amount represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 18 April 2016 (being the last practicable date prior to the publication of this Directors' Report).

Therefore, the maximum nominal value of shares or rights to subscribe for, or convert any security into, shares which may be allotted or granted under resolution 9 is £711,788.

Resolution 9 complies with guidance issued by the Investment Management Association (IMA).

The authority granted by resolution 9 will expire on 31 August 2017 or, if earlier, the conclusion of the next annual general meeting of the company. The directors have no present intention to make use of this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use as recommended by the IMA.

#### **DISAPPLICATION OF PRE-EMPTION RIGHTS (RESOLUTION 10)**

A special resolution will be proposed at the Annual General Meeting in respect of the disapplication of pre-emption rights.

Shares allotted for cash must normally first be offered to shareholders in proportion to their existing shareholdings. The directors will, at the forthcoming Annual General Meeting seek power to allot equity securities (as defined by section 560 of the Companies Act 2006) or sell treasury shares for cash as if the pre-emption rights contained in Section 561 of the Companies Act 2006 did not apply:

- (a) in relation to pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the directors otherwise consider necessary, up to a maximum nominal amount of £355,894 which represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) and, in relation to rights issues only, up to a maximum additional amount of £355,894 which represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares), in each case as at 18 April 2016 (being the last practicable date prior to the publication of this Directors' Report); and

- (b) in any other case, up to a maximum nominal amount of £53,384 which represents approximately 5 per cent. of the ordinary share capital of the company in issue (excluding treasury shares) as at 18 April 2016 (being the last practicable date prior to the publication of this Directors' Report).

In compliance with the guidelines issued by the Pre-emption group, the directors will ensure that, other than in relation to a rights issue, no more than 7.5 per cent. of the issued ordinary shares (excluding treasury shares) will be allotted for cash on a non pre-emptive basis over a rolling three year period unless shareholders have been notified and consulted in advance.

The power in resolution 10 will expire when the authority given by resolution 9 is revoked or expires.

The directors have no present intention to make use of this authority.

#### **NOTICE OF GENERAL MEETINGS (RESOLUTION 11)**

Resolution 11 will be proposed to allow the company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. A resolution in the same terms was passed at the Annual General Meeting in 2015. The notice period required by the Companies Act 2006 for general meetings of the company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the company must make a means of electronic voting available to all shareholders for that meeting.

#### **PURCHASE OF OWN ORDINARY SHARES (RESOLUTION 12)**

The effect of resolution 12 would be to renew the directors' current authority to make limited market purchases of the company's ordinary shares of 10 pence each. The power is limited to a maximum aggregate number of 1,067,683 ordinary shares (representing approximately 10 per cent. of the company's issued share capital as at 18 April 2016 (being the last practicable date prior to publication of this Directors' Report)). The minimum price (exclusive of expenses) which the company would be authorised to pay for each ordinary share would be 10 pence (the nominal value of each ordinary share). The maximum price (again exclusive of expenses) which the company would be authorised to pay for an ordinary share is an amount equal to 105 per cent. of the average market price for an ordinary share for the five business days preceding any such purchase.

The authority conferred by resolution 12 will expire at the conclusion of the company's next annual general meeting or 15 months from the passing of the resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange. If granted, the authority would only be exercised if, in the opinion of the directors, to do so would result in an increase in earnings per share or net asset value per share and would be in the best interests of shareholders generally. In exercising the authority to purchase ordinary shares, the directors may treat the shares that have been bought back as either cancelled or held as treasury shares (shares held by the company itself). No dividends may be paid on shares which are held as treasury shares and no voting rights are attached to them.

As at 18 April 2016 (being the last practicable date prior to the publication of this Directors' Report) the total number of options to subscribe for new ordinary shares in the company was 598,000 shares representing 5.60 per cent. of the company's issued share capital (excluding treasury shares) as at that date. Such number

of options to subscribe for new ordinary shares would represent approximately 6.22 per cent. of the reduced issued share capital of the company (excluding treasury shares) assuming full use of the authority to make market purchases sought under resolution 12.

#### **DONATIONS**

No political or charitable donations were made during the year (2014: Nil).

#### **GOING CONCERN**

The group's business activities, together with the factors likely to affect its future development are set out in the Chairman's Statement on the preceding page 2, the Mining Review on pages 5 to 7 and its financial position is set out on page 12 of the Strategic Report. In addition Note 22 to the financial statements includes the group's treasury policy, interest rate risk, liquidity risk and hedging profile.

The group has prepared cash flow forecasts which demonstrate that the group has sufficient resources to meet its liabilities as they fall due for at least the next 12 months.

In October 2013, an increase in the structured trade finance facility from R60million (South African Rand) to R80million was signed by Black Wattle Colliery (Pty) Limited ("Black Wattle") with Absa Bank Limited, a South African subsidiary of Barclays Bank PLC. The facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held in the group's South African operations. The Directors do not foresee any reason why the facility will not continue to be renewed at the next renewal date, in line with prior periods and based on their banking relationships. This facility comprises of a R60million revolving loan to cover the working capital requirements of the group's South African operations, and a R20million loan facility to cover guarantee requirements related to the group's South African mining operations.

In December 2014, the group signed a £6 million term loan facility with Santander. The loan is secured against the company's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR.

If required, the group has sufficient financial resources available at short notice including cash, available-for-sale investments and its £2m loan to Dragon Retail Properties Limited which is repayable on demand. In addition its investment property assets benefit from long term leases with the majority of its tenants. Although the directors expect that that the challenging coal market conditions experienced by Black Wattle Colliery, its direct mining asset, in 2015 will be similar going into 2016, they have a reasonable expectation that the mine will continue to achieve positive levels of cash generation for the group in 2016. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

As a result of the banking facilities held as well as the acceptable levels of profitability and cash generation the mine is expected to achieve in 2016, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the board



**G.J Casey  
Secretary**

24 Bruton Place  
London W1J 6NE

18 April 2016

## GOVERNANCE

# Statement of the Chairman of the remuneration committee

### **The remuneration committee presents its report for the year ended 31 December 2015.**

The Annual Remuneration Report details remuneration awarded to directors and non-executive directors during the year. The shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution (as in previous years) at the AGM in June 2016.

A copy of the remuneration policy, which details the remuneration policy for directors, can be found at [www.bisichi.co.uk](http://www.bisichi.co.uk). The remuneration policy was subject to a binding vote which was approved by shareholders at the AGM in June 2014. The approval will apply for a 3 year period commencing 11 June 2014. The approved policy took effect from 11 June 2014.

The remuneration committee reviewed the existing policy and deemed no changes necessary to the current arrangements.

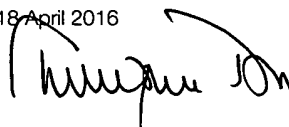
Both of the above reports have been prepared in accordance with The Large and Medium-sized Companies and groups (Accounts and Reports) (Amendment) Regulations 2013.

The company's auditors, BDO LLP are required by law to audit certain disclosures and where disclosures have been audited they are indicated as such.

**Christopher Joll**  
**Chairman – remuneration committee**

24 Bruton Place  
London W1J 6NE

18 April 2016



## GOVERNANCE

# Annual remuneration report

The following information has been audited:

Single total figure of remuneration for the year ended 31 December 2015

	Salaries and Fees £'000	Bonuses £'000	Benefits £'000	Pension £'000	Total before Share options £'000	Share options £'000	Total 2015 £'000
<b>Executive Directors</b>							
Sir Michael Heller	75	-	-	-	75	-	75
A R Heller	450	300	67	36	853	59	912
G J Casey	133	100	15	18	266	59	325
R Grobler	146	62	14	7	229	-	229
<b>Non-Executive Directors</b>							
C A Joll*	30	-	-	-	30	-	30
J A Sibbald*	2	-	3	-	5	-	5
<b>Total</b>	<b>836</b>	<b>462</b>	<b>99</b>	<b>61</b>	<b>1,458</b>	<b>118</b>	<b>1,576</b>

\*Members of the remuneration committee for the year ended 31 December 2015

In addition, A Heller received £109,000 in cash on cancellation of share options representing the increase in value of the shares under option at the cancellation date.

Single total figure of remuneration for the year ended 31 December 2014

	Salaries and Fees £'000	Bonuses £'000	Benefits £'000	Pension £'000	Total before Share options £'000	Share options £'000	Total 2014 £'000
<b>Executive Directors</b>							
Sir Michael Heller	75	-	-	-	75	-	75
A R Heller	450	300	54	32	836	26	862
G J Casey	124	100	14	16	254	-	254
R Grobler	149	102	15	8	274	-	274
<b>Non-Executive Directors</b>							
C A Joll*	25	-	-	-	25	-	25
J A Sibbald*	2	-	3	-	5	-	5
<b>Total</b>	<b>825</b>	<b>502</b>	<b>86</b>	<b>56</b>	<b>1,469</b>	<b>26</b>	<b>1,495</b>

\*Members of the remuneration committee for the year ended 31 December 2014

GOVERNANCE ANNUAL REMUNERATION REPORT continued

Summary of directors' terms	Date of contract	Unexpired term	Notice period
<b>Executive directors</b>			
Sir Michael Heller	November 1972	Continuous	6 months
A R Heller	January 1994	Continuous	3 months
G J Casey	June 2010	Continuous	3 months
R J Grobler	April 2008	Continuous	3 months
<b>Non-executive directors</b>			
C A Joll	February 2001	Continuous	3 months
J A Sibbald	October 1988	Continuous	3 months

**PENSION SCHEMES AND INCENTIVES**

Two (2014: three) directors have benefits under money purchase pension schemes. Contributions in 2015 were £54,000 (2014: £56,000), see table above.

**SCHEME INTERESTS AWARDED DURING THE YEAR**

On the 18 September 2015, under the company's 2012 Share Option Scheme, Andrew Heller and Garrett Casey were granted an option to acquire 150,000 Shares each at an Acquisition Price of £87.01 pence per share.

**SHARE OPTION SCHEMES**

The company currently has three "Unapproved" Share Option Schemes which are not subject to HM Revenue and Customs (HMRC) approval. The "2006 Scheme" was approved by shareholders on 29 June 2006, and the "2010 Scheme" was approved by shareholders on 7 June 2011. The "2012 Scheme" was approved by the remuneration committee of the company on 28 September 2012. Existing options over ordinary shares granted under the First Scheme lapsed on 29 September 2012. All available options under each of the Schemes have been granted.

Number of share options						
	Option price*	1 January 2015	Options Granted/ Cancelled in 2015	31 December 2015	Exercisable from	Exercisable to
<b>The 2006 Scheme</b>						
A R Heller	237.05p	275,000	-	275,000	4/10/2009	3/10/2016
Employee	237.05p	50,000	-	50,000	4/10/2009	3/10/2016
<b>The 2010 Scheme</b>						
G J Casey	202.05p	80,000	-	80,000	31/08/2013	30/08/2020
<b>The 2012 Scheme</b>						
A R Heller	34.00p	193,000	(193,000)	-	01/10/2012	30/09/2022
A R Heller	87.01p	-	150,000	150,000	18/09/2015	17/09/2025
G J Casey	87.01p	-	150,000	150,000	18/09/2015	17/09/2025

\*Middle market price at date of grant

No consideration is payable for the grant of options under the Unapproved Share Option Schemes.

**Performance conditions:**

The exercise of options under the Unapproved Share Option Schemes, for certain option issues, is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The performance conditions for the 2010 scheme, agreed by members on 31 August 2010, requires growth in net assets over a three year period to exceed the growth in the retail price index by a scale of percentages. There are no performance conditions attached to the other schemes.

**PAYMENTS TO PAST DIRECTORS**

No payments were made to past directors in the year ended 31 December 2015.

**PAYMENTS FOR LOSS OF OFFICE**

No payments for loss of office were made in the year ended 31 December 2015.

**STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTEREST****Directors' interests**

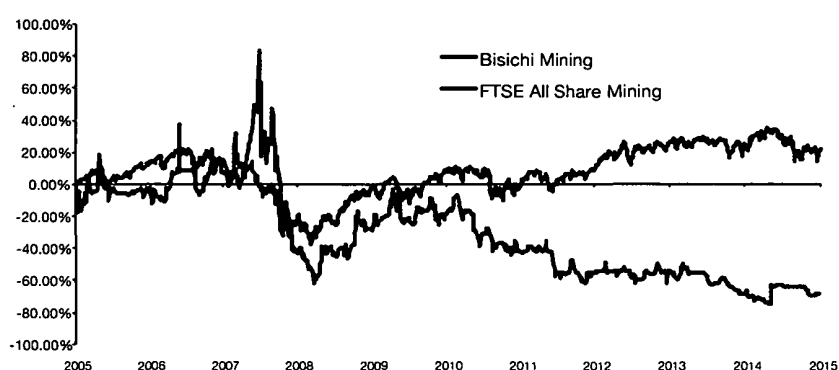
The interests of the directors in the shares of the company, including family and trustee holdings where appropriate, were as follows:

	Beneficial		Non-beneficial	
	31.12.2015	1.1.2015	31.12.2015	1.1.2015
Sir Michael Heller	148,783	148,783	181,334	181,334
A R Heller	785,012	785,012	-	-
C A Joll	-	-	-	-
J A Sibbald	-	-	-	-
R J Grobler	-	-	-	-
G J Casey	40,000	40,000	-	-

**The following section is unaudited.**

The following graph illustrates the company's performance compared with a broad equity market index over a ten year period. Performance is measured by total shareholder return. The directors have chosen the FTSE All Share Mining index as a suitable index for this comparison as it gives an indication of performance against a spread of quoted companies in the same sector.

The middle market price of Bisichi Mining PLC ordinary shares at 31 December 2015 was 77.50p (2014-80p). During the year the share price ranged between 62.50p and 92.50p.



**REMUNERATION OF THE MANAGING DIRECTOR OVER THE LAST TEN YEARS**

The table below demonstrates the remuneration of the holder of the office of Managing Director for the last ten years for the period from 1 January 2005 to 31 December 2015.

Year	Managing Director	Managing Director Single total figure of remuneration £'000	Annual bonus payout against maximum opportunity* %	Long-term incentive vesting rates against maximum opportunity* %
2015	A R Heller	853	22%	N/A
2014	A R Heller	836	22%	N/A
2013	A R Heller	614	N/A	N/A
2012	A R Heller	544	N/A	N/A
2011	A R Heller	626	N/A	N/A
2010	A R Heller	568	N/A	N/A
2009	A R Heller	817	N/A	N/A
2008	A R Heller	716	N/A	N/A
2007	A R Heller	961	N/A	N/A
2006	A R Heller	462	N/A	N/A
2005	A R Heller	413	N/A	N/A

Bisichi Mining PLC does not have a Chief Executive so the table includes the equivalent information for the Managing Director.

\*There were no formal criteria or conditions to apply in determining the amount of bonus payable or the number of shares to be issued prior to 2014.

**PERCENTAGE CHANGE IN REMUNERATION OF DIRECTOR UNDERTAKING ROLE OF MANAGING DIRECTOR**

	Managing Director £'000			UK based employees £'000		
	2015	2014	% change	2015	2014	% change
Base salary	450	450	0%	208	199	4.3%
Benefits	67	54	19.4%	15	14	6.6%
Bonuses	300	300	0%	100	100	0%

Bisichi Mining PLC does not have a Chief Executive so the table includes the equivalent information for the Managing Director.

The comparator group chosen is all UK based employees as the remuneration committee believe this provides the most accurate comparison of underlying increases based on similar annual bonus performances utilised by the group.

**RELATIVE IMPORTANCE OF SPEND ON PAY**

The total expenditure of the group on remuneration to all employees (see Notes 29 and 8 to the financial statements) is shown below:

	2015 £'000	2014 £'000
Employee remuneration	5,094	5,057
Distribution to shareholders	427	427



#### STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY

The remuneration policy was approved at the AGM in June 2014. The policy took effect from 11 June 2014 and will apply for 3 years unless changes are deemed necessary by the Remuneration committee. The company may not make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a director of the company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members.

#### CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The remuneration committee considered the executive directors remuneration and the board considered the non-executive directors remuneration in the year ended 31 December 2015. No increases were awarded and no external advice was taken in reaching this decision.

#### SHAREHOLDER VOTING

At the Annual General Meeting on 10 June 2015, there was an advisory vote on the resolution to approve the remuneration report, other than the part containing the remuneration policy. In addition, on 11 June 2014 there was a binding vote on the resolution to approve the remuneration policy the results of which are detailed below:

	% of votes for	% of votes against	No of votes withheld
Resolution to approve the Remuneration Report (10 June 2015)	98.94%	1.06%	120
Resolution to approve the Remuneration Policy (11 June 2014)	98.75%	1.04%	5,405

#### SERVICE CONTRACTS

All executive directors have full-time contracts of employment with the company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. Directors notice periods (see page 29 of the annual remuneration report) are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a director leave the company.

All directors' contracts as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

**REMUNERATION POLICY TABLE**

The remuneration policy table below is an extract of the group's remuneration policy on directors' remuneration, which was approved by a binding vote at the 2014 AGM. The approved policy took effect from 11 June 2014. A copy of the full policy can be found at [www.bisichi.co.uk](http://www.bisichi.co.uk).

Element	Purpose	Policy	Operation	Opportunity and performance conditions
<b>Executive directors</b>				
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment  Set at a level considered appropriate to attract, retain motivate and reward the right individuals	Reviewed annually  Paid monthly in cash	There is no prescribed maximum salary or maximum rate of increase  No specific performance conditions are attached to base salaries
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package	The contribution payable by the company is included in the director's contract of employment  Paid into money purchase schemes	Company contribution offered at up to 10% of base salary as part of overall remuneration package  No specific performance conditions are attached to pension contributions
Benefits	To provide a competitive benefits package	Contractual benefits can include but are not limited to: Car or car allowance Group health cover Death in service cover Permanent health insurance	The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the group lead to increased costs (e.g. medical inflation)	The costs associated with benefits offered are closely controlled and reviewed on an annual basis  No specific performance conditions are attached to contractual benefits  The value of benefits for each director for the year ended 31 December 2015 is shown in the table on page 28
Annual Bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business  Bonuses are generally offered in cash	The remuneration committee determines the level of bonus on an annual basis applying such performance conditions and performance measures as it considers appropriate	The current maximum bonus opportunity will not exceed 200% of base salary in any one year, but the remuneration committee reserves the power to award up to 300% in an exceptional year  Performance conditions will be assessed on an annual basis. The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate
Share Options	To provide executive directors with a long-term interest in the company	Granted under existing schemes (see page 29)	Offered at appropriate times by the remuneration committee	Entitlement to share options is not subject to any performance conditions  Share options will be offered by the remuneration committee as appropriate  There are no maximum levels for share options offered

GOVERNANCE ANNUAL REMUNERATION REPORT continued

Element	Purpose	Policy	Operation	Opportunity and performance conditions
<b>Non-executive directors</b>				
Base salary	To recognise: Skills Experience Value	Considered by the board on appointment Set at a level considered appropriate to attract, retain and motivate the individual Experience and time required for the role are considered on appointment	Reviewed annually	There is no prescribed maximum salary or maximum rate of increase No specific performance conditions are attached to base salaries
Pension		No pension offered		
Benefits		No benefits offered except to one non-executive director who is eligible for health cover (see annual remuneration report page 28)		The costs associated with the benefit offered is closely controlled and reviewed on an annual basis No specific performance conditions are attached to contractual benefits
Share Options		Non-executive directors do not participate in the share option schemes		

The remuneration committee consider the performance measures outlined in the table above to be appropriate measures of performance and that the KPI's chosen align the interests of the directors and shareholders.

## GOVERNANCE

# Audit committee report

**The committee's terms of reference have been approved by the board and follow published guidelines, which are available from the company secretary. The audit committee comprises the two non-executive directors, Christopher Joll (chairman), an experienced financial PR executive and John Sibbald, a retired chartered accountant.**

The Audit Committee's prime tasks are to:

Review the scope of external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation;

Monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;

Assess key risks and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the group's risk management control and processes;

Act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes;

Consider each year the need for an internal audit function;

Advise the board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work;

Participate in the selection of a new external audit partner and agree the appointment when required;

Undertake a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

### MEETINGS

The committee meets prior to the annual audit with the external auditors to discuss the audit plan and again prior to the publication of the annual results. These meetings are attended by the external audit partner, managing director, director of finance and company secretary. Prior to bi-monthly board meetings the members of the committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.

During the past year the committee:

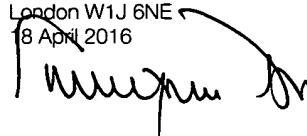
- met with the external auditors, and discussed their report to the Audit Committee;
- approved the publication of annual and half-year financial results;
- considered and approved the annual review of internal controls;
- decided that due to the size and nature of operation there was not a current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit and not-audit services as set out in note 4 to the financial statements.

### EXTERNAL AUDITORS

BDO LLP held office throughout the year. In the United Kingdom the company is provided with extensive administration and accounting services by London & Associated Properties PLC which has its own audit committee and employs a separate firm of external auditors, RSM UK Audit LLP (Formerly Baker Tilly UK Audit LLP). In South Africa Grant Thornton (Jhb) Inc. acts as the external auditor to the South African companies, and the work of that firm was reviewed by BDO LLP for the purpose of the group audit.

**Christopher Joll**  
**Chairman – audit committee**

24 Bruton Place  
London W1J 6NE  
18 April 2016



## GOVERNANCE

# Valuers' certificates

### TO THE DIRECTORS OF BISICHI MINING PLC

In accordance with your instructions we have carried out a valuation of the freehold property interests held as at 31 December 2015 by the company as detailed in our Valuation Report dated 31 December 2015.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2015 of the interests owned by the company was £12,800,000 being made up as follows:

	£000
Freehold	10,150
Leasehold	2,650
	<b>12,800</b>

Leeds

31 December 2015

**Carter Towler**

Regulated by Royal Institute of Chartered Surveyors

## GOVERNANCE

# Directors' responsibilities statement

### **The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss for the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state with regard to the group financial statements whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- state with regard to the parent company financial statements, whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business;
- prepare a strategic report, director's report and director's remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **WEBSITE PUBLICATION**

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### **DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4**

The directors confirm to the best of their knowledge:

- the group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.
- the annual report includes a fair review of the development and performance of the business and the financial position of the group and the parent company, together with a description of the principal risks and uncertainties that they face.

## GOVERNANCE

# Independent auditor's report

To the members of Bisichi Mining PLC

We have audited the financial statements of Bisichi Mining PLC for the year ended 31 December 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement, the parent company balance sheet, the parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**BDO LLP**

**Ryan Ferguson**

(senior statutory auditor)  
For and on behalf of BDO LLP,  
statutory auditor

London, United Kingdom  
20 April 2016

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

# FINANCIAL STATEMENTS

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## FINANCIAL STATEMENTS

# Consolidated income statement

for the year ended 31 December 2015

	Notes	2015 Trading £'000	2015 Revaluations and impairment £'000	2015 Total £'000	2014 Trading £'000	2014 Revaluations and impairment £'000	2014 Total £'000
<b>Group revenue</b>	1	25,655	-	25,655	26,500	-	26,500
Operating costs	2	(23,938)	-	(23,938)	(22,224)	-	(22,224)
Operating profit before depreciation, fair value adjustments and exchange movements		1,717	-	1,717	4,276	-	4,276
Depreciation	2	(1,284)	-	(1,284)	(2,682)	-	(2,682)
Operating profit before fair value adjustments and exchange movements	1	433	-	433	1,594	-	1,594
Exchange losses		(497)	-	(497)	(143)	-	(143)
Increase/(decrease) in value of investment properties	3	-	225	225	-	(6)	(6)
(Decrease)/increase in value of other investments		-	(11)	(11)	-	1	1
Loss on held for trading investments		-	-	-	-	(82)	(82)
<b>Operating (loss)/profit</b>	1	(64)	214	150	1,451	(87)	1,364
Share of profit/(loss) in joint ventures	12	104	(35)	69	65	498	563
Loss on reclassification of asset as held for sale	14	-	(138)	(138)	-	-	-
<b>Profit before interest and taxation</b>		40	41	81	1,516	411	1,927
Interest receivable		245	-	245	234	-	234
Interest payable	6	(473)	-	(473)	(593)	-	(593)
<b>(Loss)/Profit before tax</b>	4	(188)	41	(147)	1,157	411	1,568
Taxation	7	(84)	(24)	(108)	(348)	(17)	(365)
<b>(Loss)/Profit for the year</b>		(272)	17	(255)	809	394	1,203
<b>Attributable to:</b>							
Equity holders of the company		(276)	17	(259)	709	394	1,103
Non-controlling interest	27	4	-	4	100	-	100
(Loss)/Profit for the year		(272)	17	(255)	809	394	1,203
(Loss)/Profit per share – basic	9			(2.43p)			10.33p
(Loss)/Profit per share – diluted	9			(2.43p)			10.23p

Trading gains and losses reflect all the trading activity on mining and property operations. Revaluation gains and losses reflects the revaluation of investment properties and other assets within the group and any proportion of these amounts within Joint Ventures, together with impairment loss on reclassification of assets to held for sale. The total column represents the consolidated income statement presented in accordance with IAS 1.

## FINANCIAL STATEMENTS

# Consolidated statement of comprehensive income

for the year ended 31 December 2015

	2015 £'000	2014 £'000
<b>(Loss)/Profit for the year</b>	<b>(255)</b>	1,203
<b>Other comprehensive (expense)/income:</b>		
<b>Items that may be subsequently recycled to the income statement:</b>		
Exchange differences on translation of foreign operations	(1,167)	(121)
(Loss)/Gain on available for sale investments	(202)	56
Taxation	41	(15)
<b>Other comprehensive expense for the year net of tax</b>	<b>(1,328)</b>	(80)
<b>Total comprehensive (expense)/income for the year net of tax</b>	<b>(1,583)</b>	1,123
<b>Attributable to:</b>		
Equity shareholders	(1,500)	1,036
Non-controlling interest	(83)	87
	<b>(1,583)</b>	1,123

## FINANCIAL STATEMENTS

# Consolidated balance sheet

at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Value of investment properties	10	12,800	11,575
Fair value of head lease	31	194	195
Investment properties		12,994	11,770
Mining reserves, plant and equipment	11	5,374	6,064
Investments in joint ventures accounted for using equity method	12	1,198	2,898
Loan to joint venture	12	900	1,040
Other investments	12	14	152
<b>Total non-current assets</b>		<b>20,480</b>	<b>21,924</b>
<b>Current assets</b>			
Inventories	16	1,049	1,760
Trade and other receivables	17	6,187	6,860
Corporation tax recoverable		29	35
Available for sale investments	18	594	796
Cash and cash equivalents		1,608	2,838
Non-current assets held for sale	14	1,168	-
<b>Total current assets</b>		<b>10,635</b>	<b>12,289</b>
<b>Total assets</b>		<b>31,115</b>	<b>34,213</b>

FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET continued

	Notes	2015 £'000	2014 £'000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	20	(2,267)	(2,139)
Trade and other payables	19	(4,234)	(4,986)
Current tax liabilities		-	(23)
<b>Total current liabilities</b>		<b>(6,501)</b>	<b>(7,148)</b>
<b>Non-current liabilities</b>			
Borrowings	20	(5,940)	(6,013)
Provision for rehabilitation	21	(847)	(930)
Finance lease liabilities	31	(194)	(195)
Deferred tax liabilities	23	(2,002)	(2,208)
<b>Total non-current liabilities</b>		<b>(8,983)</b>	<b>(9,346)</b>
<b>Total liabilities</b>		<b>(15,484)</b>	<b>(16,494)</b>
<b>Net assets</b>		<b>15,631</b>	<b>17,719</b>
<b>Equity</b>			
Share capital	24	1,068	1,068
Share premium account		258	258
Translation reserve		(2,757)	(1,677)
Available for sale reserve		(120)	41
Other reserves	25	574	652
Retained earnings		16,287	16,973
<b>Total equity attributable to equity shareholders</b>		<b>15,310</b>	<b>17,315</b>
Non-controlling interest	27	321	404
<b>Total equity</b>		<b>15,631</b>	<b>17,719</b>

These financial statements were approved and authorised for issue by the board of directors on 18 April 2016 and signed on its behalf by:

  
A R Heller  
Director

  
G J Casey  
Director

Company Registration No. 112155

## FINANCIAL STATEMENTS

# Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2015

	Share capital £'000	Share Premium £'000	Translation reserves £'000	Available-for-sale reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2014	1,064	249	(1,569)	-	587	16,297	16,628	359	<b>16,987</b>
Revaluation and impairments	-	-	-	-	-	394	394	-	<b>394</b>
Trading	-	-	-	-	-	709	709	100	<b>709</b>
Profit for the year	-	-	-	-	-	1,103	1,103	100	<b>1,203</b>
Other comprehensive (expense)/income	-	-	(108)	41	-	-	(67)	(13)	<b>(80)</b>
Total comprehensive expense/income for the year	-	-	(108)	41	-	1,103	1,036	87	<b>1,123</b>
Dividend (note 8)	-	-	-	-	-	(427)	(427)	(42)	<b>(469)</b>
Share issues	4	9	-	-	-	-	13	-	<b>13</b>
Share options issued	-	-	-	-	65	-	65	-	<b>65</b>
Balance at 1 January 2015	1,068	258	(1,677)	41	652	16,973	17,315	404	<b>17,719</b>
Revaluation and impairments	-	-	-	-	-	17	17	-	<b>17</b>
Trading	-	-	-	-	-	(276)	(276)	4	<b>(272)</b>
Loss/Profit for the year	-	-	-	-	-	(259)	(259)	4	<b>(255)</b>
Other comprehensive expense	-	-	(1,080)	(161)	-	-	(1,241)	(87)	<b>(1,328)</b>
Total comprehensive expense/income for the year	-	-	(1,080)	(161)	-	(259)	(1,500)	(83)	<b>(1,583)</b>
Dividend (note 8)	-	-	-	-	-	(427)	(427)	-	<b>(427)</b>
Share options issued	-	-	-	-	31	-	31	-	<b>31</b>
Share options cancelled	-	-	-	-	(109)	-	(109)	-	<b>(109)</b>
<b>Balance at 31 December 2015</b>	<b>1,068</b>	<b>258</b>	<b>(2,757)</b>	<b>(120)</b>	<b>574</b>	<b>16,287</b>	<b>15,310</b>	<b>321</b>	<b>15,631</b>

## FINANCIAL STATEMENTS

# Consolidated cash flow statement

for the year ended 31 December 2015

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Cash flows from operating activities</b>		
Operating profit	150	1,364
Adjustments for:		
Depreciation	1,284	2,682
Share based payments	31	65
Loss on investment held for trading	-	82
Unrealised loss on investment properties	(225)	6
Unrealised (gain)/loss on other investments	132	(1)
Exchange adjustments	497	143
<b>Cash flow before working capital</b>	<b>1,869</b>	<b>4,341</b>
Change in inventories	393	(4)
Change in trade and other receivables	(212)	2,438
Change in trade and other payables	(71)	(3,083)
<b>Cash generated from operations</b>	<b>1,979</b>	<b>3,692</b>
Interest received	115	234
Interest paid	(363)	(506)
Income tax paid	-	(14)
<b>Cash flow from operating activities</b>	<b>1,731</b>	<b>3,406</b>
<b>Cash flows from investing activities</b>		
Acquisition of reserves, property, plant and equipment	(2,992)	(1,903)
Share of profit in joint ventures	104	-
<b>Cash flow from investing activities</b>	<b>(2,888)</b>	<b>(1,903)</b>

FINANCIAL STATEMENTS CONSOLIDATED CASH FLOW STATEMENT continued

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Cash flows from financing activities</b>		
Borrowings drawn	18	5,902
Borrowings repaid	(66)	(5,000)
Equity dividends paid	(427)	(427)
Net proceeds from issue of ordinary shares	-	13
Cancelled share options	(109)	-
<b>Cash flow from financing activities</b>	<b>(584)</b>	<b>488</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,741)</b>	<b>1,991</b>
Cash and cash equivalents at 1 January	719	(1,322)
Exchange adjustment	396	50
<b>Cash and cash equivalents at 31 December</b>	<b>(626)</b>	<b>719</b>
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	1,608	2,838
Bank overdrafts (secured)	(2,234)	(2,119)
	<b>(626)</b>	<b>719</b>

## FINANCIAL STATEMENTS

# Group accounting policies

for the year ended 31 December 2015

### BASIS OF ACCOUNTING

The results for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies are described below:

The group financial statements are presented in £ sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The functional currency for each entity in the group, and for joint arrangements and associates, is the currency of the country in which the entity has been incorporated. Details of which country each entity has been incorporated can be found in note 15 for subsidiaries and Note 13 for joint arrangements and associates.

### GOING CONCERN

The group has prepared cash flow forecasts which demonstrate that the group has sufficient resources to meet its liabilities as they fall due for at least the next 12 months.

In October 2013, an increase in the structured trade finance facility from R60million (South African Rand) to R80million was signed by Black Wattle Colliery (Pty) Limited ("Black Wattle") with Absa Bank Limited, a South African subsidiary of Barclays Bank PLC. The facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held in the group's South African operations. The Directors do not foresee any reason why the facility will not continue to be renewed at the next renewal date, in line with prior periods and based on their banking relationships. This facility comprises of a R60million revolving loan to cover the working capital requirements of the group's South African operations, and a R20million loan facility to cover guarantee requirements related to the group's South African mining operations.

In December 2014, the group signed a £6 million term loan facility with Santander. The loan is secured against the company's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR.

If required, the group has sufficient financial resources available at short notice including cash, available-for-sale investments and its £2m loan to Dragon Retail Properties Limited which is repayable on demand. In addition its investment property assets benefit from long term leases with the majority of its tenants. Although the directors expect that the challenging coal market conditions experienced by Black Wattle Colliery, its direct mining asset, in 2015 will be similar going into 2016, they have a reasonable expectation that the mine will continue to achieve positive levels of cash generation for the group in 2016. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

As a result of the banking facilities held as well as the acceptable levels of profitability and cash generation the mine is expected to achieve in 2016, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. These are prepared under the historic cost basis as modified by the revaluation of investment properties and available for sale investments.

During 2015, there were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2015 that would have had material impact on the financial statements.

None of the amendments to Standards that are effective from that date have resulted in a change of the group's accounting policy and they had no material impact on the group's financial position or performance.

The group has not adopted any standards or interpretations in advance of the required implementation dates. The following new or revised standards that are applicable to the group were issued but not yet effective:

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from Contracts with Customers
- Amendment to IAS 1 – Presentation of Financial Statements Disclosure Initiative.
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11 – Accounting amendments relating to acquisitions of interests in joint operations.

The effects of IFRS 15 Revenues from Contracts with Customers and IFRS 9 Financial Instruments are still being assessed, as these new standards may have a significant effect on the group's future financial statements.



## KEY JUDGEMENTS AND ESTIMATES

Areas where key estimates and judgements are considered to have a significant effect on the amounts recognised in the financial statements include:

### Life of mine and reserves

The directors consider their judgements and estimates surrounding the life of the mine and its reserves to have the most significant effect on the amounts recognised in the financial statements and to be the area where the financial statements are at most risk of a material adjustment due to estimation uncertainty. The group's coal reserves are subject to assessment by an independent Competent Person and impact assessments of the carrying value of property, plant and equipment, depreciation calculations and rehabilitation and decommissioning provisions. There are numerous uncertainties inherent in estimating coal reserves and changes to these assumptions may result in restatement of reserves. These assumptions include factors such as commodity prices, production costs and yield.

### Depreciation, amortisation of mineral rights, mining development costs and plant & equipment

The annual depreciation/amortisation charge is dependent on estimates, including coal reserves and the related life of mine, expected development expenditure for probable reserves, the allocation of certain assets to relevant ore reserves and estimates of residual values of the processing plant. The charge can fluctuate when there are significant changes in any of the factors or assumptions used, such as estimating mineral reserves which in turn affects the life of mine or the expected life of reserves. Estimates of proven and probable reserves are prepared by an independent Competent Person. Assessments of depreciation/amortisation rates against the estimated reserve base are performed regularly. Details of the depreciation/amortisation charge can be found in note 11.

### Provision for mining rehabilitation including restoration and de-commissioning costs

A provision for future rehabilitation including restoration and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the timing, extent and costs of the rehabilitation activities and of the risk free rates used to determine the present value of the future cash outflows. The provisions, including the estimates and assumptions contained therein, are reviewed regularly by management. The group engages an independent expert to assess the cost of restoration and decommissioning annually as part of management's assessment of the provision. Details of the provision for mining rehabilitation can be found in note 21.

### Impairment

Property, plant and equipment representing the group's mining assets in South Africa are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. The impairment test is performed using the approved Life of Mine plan and those future cash flow estimates are discounted using asset specific discount rates and are based on expectations about future operations. The impairment test requires estimates about production and sales volumes, commodity prices, proven and probable reserves (as assessed by the Competent Person), operating costs and capital expenditures necessary to extract reserves in the approved Life of Mine plan. Changes in such estimates could impact recoverable values of these assets. Details of the carrying value of property, plant and equipment can be found in note 11.

The impairment test indicated significant headroom as at 31 December 2015 and therefore no impairment is considered appropriate. The key assumptions include: coal prices, including domestic coal prices based on recent pricing and assessment of market forecasts for export coal; production based on proven and probable reserves

assessed by the independent Competent Person and an increase in yield associated with new mining areas based on assessments by the Competent Person and empirical data. A 5.5% decrease in yield below expectation would be required to create a break even scenario. However, the assumptions used are considered appropriate.

### Fair value measurements of investment properties

An assessment of the fair value of investment properties, is required to be performed. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged between market participants. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty. The directors note that the fair value measurement of the investment properties, can be considered to be less judgemental where external valuers have been used and as a result of the nature of the underlying assets. The fair value of investment property is set out in note 10, whilst the carrying value of investments in joint ventures which themselves include investment property held at fair value by the joint venture is set out at note 12.

### Carrying value of Ezimbokedwini joint venture

The group holds a £1,225,000 (2014: £1,722,000) of loans and joint venture investment in Ezimbokedwini Mining (Pty) Limited ("Ezimbokedwini"), the recoverability of which is dependent upon the completion of the acquisition of the Pegasus coal project in South Africa. The carrying value of the underlying project is supported by its coal reserves and Life of Mine plan and is considered appropriate given the underlying economic value of the project.

## BASIS OF CONSOLIDATION

The group accounts incorporate the accounts of Bisichi Mining PLC and all of its subsidiary undertakings, together with the group's share of the results of its joint ventures. Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. On acquisition of a non-wholly owned subsidiary, the non-controlling shareholders' interests are initially measured at the non-controlling interests' proportionate share of the fair value of the subsidiaries net assets. Thereafter, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. For subsequent changes in ownership in a subsidiary that do not result in a loss of control, the consideration paid or received is recognised entirely in equity.

The definition of control assumes the simultaneous fulfilment of the following three criteria:

- The parent company holds decision-making power over the relevant activities of the investee,
- The parent company has rights to variable returns from the investee, and
- The parent company can use its decision-making power to affect the variable returns.

Investees are analysed for their relevant activities and variable returns, and the link between the variable returns and the extent to which their relevant activities could be influenced in order to ensure the definition is correctly applied.

## REVENUE

Revenue comprises sales of coal and property rental income. Revenue is recognised when the customer has a legally binding obligation to settle under the terms of the contract and has assumed all significant risks and rewards of ownership.

Revenue is only recognised on individual sales of coal when all of the significant risks and rewards of ownership have been transferred to a third party. Export revenue is generally recognised when the product is delivered to the export terminal location specified by the customer, at which point the customer assumes risks and rewards under the contract. Domestic coal revenues are generally recognised on collection by the customer from the mine when loaded into transport, where the customer pays the transportation costs.

Rental income which excludes services charges recoverable from tenants, is recognised in the group income statement on a straight-line basis over the term of the lease. This includes the effect of lease incentives.

## INVESTMENT PROPERTIES

Investment properties comprise freehold and long leasehold land and buildings. Investment properties are carried at fair value in accordance with IAS 40 'Investment Properties'. Properties are recognised as investment properties when held for long-term rental yields, and after consideration has been given to a number of factors including length of lease, quality of tenant and covenant, value of lease, management intention for future use of property, planning consents and percentage of property leased. Investment properties are revalued annually by professional external surveyors and included in the balance sheet at their fair value. Gains or losses arising from changes in the fair values of assets are recognised in the consolidated income statement in the period to which they relate. In accordance with IAS 40, investment properties are not depreciated. The fair value of the head leases is the net present value of the current head rent payable on leasehold properties until the expiry of the lease.

## MINING RESERVES, PLANT AND EQUIPMENT

The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in accordance with agreed specifications. Freehold land is not depreciated. Other property, plant and equipment is stated at historical cost less accumulated depreciation.

## PROVISIONS

Provisions are recognised when the group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

A provision for rehabilitation of the mine is initially recorded at present value and the discounting effect is unwound over time as a finance cost. Changes to the provision as a result of changes in estimates are recorded as an increase / decrease in the provision and associated decommissioning asset. The decommissioning asset is depreciated in line with the group's depreciation policy over the life of mine. The provision includes the restoration of the underground, opencast, surface operations and de-commissioning of plant and equipment. The timing and final cost of the rehabilitation is uncertain and will depend on the duration of the mine life and the quantities of coal extracted from the reserves.

## MINE RESERVES AND DEVELOPMENT COST

The purpose of mine development is to establish secure working conditions and infrastructure to allow the safe and efficient extraction of recoverable reserves. Depreciation on mine development is not charged until production commences or the assets are put to use. On commencement of full commercial production, depreciation is charged over the life of the associated mine reserves extractable using the asset on a unit of production basis. The unit of production calculation is based on tonnes mined as a ratio to proven and probable reserves and also includes future forecast capital expenditure.

## OTHER ASSETS AND DEPRECIATION

The cost, less estimated residual value, of other property, plant and equipment is written off on a straight-line basis over the asset's expected useful life. This includes the washing plant and other key surface infrastructure. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. Heavy surface mining and other plant and equipment is depreciated at varying rates depending upon its expected usage.

The depreciation rates generally applied are:

Mining equipment	5 – 10 per cent per annum, but shorter of its useful life or the life of the mine
Motor vehicles	25 – 33 per cent per annum
Office equipment	10 – 33 per cent per annum

## POST PRODUCTION STRIPPING

In surface mining operations, the group may find it necessary to remove waste materials to gain access to coal reserves prior to and after production commences. Prior to production commencing, stripping costs are capitalised until the point where the overburden has been removed and access to the coal seam commences. Subsequent to production, waste stripping continues as part of extraction process as a run of mine activity. There are two benefits accruing to the group from stripping activity during the production phase: extraction of coal that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. Economic coal extracted is accounted for as inventory. The production stripping costs relating to improved access to further quantities in future periods are capitalised as a stripping activity asset, if and only if, all of the following are met:

- it is probable that the future economic benefit associated with the stripping activity will flow to the group;
- the group can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component or components can be measured reliably.

In determining the relevant component of the coal reserve for which access is improved, the group componentises its mine into geographically distinct sections or phases to which the stripping activities being undertaken within that component are allocated. Such phases are determined based on assessment of factors such as geology and mine planning.

The group depreciates deferred costs capitalised as stripping assets on a unit of production method, with reference the tons mined and reserve of the relevant ore body component or phase.

## EMPLOYEE BENEFITS

### Share based remuneration

The company operates a share option scheme. The fair value of the share option scheme is determined at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. The fair value of options granted is calculated using a binomial or Black-Scholes-Merton model. Details of the share options in issue are disclosed in the Directors' Remuneration Report on page 29 under the heading Share option schemes which is within the audited part of that report.

### Pensions

The group operates a defined contribution pension scheme. The contributions payable to the scheme are expensed in the period to which they relate.

## FOREIGN CURRENCIES

Monetary assets and liabilities are translated at year end exchange rates and the resulting exchange rate differences are included in the consolidated income statement within the results of operating activities if arising from trading activities and within finance cost/income if arising from financing.

For consolidation purposes, income and expense items are included in the consolidated income statement at average rates, and assets and liabilities are translated at year end exchange rates. Translation differences arising on consolidation are recognised in other comprehensive income. Where foreign operations are disposed of, the cumulative exchange differences of that foreign operation are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

Transactions in foreign currencies are translated at the exchange rate ruling on transaction date.

## FINANCIAL INSTRUMENTS

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

### Bank loans and overdrafts

Bank loans and overdrafts are included as financial liabilities on the group balance sheet at the amounts drawn on the particular facilities net of the unamortised cost of financing. Interest payable on those facilities is expensed as finance cost in the period to which it relates.

### Finance lease liabilities

Finance lease liabilities arise for those investment properties held under a leasehold interest and accounted for as investment property. The liability is initially calculated as the present value of the minimum lease payments, reducing in subsequent reporting periods by the apportionment of payments to the lessor.

#### Available for sale investments

Financial assets available for sale are measured at fair value and movements in fair value are charged/credited to the statement of comprehensive income in the period.

#### Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amounts as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

#### Trade payables

Trade payables are not interest bearing and are stated at their nominal value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

#### Other financial assets and liabilities

The groups other financial assets and liabilities not disclosed above are accounted for at amortised cost.

#### JOINT VENTURES

Investments in joint ventures, being those entities over whose activities the group has joint control, as established by contractual agreement, are included at cost together with the group's share of post-acquisition reserves, on an equity basis. Dividends received are credited against the investment. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control. Control over the arrangement is assessed by the group in accordance with the definition of control under IFRS 10. Loans to joint ventures are classified as non-current assets when they are not expected to be received in the normal working capital cycle. Trading receivables and payables to joint ventures are classified as current assets and liabilities.

#### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads relevant to the stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

#### OTHER INVESTMENTS

Other investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised at cost less any provision for impairment.

#### IMPAIRMENT

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. A review involves determining whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken on a cash generating unit basis.

If the carrying amount of an asset exceeds its recoverable amount an asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use) if that is less than the asset's carrying amount. Any change in carrying value is recognised in the comprehensive income statement.

#### DEFERRED TAX

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable gains that would crystallise on the sale of the investment portfolio as at the reporting date. The calculation takes account of indexation on the historical cost of the properties and any available capital losses.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the group income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case it is also dealt with in other comprehensive income.

#### DIVIDENDS

Dividends payable on the ordinary share capital are recognised as a liability in the period in which they are approved.

#### CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and on-demand deposits. Cash and cash equivalents comprises short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and original maturities of three months or less. The cash and cash equivalents shown in the cashflow statement are stated net of bank overdrafts.

#### ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of sale. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property which continues to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investment is no longer equity accounted.

#### SEGMENTAL REPORTING

For management reporting purposes, the group is organised into business segments distinguishable by economic activity. The group's only business segments are mining activities and investment properties. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the group reports its segment information. This is consistent with the way the group is managed and with the format of the group's internal financial reporting. Significant revenue from transactions with any individual customer, which makes up 10 percent or more of the total revenue of the group, is separately disclosed within each segment.

## FINANCIAL STATEMENTS

# Notes to the financial statements

for the year ended 31 December 2015

### 1. SEGMENTAL REPORTING

1. SEGMENTAL REPORTING		2015			
	Mining £'000	Property £'000	Other £'000	Total £'000	
<b>Business analysis</b>					
Significant revenue customer A	14,126	-	-	14,126	
Significant revenue customer B	2,561	-	-	2,561	
Significant revenue customer C	1,545	-	-	1,545	
Other revenue	6,376	1,014	33	7,423	
<b>Segment revenue</b>	<b>24,608</b>	<b>1,014</b>	<b>33</b>	<b>25,655</b>	
Operating (loss)/profit before fair value adjustments & exchange movements	(288)	690	31	433	
Revaluation of investments & exchange movements	(497)	225	(11)	(283)	
<b>Operating (loss)/profit and segment result</b>	<b>(785)</b>	<b>915</b>	<b>20</b>	<b>150</b>	
<b>Segment assets</b>	<b>10,102</b>	<b>13,525</b>	<b>2,594</b>	<b>26,221</b>	
<b>Unallocated assets</b>					
– Non-current assets				20	
– Cash & cash equivalents				1,608	
<b>Total assets excluding investment in joint ventures and assets held for sale</b>				<b>27,849</b>	
Segment liabilities	(4,865)	(2,183)	(229)	(7,277)	
Borrowings	(2,280)	(5,927)	-	(8,207)	
<b>Total liabilities</b>	<b>(7,145)</b>	<b>(8,110)</b>	<b>(229)</b>	<b>(15,484)</b>	
<b>Net assets</b>				<b>12,365</b>	
<b>Non segmental assets</b>					
– Investment in joint ventures				1,198	
– Loan to joint venture				900	
– Non-current asset held for sale				1,168	
<b>Net assets as per balance sheet</b>				<b>15,631</b>	
	United Kingdom £'000	South Africa £'000	Other £'000	Unallocated £'000	Total £'000
<b>Geographic analysis</b>					
Revenue	1,047	24,608	-	-	25,655
Operating profit/(loss) and segment result	935	(785)	-	-	150
Non-current assets excluding investments	13,003	5,355	-	10	18,368
Total net assets	6,672	2,064	10	6,885	15,631
Capital expenditure	1,002	1,990	-	-	2,992

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

1. SEGMENTAL REPORTING CONTINUED

	2014				
	Mining £'000	Property £'000	Other £'000	Total £'000	
<b>Business analysis</b>					
Significant revenue customer A	12,607	-	-	<b>12,607</b>	
Significant revenue customer B	6,455	-	-	<b>6,445</b>	
Significant revenue customer C	1,793	-	-	<b>1,793</b>	
Other revenue	4,681	931	33	<b>5,645</b>	
<b>Segment revenue</b>	<b>25,536</b>	<b>931</b>	<b>33</b>	<b>26,500</b>	
Operating profit before fair value adjustments & exchange movements	864	699	31	<b>1,594</b>	
Revaluation of investments & exchange movements	(143)	(6)	(81)	<b>(230)</b>	
<b>Operating profit/(loss) and segment result</b>	<b>721</b>	<b>693</b>	<b>(50)</b>	<b>1,364</b>	
<b>Segment assets</b>	<b>12,058</b>	<b>12,546</b>	<b>2,797</b>	<b>27,401</b>	
Unallocated assets					
– Non-current assets				<b>36</b>	
– Cash & cash equivalents				<b>2,838</b>	
<b>Total assets excluding investment in joint ventures</b>				<b>30,275</b>	
Segment liabilities	(6,698)	(1,301)	(319)	<b>(8,318)</b>	
Borrowings	(2,179)	(5,973)	-	<b>(8,152)</b>	
	(8,877)	(7,274)	(319)	<b>(16,470)</b>	
Unallocated liabilities				<b>(24)</b>	
<b>Total liabilities</b>				<b>(16,494)</b>	
<b>Net assets</b>				<b>13,781</b>	
<b>Non segmental assets</b>					
– Investment in joint ventures				<b>2,898</b>	
– Loan to joint venture				<b>1,040</b>	
<b>Net assets as per balance sheet</b>				<b>17,719</b>	
	United Kingdom £'000	South Africa £'000	Other £'000	Unallocated £'000	Total £'000
Geographic analysis					
Revenue	964	25,536	-	-	<b>26,500</b>
Operating profit and segment result	643	721	-	-	<b>1,364</b>
Non-current assets excluding investments	11,780	6,030	-	24	<b>17,834</b>
Total net assets	5,724	3,176	17	8,802	<b>17,719</b>
Capital expenditure	26	1,877	-	-	<b>1,903</b>

**2. OPERATING COSTS**

	2015 £'000	2014 £'000
Mining	19,177	18,244
Property	111	97
Cost of sales	19,288	18,341
Administration	5,934	6,565
<b>Operating costs</b>	<b>25,222</b>	<b>24,906</b>
The direct property costs are:		
Ground rent	10	8
Direct property expense	71	55
Bad debts	30	34
	111	97

Operating costs above include depreciation of £1,284,000 (2014: £2,682,000).

**3. GAIN/(LOSS) ON REVALUATION OF INVESTMENT PROPERTIES**

The reconciliation of the investment surplus/(deficit) to the gain/(loss) on revaluation of investment properties in the income statement is set out below:

	2015 £'000	2014 £'000
Investment surplus/(deficit)	226	(5)
Loss on valuation movement in respect of head lease payments	(1)	(1)
<b>Gain/(Loss) on revaluation of investment properties</b>	<b>225</b>	<b>(6)</b>

**4. (LOSS)/PROFIT BEFORE TAXATION**

(Loss)/profit before taxation is arrived at after charging:

	2015 £'000	2014 £'000
Staff costs (see note 29)	5,094	5,057
Depreciation	1,284	2,682
Exchange loss	497	143
Fees payable to the company's auditor for the audit of the company's annual accounts	31	48
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	8	3
Audit related services	2	1

The directors consider the auditors were best placed to provide the above non-audit services.

The audit committee reviews the nature and extent of non-audit services to ensure that independence is maintained.



**5. DIRECTORS' EMOLUMENTS**

Directors' emoluments are shown in the Directors' remuneration report on pages 28 and 29 under the heading Directors' remuneration which is within the audited part of that report.

**6. INTEREST PAYABLE**

	2015 £'000	2014 £'000
On bank overdrafts and bank loans	364	487
Unwinding of discount	79	87
Other interest payable	30	19
<b>Interest payable</b>	<b>473</b>	<b>593</b>

**7. TAXATION**

	2015 £'000	2014 £'000
(a) Based on the results for the year:		
Corporation tax – adjustment in respect of prior year – UK	(23)	20
Corporation tax – adjustment in respect of prior year – Overseas	3	16
Current tax	(20)	36
Deferred tax	128	329
<b>Total tax in income statement</b>	<b>108</b>	<b>365</b>

## (b) Factors affecting tax charge for the year:

The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 20% (2014: 23%)

The differences are explained below:

(Loss)/Profit on ordinary activities before taxation	(147)	1,568
Tax on profit on ordinary activities at 20.25% (2014: 21.5%)	(30)	337
Effects of:		
Expenses not deductible for tax purposes	21	45
Adjustment to tax rate	(63)	(2)
Other differences	200	(59)
Adjustment in respect of prior years	(20)	44
<b>Total tax</b>	<b>108</b>	<b>365</b>

# FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

## 7. TAXATION CONTINUED

### (c) Analysis of United Kingdom and overseas tax

United Kingdom tax included in above:

	2015 £'000	2014 £'000
Corporation tax	-	-
Adjustment in respect of prior years	(23)	20
Current tax	(23)	20
Deferred tax	12	38
	(11)	58
Overseas tax included in above:		
Corporation tax	-	16
Adjustment in respect of prior years	3	-
Current tax	3	16
Deferred tax	116	291
	119	307

## 8. DIVIDENDS PAID

	2015 Per share	2015 £'000	2014 Per share	2014 £'000
Dividends paid during the year relating to the prior period	4.00p	427	4.00p	427
Dividends to be paid:				
Interim dividend for 2015 paid on 5 February 2016	1.00p	107	1.00p	107
Proposed final dividend for 2015	3.00p	320	3.00p	320
	4.00p	427	4.00p	427

The dividends to be paid are not accounted for until they have been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of retained earnings in the year ending 31 December 2016.

## 9. (LOSS)/PROFIT AND DILUTED (LOSS)/PROFIT PER SHARE

Both the basic and diluted (loss)/profit per share calculations are based on a loss of £259,000 (2014: profit: £1,103,000). The basic (loss)/profit per share has been calculated on a weighted average of 10,676,839 (2014: 10,673,506) ordinary shares being in issue during the period. The diluted (loss)/profit per share has been calculated on the weighted average number of shares in issue of 10,676,839 (2014: 10,673,506) plus the dilutive potential ordinary shares arising from share options of nil (2014: 110,975) totalling 10,676,839 (2014: 10,784,481).

Dilutive potential ordinary shares of 34,973 (2014: nil) were excluded from the calculation of diluted ordinary shares as there was no dilutive effect due to the loss for the year.

## 10. INVESTMENT PROPERTIES

	Freehold £'000	Long Leasehold £'000	Total £'000
Valuation at 1 January 2015	8,925	2,650	11,575
Acquisition	960	-	960
Additions	40	-	40
Revaluation	225	-	225
<b>Valuation at 31 December 2015</b>	<b>10,150</b>	<b>2,650</b>	<b>12,800</b>
Valuation at 1 January 2014	9,035	2,524	11,559
Additions	22	-	22
Revaluation	(132)	126	(6)
<b>Valuation at 31 December 2014</b>	<b>8,925</b>	<b>2,650</b>	<b>11,575</b>
Historical cost			
<b>At 31 December 2015</b>	<b>5,823</b>	<b>728</b>	<b>6,551</b>
At 31 December 2014	4,823	728	5,551

Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years.

All investment properties are held for use in operating leases and all properties generated rental income during the period.

Freehold and Long Leasehold properties were externally professionally valued at 31 December on an open market basis by:

	2015 £'000
Carter Towler	12,800

The valuations were carried out in accordance with the Statements of Asset Valuation and Guidance Notes published by The Royal Institution of Chartered Surveyors.

Each year external valuers are appointed by the Executive Directors on behalf of the Board. The valuers are selected based upon their knowledge, independence and reputation for valuing assets such as those held by the group.

Valuations are performed annually and are performed consistently across all investment properties in the group's portfolio. At each reporting date appropriately qualified employees of the group verify all significant inputs and review the computational outputs. Valuers submit their report to the Board on the outcome of each valuation round.

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rent or business profitability, likely incentives offered to tenants, forecast growth rates, yields, EBITDA, discount rates, construction costs including any specific site costs (for example section 106), professional fees, developer's profit including contingencies, planning and construction timelines, lease regear costs, planning risk and sales prices based on known market transactions for similar properties to those being valued.

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and likelihood of achieving and implanting this change in arriving at its valuation.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

10. INVESTMENT PROPERTIES CONTINUED

There are often restrictions on Freehold and Leasehold property which could have a material impact on the realisation of these assets. The most significant of these occur when planning permission or lease extension and renegotiation of use are required or when a credit facility is in place. These restrictions are factored in the property's valuation by the external valuer.

IFRS 13 sets out a valuation hierarchy for assets and liabilities measured at fair value as follows:

Level 1: valuation based on inputs on quoted market prices in active markets

Level 2: valuation based on inputs other than quoted prices included within level 1 that maximise the use of observable data directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuations are not based on observable market data

The inter-relationship between key unobservable inputs and the groups' properties is detailed in the table below:

Class of property Level 3	Carrying/ fair value 2015 £'000	Valuation technique	Key unobservable inputs	Range (weighted average) 2015
Freehold – external valuation	10,150	Income capitalisation	Estimated rental value per sq ft p.a	£7 – £27 (£19)
			Equivalent Yield	8.0% – 12.6% (9.2%)
Long leasehold – external valuation	2,650	Income capitalisation	Estimated rental value per sq ft p.a	£8 – £8 (£8)
			Equivalent yield	7.5% – 7.5% (7.5%)
<b>At 31 December 2015</b>	<b>12,800</b>			

There are interrelationships between all these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the input on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions, for example, an increase in rent may be offset by an increase in yield.

The table below illustrates the impact of changes in key unobservable inputs on the carrying / fair value of the group's properties:

	Estimated rental value 10% increase or decrease £'000	Equivalent yield 25 basis point contraction or expansion £'000
Freehold – external valuation	1,015 / (1,015)	300 / (263)
Long Leasehold – external valuation	265 / (265)	92 / (86)

## 11. MINING RESERVES, PLANT AND EQUIPMENT

	Mining reserves £'000	Mining equipment £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost at 1 January 2015	1,266	17,539	169	115	19,089
Exchange adjustment	(271)	(4,048)	(30)	(12)	(4,361)
Additions	-	1,964	11	17	1,992
Disposals	-	(2)	-	-	(2)
<b>Cost at 31 December 2015</b>	<b>995</b>	<b>15,453</b>	<b>150</b>	<b>120</b>	<b>16,718</b>
Accumulated depreciation at 1 January 2015	1,149	11,705	77	94	13,025
Exchange adjustment	(256)	(2,679)	(17)	(11)	(2,963)
Charge for the year	56	1,177	39	12	1,284
Disposals	-	(2)	-	-	(2)
<b>Accumulated depreciation at 31 December 2015</b>	<b>949</b>	<b>10,201</b>	<b>99</b>	<b>95</b>	<b>11,344</b>
<b>Net book value at 31 December 2015</b>	<b>46</b>	<b>5,252</b>	<b>51</b>	<b>25</b>	<b>5,374</b>
Cost at 1 January 2014	1,310	16,328	165	112	17,915
Exchange adjustment	(44)	(550)	(4)	(2)	(600)
Additions	-	1,838	38	5	1,881
Disposals	-	(77)	(30)	-	(107)
<b>Cost at 31 December 2014</b>	<b>1,266</b>	<b>17,539</b>	<b>169</b>	<b>115</b>	<b>17,915</b>
Accumulated depreciation at 1 January 2014	1,184	9,470	77	88	10,819
Exchange adjustment	(38)	(329)	(1)	(1)	(369)
Charge for the year	3	2,641	31	7	2,682
Disposals in year	-	(77)	(30)	-	(107)
<b>Accumulated depreciation at 31 December 2014</b>	<b>1,149</b>	<b>11,705</b>	<b>77</b>	<b>94</b>	<b>13,025</b>
<b>Net book value at 31 December 2014</b>	<b>117</b>	<b>5,834</b>	<b>92</b>	<b>21</b>	<b>6,064</b>

## 12. INVESTMENTS HELD AS NON-CURRENT ASSETS

	2015 Joint ventures assets £'000	2015 Other £'000	2014 Joint ventures assets £'000	2014 Other £'000
At 1 January	2,898	156	3,235	156
Transfer to non-current asset held for sale	(1,168)	-	-	-
Loss on transfer	-	(126)	-	-
Dividends received	(105)	-	(900)	-
Exchange adjustment	(358)	(1)	-	-
Share of gain in joint ventures	69	-	563	-
Loss on reclassification of non-current asset held for sale	(138)	-	-	-
<b>Net assets at 31 December</b>	<b>1,198</b>	<b>29</b>	<b>2,898</b>	<b>156</b>
Loan to joint venture (Ezimbokedwini):				
At 1 January	1,040	-	984	-
Exchange adjustments	(235)	-	(36)	-
Additions	95	-	92	-
<b>At 31 December</b>	<b>900</b>	<b>-</b>	<b>1,040</b>	<b>-</b>
<b>At 31 December</b>	<b>2,098</b>	<b>29</b>	<b>3,938</b>	<b>156</b>
Provision for diminution in value:				
At 1 January	-	(4)	-	(5)
Transfer	-	-	-	-
Write back\down\ of investment	-	(11)	-	1
<b>At 31 December</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>(4)</b>
<b>Net book value at 31 December</b>	<b>2,098</b>	<b>14</b>	<b>3,938</b>	<b>152</b>
			<b>2015 £'000</b>	<b>2014 £'000</b>
Net book value of unquoted investments			-	126
Net book and market value of investments listed on overseas stock exchanges			14	26
			<b>14</b>	<b>152</b>

**13. JOINT VENTURES**

The company owns 50% of the issued share capital of Dragon Retail Properties Limited, an unlisted property investment company. The remaining 50% is held by London & Associated Properties PLC. Dragon Retail Properties Limited is incorporated in England and Wales. It has issued share capital of 500,000 (2014: 500,000) ordinary shares of £1 each.

The company owns 49% of the issued share capital of Ezimbokodweni Mining (Pty) Limited, an unlisted coal exploration and development company. The company is incorporated in South Africa. It has issued share capital of 100 (2014: 100) ordinary shares of ZAR1 each.

Prior to 11 March 2016, the company owned 12.5% of the units of Langney Shopping Centre Unit Trust, an unlisted property unit trust incorporated in Jersey. 12.5% of the units in the trust were held by London & Associated Properties PLC and 75% were held by Columbus UK GP limited, a partner acting on behalf of Columbus UK Real Estate Fund. On the 11 March 2016, the company disposed of its investment in Langney Shopping Centre Unit Trust. The net proceeds from the sale were £1,168,000 which includes £30k dividends repaid post year end. At 31 December 2015, the investment was transferred from investment in joint ventures to non-current asset held for sale in the balance sheet. At year end, the share of the net assets of the trust held by the group were £1,168,000 (2014: £1,375,000) which includes a loss on the reclassification of the asset to held for sale in the amount of £138,000.

	Dragon 50% £'000	Ezimbokodweni 49% £'000	Langney 12.5% £'000	2015 £'000	2014 £'000
Turnover	86	-	172	258	236
Profit and loss					
(Loss)/Profit before tax	(37)	-	(102)	(139)	564
Taxation	70	-	-	70	(1)
<b>(Loss)/Profit after taxation</b>	<b>33</b>	<b>-</b>	<b>(102)</b>	<b>(69)</b>	<b>563</b>
Balance sheet					
Non-current assets	1,349	895	2,286	4,530	5,060
Current assets	1,274	2	102	1,378	1,735
Current liabilities	(1,100)	(897)	(46)	(2,043)	(2,329)
Non-current liabilities	(650)	-	(1,174)	(1,824)	(2,251)
<b>Share of net assets at 31 December</b>	<b>873</b>	<b>-</b>	<b>1,168</b>	<b>2,041</b>	<b>2,215</b>

**14. NON-CURRENT ASSETS HELD FOR SALE**

	2015 £'000	2014 £'000
Investment in Langney Shopping Centre Unit Trust		
Balance at 1 January	-	-
Transfer	1,168	-
	<b>1,168</b>	<b>-</b>

On the 11 March 2016, the company disposed of its investment in Langney Shopping Centre Unit Trust, an unlisted property unit trust incorporated in Jersey. At year end, the company owned 12.5% of the units of the trust. The net proceeds from the sale were £1,138,000 (excluding dividend). At year end, the company's share of the net assets of the trust were £1,168,000 (2014: £1,375,000).

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

**15. SUBSIDIARY COMPANIES**

The company owns the following ordinary share capital of the subsidiaries which are included within the consolidated financial statements:

	Activity	Percentage of share capital	Country of incorporation
Mineral Products Limited	Share dealing	100%	England and Wales
Bisichi (Properties) Limited	Property	100%	England and Wales
Bisichi Northampton Limited	Property	100%	England and Wales
Bisichi Trustee Limited	Property	100%	England & Wales
Urban First (Northampton) Limited	Property	100%	England & Wales
Black Wattle Colliery (Pty) Limited	Coal mining	62.5%	South Africa
Bisichi Coal Mining (Pty) Limited	Coal mining	100%	South Africa
Black Wattle Klipfontein (Pty) Limited	Coal mining	62.5%	South Africa
Bisichi Mining (Exploration) Limited	Holding company	100%	England and Wales
Ninghi Marketing Limited	Dormant	90.1%	England and Wales
Bisichi Mining Managements Services Limited	Dormant	100%	England and Wales
Amandla Ehtu Mineral Resource Development (Pty) Limited	Dormant	70%	South Africa

Details on the non-controlling interest in subsidiaries are shown under note 27.

**16. INVENTORIES**

	2015 £'000	2014 £'000
<b>Coal</b>		
Washed	778	606
Run of mine	110	1,070
Work in progress	122	45
Other	39	39
	<b>1,049</b>	<b>1,760</b>

**17. TRADE AND OTHER RECEIVABLES**

	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	3,500	4,046
Amount owed by joint venture	2,140	2,168
Other receivables	490	419
Prepayments and accrued income	57	227
	<b>6,187</b>	<b>6,860</b>



**18. AVAILABLE FOR SALE INVESTMENTS**

	2015 £'000	2014 £'000
<b>Market value of listed Investments:</b>		
Listed in Great Britain	568	758
Listed outside Great Britain	26	38
	<b>594</b>	796
Original cost of listed investments	737	740
Unrealised deficit / surplus of market value versus cost	(143)	56

**19. TRADE AND OTHER PAYABLES**

	2015 £'000	2014 £'000
Trade payables	1,982	1,682
Amounts owed to joint ventures	223	305
Other payables	1,279	1,320
Accruals and deferred income	750	1,679
	<b>4,234</b>	4,986

**20. FINANCIAL LIABILITIES – BORROWINGS**

	Current		Non-current	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank overdraft (secured)	2,234	2,119	-	-
Bank loan (secured)	33	20	5,940	6,013
	<b>2,267</b>	2,139	<b>5,940</b>	6,013
			2015 £'000	2014 £'000
Bank overdraft and loan instalments by reference to the balance sheet date:				
Within one year			2,267	2,139
From one to two years			27	21
From two to five years			5,913	5,992
			<b>8,207</b>	8,152
Bank overdraft and loan analysis by origin:				
United Kingdom			5,927	5,973
Southern Africa			2,280	2,179
			<b>8,207</b>	8,152

## FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

### 20. FINANCIAL LIABILITIES – BORROWINGS CONTINUED

The United Kingdom bank loans and overdraft are secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £12,800,000.

The South African bank loans are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan which are included in the financial statements at a value of £4,830,291.

Consistent with others in the mining and property industry, the group monitors its capital by its gearing levels. This is calculated as the net debt (loans less cash and cash equivalents) as a percentage of equity. At year end the gearing of the group was calculated as follows:

	2015 £'000	2014 £'000
Total debt	8,207	8,152
Less cash and cash equivalents	(1,608)	(2,838)
<b>Net debt</b>	<b>6,599</b>	<b>5,314</b>
<b>Total equity attributable to shareholders of the parent</b>	<b>15,310</b>	<b>17,315</b>
<b>Gearing</b>	<b>43.1%</b>	<b>30.7%</b>

### 21. PROVISION FOR REHABILITATION

	2015 £'000	2014 £'000
As at 1 January	930	874
Exchange adjustment	(162)	(31)
Unwinding of discount	79	87
As at 31 December	847	930

### 22. FINANCIAL INSTRUMENTS

#### Total financial assets and liabilities

The group's financial assets and liabilities are as follows, representing both the fair value and the carrying value:

	Loans and receivables £'000	Financial Liabilities measured at amortised cost £'000	Available for sale investments £'000	2015 £'000	2014 £'000
Cash and cash equivalents	1,608	-	-	1,608	2,838
Available for sale investments	-	-	594	594	796
Other investments	-	-	14	14	152
Trade and other receivables	6,954	-	-	6,954	7,673
Bank borrowings and overdraft	-	(8,207)	-	(8,207)	(8,152)
Finance leases	-	(194)	-	(194)	(195)
Other liabilities	-	(4,024)	-	(4,024)	(4,836)
	8,562	(12,425)	608	(3,255)	(1,724)

Available for sale investments fall under level 1 of the fair value hierarchy into which fair value measurements are recognised in accordance with the levels set out in IFRS 7. Other investments are held at cost. The directors are of the opinion that the difference in value between cost and fair value of other investments is not significant or material. The comparative figures for 2014 fall under the same category of financial instrument as 2015.

## 22. FINANCIAL INSTRUMENTS CONTINUED

**Treasury policy**

Although no derivative transactions were entered into during the current and prior year, the group may use derivative transactions such as interest rate swaps and forward exchange contracts as necessary in order to help manage the financial risks arising from the group's activities. The main risks arising from the group's financing structure are interest rate risk, liquidity risk, market risk, credit risk, currency risk and commodity price risk. There have been no changes during the year of the main risks arising from the group's finance structure. The policies for managing each of these risks and the principal effects of these policies on the results are summarised below.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or cashflows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the group. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and loans to joint ventures. Interest bearing borrowings comprise bank loans, bank overdrafts and variable rate finance lease obligations. The rates of interest vary based on LIBOR in the UK and PRIME in South Africa.

As at 31 December 2015, with other variables unchanged, a 1% increase or decrease in interest rates, on investments and borrowings whose interest rates are not fixed, would respectively decrease or increase the loss for the year by £67,000 (2014: £79,000). The effect on equity of this change would be an equivalent decrease or increase for the year of £67,000 (2014: £79,000).

**Liquidity risk**

The group's policy is to minimise refinancing risk. Efficient treasury management and strict credit control minimise the costs and risks associated with this policy which ensures that funds are available to meet commitments as they fall due. As at year end the group held borrowing facilities in the UK in Bisichi Mining PLC and in South Africa in Black Wattle Colliery (Pty) Ltd.

The following table sets out the maturity profile of the financial liabilities as at 31 December:

	2015 £'000	2014 £'000
Within one year	6,692	7,400
From one to two years	213	223
From two to five years	6,464	6,539
Beyond five years	133	134
	13,502	14,296

The following table sets out the maturity profile of the financial liabilities as at 31 December maturing within one year:

	2015 £'000	2014 £'000
Within one month	606	1,587
From one to three months	2,709	2,438
From four to twelve months	3,377	3,375
	6,692	7,400

In South Africa, an increase in the structured trade finance facility from R60million (South African Rand) to R80million was signed by Black Wattle Colliery (Pty) Limited in October 2013 with Absa Bank Limited, a South African subsidiary of Barclays Bank PLC. The facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held by Black Wattle Colliery (Pty) Limited.

## FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

### 22. FINANCIAL INSTRUMENTS CONTINUED

This facility comprises of a R60million revolving loan to cover the working capital requirements of the group's South African operations, and a R20million loan facility to cover guarantee requirements related to the group's South African mining operations. The interest cost of the loan is at the South African prime lending rate.

In December 2014, the group signed a £6 million term loan facility with Santander. The Loan is secured against the group's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR.

As a result of the above agreed banking facilities, the Directors believe that the group is well placed to manage its liquidity risk.

#### Credit risk

The group is mainly exposed to credit risk on its cash and cash equivalents, trade and other receivables and amounts owed by joint ventures as per the balance sheet. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet which at year end amounted to £8,562,000 (2014: £10,511,000). The group's credit risk is primarily attributable to its trade receivables. The group had amounts due from its significant revenue customers at the year end that represented 91% of the trade receivables balance. These amounts have been subsequently settled.

Trade debtor's credit ratings are reviewed regularly. The group only deposits surplus cash with well-established financial institutions of high quality credit standing. As at year end the amount of trade receivables held past due date was £144,000 (2014: £130,000). To date, the amount of trade receivables held past due date that has not subsequently been settled is £136,000 (2014: £85,000). Management have no reason to believe that this amount will not be settled.

#### Financial assets maturity

On 31 December 2015, cash at bank and in hand amounted to £1,608,000 (2014: £2,838,000) which is invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates. Cash and cash equivalents all have a maturity of less than 3 months.

#### Commodity price risk

Commodity price risk is the risk that the group's future earnings will be adversely impacted by changes in the market of commodities. The group is exposed to commodity price risk as its future revenues will be derived based on a contract with a physical off-take partner at prices that will be determined by reference to market prices of coal at the delivery date.

From time to time the group may manage its exposure to commodity price risk by entering into forward sales contracts with the goal of preserving future revenue streams. The group has not entered any such contracts in 2015 and 2014.

#### Foreign exchange risk

All trading is undertaken in the local currencies. Funding is also in local currencies other than inter-company investments and loans and it is not the group's policy to obtain forward contracts to mitigate foreign exchange risk on these amounts. During 2015 and 2014 the group did not hedge its exposure of foreign investments held in foreign currencies.

The table below shows the currency profiles of cash and cash equivalents:

	2015 £'000	2014 £'000
Sterling	1,135	1,697
South African Rand	470	1,138
US Dollar	3	3
	<b>1,608</b>	<b>2,838</b>

Cash and cash equivalents earn interest at rates based on LIBOR in Sterling and Prime in Rand.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

22. FINANCIAL INSTRUMENTS CONTINUED

The tables below shows the currency profiles of net monetary assets and liabilities by functional currency of the group:

	Sterling £'000	South African Rands £'000
<b>2015:</b>		
Sterling	(3,221)	-
South African Rand	89	(136)
US Dollar	13	-
	<b>(3,119)</b>	<b>(136)</b>
		South African Rands £'000
<b>2014:</b>	Sterling £'000	
Sterling	(2,515)	-
South African Rand	153	618
US Dollar	20	-
	<b>(2,342)</b>	<b>618</b>

The directors consider there to be no significant risk from exchange rate movements of foreign currencies against the functional currencies of the reporting companies within the group, excluding inter-company balances. As such no sensitivity analysis is prepared.

23. DEFERRED TAXATION

	2015 £'000	2014 £'000
Balance at 1 January	2,208	1,902
Recognised in income	128	329
Recognised in other comprehensive income	(41)	15
Exchange adjustment	(293)	(38)
	<b>2,002</b>	<b>2,208</b>
The deferred tax balance comprises the following:		
Revaluation of properties	626	730
Capital allowances	1,487	1,418
Short-term differences	(111)	60
	<b>2,002</b>	<b>2,208</b>

24. SHARE CAPITAL

	2015 £'000	2014 £'000
Authorised: 13,000,000 ordinary shares of 10p each	1,300	1,300

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

24. SHARE CAPITAL CONTINUED

Allotted and fully paid:

	2015 Number of ordinary shares	2014 Number of ordinary shares	2015 £'000	2014 £'000
At 1 January	10,676,839	10,636,839	1,068	1,064
Shares issued during the year in regard to employee share options exercised (note 26)	-	40,000	-	4
Outstanding at 31 December	10,676,839	10,676,839	1,068	1,068

25. OTHER RESERVES

	2015 £'000	2014 £'000
Equity share options	488	566
Net premium on share capital in joint venture	86	86
	574	652

26. SHARE BASED PAYMENTS

Details of the share option scheme are shown in the Directors' remuneration report on pages 28 and 29 under the heading Share option schemes which is within the audited part of this report. Further details of the share option schemes are set out below.

The Bisichi Mining PLC Unapproved Option Schemes:

Year of grant	Subscription price per share	Period within which options exercisable	Number of share for which options outstanding at 31 December 2014	Number of share options issued/ (cancelled) during year	Number of share for which options outstanding at 31 December 2015
2006	237.5p	Oct 2009 – Oct 2016	325,000	-	325,000
2010	202.5p	Aug 2013 – Aug 2020	80,000	-	80,000
2012	34.0p	Oct 2012 – Sep 2022	193,000	(193,000)	-
2015	87.0p	Sep 2015 – Sep 2025	-	300,000	300,000

The exercise of options under the Unapproved Share Option Schemes, for certain option issues, is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The performance conditions for the 2010 scheme, agreed by members on 31 August 2010 respectively, requires growth in net assets over a three year period to exceed the growth of the retail prices index by a scale of percentages. There are no performance or service conditions attached to the other schemes.

The 2015 options were valued at £118,000 at date of grant using the Black-Scholes-Merton model with the following assumptions:

Expected volatility	36.30%
Expected life	4 years
Risk free rate	0.994%
Expected dividends	4.47%

Expected volatility was determined by reference to the historical volatility of the share price over a period commensurate with the option's expected life. The expected life used in the model is used on the risk-averse balance likely to be required by the option holders.

## 26. SHARE BASED PAYMENTS CONTINUED

	2015 Number	2015 Weighted average exercise price	2014 Number	2014 Weighted average exercise price
Outstanding at 1 January	598,000	167.1p	718,000	157.7p
Granted during the year	300,000	87.0p	-	-
Cancelled during the year	(193,000)	34.0p	(80,000)	(149.0p)
Exercised during the year	-	0.0p	(40,000)	(34.0p)
Outstanding at 31 December	705,000	133.1p	598,000	167.1p
<b>Exercisable at 31 December</b>	<b>705,000</b>	<b>133.1p</b>	<b>598,000</b>	<b>167.1p</b>

## 27. NON-CONTROLLING INTEREST

	2015 £'000	2014 £'000
As at 1 January	404	359
Share of profit for the year	4	100
Dividends received	-	(42)
Exchange adjustment	(87)	(13)
As at 31 December	321	404

The non-controlling interest comprises of a 37.5% shareholding in Black Wattle Colliery (Pty) Ltd. A coal mining company incorporated in South Africa. Summarised financial information reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

	2015 £'000	2014 £'000
Revenue	24,608	25,536
Expenses	(24,582)	(24,866)
<b>Profit for the year</b>	<b>26</b>	<b>670</b>
Other comprehensive Income	-	-
<b>Total comprehensive income for the year</b>	<b>26</b>	<b>670</b>
Balance sheet		
Non-current assets	5,355	6,030
Current assets	5,932	8,054
Current liabilities	(7,156)	(9,125)
Non-current liabilities	(1,988)	(2,260)
<b>Net assets at 31 December</b>	<b>2,143</b>	<b>2,699</b>

## FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

### 27. NON-CONTROLLING INTEREST CONTINUED

The non-controlling interest relates to the disposal of a 37.5% shareholding in Black Wattle Colliery (Pty) Ltd in 2010. The total issued share capital in Black Wattle Colliery (Pty) Ltd was increased from 136 shares to 1,000 shares at par of R1 (South African Rand) through the following shares issue:

- a subscription for 489 ordinary shares at par by Bisichi Mining (Exploration) Limited increasing the number of shares held from 136 ordinary shares to a total of 675 ordinary shares;
- a subscription for 110 ordinary shares at par by Vunani Mining (Pty) Ltd;
- a subscription for 265 "A" shares at par by Vunani Mining (Pty) Ltd

Bisichi Mining (Exploration) Limited is a wholly owned subsidiary of Bisichi Mining PLC incorporated in England and Wales.

Vunani Mining (Pty) Ltd is a South African Black Economic Empowerment company and minority shareholder in Black Wattle Colliery (Pty) Ltd.

The "A" shares rank pari passu with the ordinary shares save that they will have no dividend rights until such time as the dividends paid by Black Wattle Colliery (Pty) Ltd on the ordinary shares subsequent to 30 October 2008 will equate to R832,075,000.

A non-controlling interest of 15% in Black Wattle Colliery (Pty) Ltd is recognised for all profits distributable to the 110 ordinary shares held by Vunani Mining (Pty) Ltd from the date of issue of the shares (18 October 2010). An additional non-controlling interest will be recognised for all profits distributable to the 265 "A" shares held by Vunani Mining (Pty) Ltd after such time as the profits available for distribution, in Black Wattle Colliery (Pty) Ltd, before any payment of dividends after 30 October 2008, exceeds R832,075,000.

### 28. RELATED PARTY TRANSACTIONS

	At 31 December		During the year	
	Amounts owed to related party £'000	Amounts owed by related party £'000	Costs recharged (to)/by related party £'000	Cash paid (to)/by related party £'000
<b>Related party:</b>				
London & Associated Properties PLC (note (a))	59	-	138	(82)
Langney Shopping Centre Unit Trust (note (b))	-	(64)	-	104
Dragon Retail Properties Limited (note (c))	223	(2,076)	(180)	21
Ezimbokodweni Mining (Pty) Limited (note (d))	-	(897)	(94)	-
<b>As at 31 December 2015</b>	<b>282</b>	<b>(3,037)</b>	<b>(136)</b>	<b>43</b>
London & Associated Properties PLC (note (a))	3	-	138	(135)
Langney Shopping Centre Unit Trust (note (b))	-	(168)	-	64
Dragon Retail Properties Limited (note (c))	305	(2,000)	(174)	(726)
Ezimbokodweni Mining (Pty) Limited (note (d))	-	(1,040)	(92)	-
<b>As at 31 December 2014</b>	<b>308</b>	<b>(3,208)</b>	<b>(128)</b>	<b>(797)</b>

London & Associated Properties PLC is a substantial shareholder. Dragon Retail Properties Limited is a joint venture and is treated as a non-current asset investment. On the 11 March 2016, the company disposed of its investment in Langney Shopping Centre Unit Trust, a joint venture. The trust is therefore held as a non-current asset held for sale. Ezimbokodweni Mining (Pty) Limited is a joint venture and is treated as a non-current asset investment.



## 28. RELATED PARTY TRANSACTIONS CONTINUED

- (a) **London & Associated Properties PLC** – Property management, office premises, general management, accounting and administration services are provided for Bisichi Mining PLC and its UK subsidiaries.
- (b) **Langney Shopping Centre Unit Trust** – Langney Shopping Centre Unit Trust is an unlisted property unit trust incorporated in Jersey.
- (c) **Dragon Retail Properties Limited** – ("Dragon") is owned equally by the company and London & Associated Properties PLC. During 2012 the company lent £2million to Dragon at 6.875 per cent annual interest.
- (d) **Ezimbokodweni Mining (Pty) Limited** – Ezimbokodweni Mining is a prospective coal production company based in South Africa.

Details of key management personnel compensation and interest in share options are shown in the Directors' Remuneration Report on pages 28 and 29 under the headings Directors' remuneration, Pension schemes and incentives and Share option schemes which is within the audited part of this report. The total employers' national insurance paid in relation to the remuneration of key management was £157,000 (2014: 114,000). In 2012 a loan was made to one of the directors, Mr A R Heller, for £116,000. The loan amount outstanding at year end was £86,000 (2014: £101,000) and a repayment of £15,000 (2014: £15,000) was made during the year.

## 29. EMPLOYEES

	2015 £'000	2014 £'000
The average weekly numbers of employees of the group during the year were as follows:		
Production	191	213
Administration	17	18
	208	231
	£'000	£'000
Staff costs during the year were as follows:		
Salaries	4,682	4,676
Social security costs	160	117
Pension costs	221	209
Share based payments	31	55
	5,094	5,057

## 30. CAPITAL COMMITMENTS

	2015 £'000	2014 £'000
Commitments for capital expenditure approved but not contracted for at the year end	306	389
Share of commitment of capital expenditure in joint venture	1,102	1,402

**31. HEAD LEASE COMMITMENTS AND FUTURE PROPERTY LEASE RENTALS**

Present value of head Leases on properties

	Minimum lease payments		Present value of minimum lease payments	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Within one year	12	12	12	12
Second to fifth year	48	49	45	45
After five years	1,549	1,569	137	138
	1,609	1,630	194	195
Discounting adjustment	(1,415)	(1,435)	-	-
<b>Present value</b>	<b>194</b>	<b>195</b>	<b>194</b>	<b>195</b>

Finance lease liabilities are in respect of leased investment property. Many of the leases provide for contingent rents in addition to the rents above which are a proportion of rental income. Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in event of default.

The group leases out its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2015 £'000	2014 £'000
Within one year	923	746
Second to fifth year	2,699	2,399
After five years	9,786	9,868
	13,408	13,013

**32. CONTINGENT LIABILITIES**

Bank guarantees have been issued by the bankers of Black Wattle Colliery (Pty) Limited on behalf of the company to third parties. The guarantees are secured against the assets of the company and have been issued in respect of the following:

	2015 £'000	2014 £'000
Rail siding	47	158
Rehabilitation of mining land	1,009	1,114
Water & electricity	42	52

## FINANCIAL STATEMENTS

# Company balance sheet

at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Tangible assets	35	20	34
Investment in joint ventures	36	1,810	1,810
Other investments	36	7,577	7,712
		<b>9,407</b>	<b>9,556</b>
<b>Current assets</b>			
Debtors – amounts due within one year	37	3,296	2,981
Debtors – amounts due in more than one year	37	659	1,127
Bank balances		1,031	988
		<b>4,986</b>	<b>5,096</b>
Creditors – amounts falling due within one year	38	(1,301)	(1,218)
<b>Net current liabilities</b>		<b>3,685</b>	<b>3,878</b>
<b>Total assets less current liabilities</b>		<b>13,092</b>	<b>13,434</b>
Creditors – amounts falling due in more than one year – term bank loan	38	(9)	(64)
Provision for liabilities and charges	39	(182)	-
<b>Net assets</b>		<b>12,901</b>	<b>13,370</b>
<b>Capital and reserves</b>			
Called up share capital	24	1,068	1,068
Share premium account		258	259
Other reserves		489	566
Retained earnings	33	11,086	11,477
Shareholders' funds		<b>12,901</b>	<b>13,370</b>

The company financial statements were approved and authorised for issue by the board of directors on 18 April 2015 and signed on its behalf by:

  
A R Heller  
Director

  
G J Casey  
Director

Company Registration No. 112155

## FINANCIAL STATEMENTS

# Company statement of changes in equity

for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Shareholders funds £'000
Balance at 1 January 2014	1,064	249	503	10,279	<b>12,095</b>
Dividend paid	-	-	-	(427)	<b>(427)</b>
Share option charge	4	10	63	-	<b>77</b>
Profit and total comprehensive income for the year	-	-	-	1,625	<b>1,625</b>
<b>Balance at 1 January 2015</b>	<b>1,068</b>	<b>259</b>	<b>566</b>	<b>11,477</b>	<b>13,370</b>
Dividend paid	-	-	-	(427)	<b>(427)</b>
Share option charge	-	(1)	32	-	<b>31</b>
Share option cancelled	-	-	(109)	-	<b>(109)</b>
Profit and total comprehensive income for the year	-	-	-	36	<b>36</b>
<b>Balance at 31 December 2015</b>	<b>1,068</b>	<b>258</b>	<b>489</b>	<b>11,086</b>	<b>12,901</b>

## FINANCIAL STATEMENTS

# Company accounting policies

for the year ended 31 December 2015

The following are the main accounting policies of the company:

### ACCOUNTING CONVENTION: FIRST TIME ADOPTION OF FRS 100 AND 101

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable UK Generally Accepted Accounting Practice.

This change in the basis of preparation has materially altered the recognition and measurement requirements applied in accordance with previously applicable UK accounting standards. An explanation of the impact of adoption of FRS 100 and FRS 101 for the first time is included in note 41.

### DISCLOSURE EXEMPTIONS ADOPTED

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with the company's wholly owned subsidiaries

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are

included in the company's Consolidated Financial Statements.

### DIVIDENDS RECEIVED

Dividends are credited to the profit and loss account when received.

### DEPRECIATION

Provision for depreciation on tangible fixed assets is made in equal annual instalments to write each item off over its useful life. The rates generally used are:

Motor vehicles	25 – 33 per cent
Office equipment	10 – 33 per cent

### FOREIGN CURRENCIES

Monetary assets and liabilities expressed in foreign currencies have been translated at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

### INVESTMENT PROPERTIES

The investment property portfolio is included in the financial statements at open market valuation. An external professional valuation is carried out annually by professional external surveyors. Surpluses and deficits arising on valuations are taken direct to the revaluation reserve. No depreciation or amortisation is provided in respect of freehold and leasehold investment properties. Depreciation or amortisation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

On the 23rd of December 2014, the investment property portfolio was transferred within the group to Bisichi (Properties) Limited, a 100% owned and controlled subsidiary of the company.

### INVESTMENTS

Investments of the company are stated in the balance sheet as fixed assets at cost less provisions for impairment.

### FINANCIAL INSTRUMENTS

#### Bank loans and overdrafts

Bank loans and overdrafts are included in creditors on the company balance sheet net of the unamortised cost of financing.

Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

#### Debtors

Amounts due from subsidiary undertakings are held at present value where the interest that would be recognised from discounting future cash payments is considered to be material. Other debtors do not carry interest and are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amounts.

#### Creditors

Creditors are not interest bearing and are stated at their nominal value.

### JOINT VENTURES

Investments in joint ventures, being those entities over whose activities the group has joint control as established by contractual agreement, are included at cost, less impairment.

### DEFERRED TAXATION

A full provision is made for deferred tax where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for those differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

**LEASED ASSETS AND OBLIGATIONS**

All leases are "Operating Leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

**PENSIONS**

The company makes contributions to a money purchase scheme and the costs are charged to the profit and loss account in the period to which they relate.

**SHARE BASED REMUNERATION**

The company operates a share option scheme. The fair value of the share option scheme is determined at the date of grant. This fair value is

then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. The fair value of options granted is calculated using a binomial model or Black-Scholes-Merton model. Details of the share options in issue are disclosed in the Directors' Remuneration Report on pages 28 and 29 under the heading Share option schemes which is within the audited part of this report.

**33. PROFIT & LOSS ACCOUNT**

A separate profit and loss account for Bisichi Mining PLC has not been presented as permitted by Section 408(2) of the Companies Act 2006. The profit for the financial year, before dividends, was £36,000 (2014: £1,625,000)

Details of share capital are set out in note 24 and details of the share options are shown in the Directors' Remuneration Report on page 29 under the heading Share option schemes which is within the audited part of this report and note 26.

**34. DIVIDENDS**

The aggregate amount of dividends comprises:

	2015 Per share	2015 £'000	2014 Per share	2014 £'000
Dividends paid during the year relating to the prior period	4.00p	427	4.00p	427
Dividends to be paid:				
Interim dividend for 2015 paid on 5 February 2016	1.00p	107	1.00p	107
Proposed final dividend for 2015	3.00p	320	3.00p	320
	4.00p	427	4.00p	427

The aggregate amount of dividends to be paid and not recognised as liabilities as at year end is £427,000 (2014: £427,000). The dividends to be paid are not accounted for until they have been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of retained earnings in the year ending 31 December 2016.

**35. TANGIBLE FIXED ASSETS**

	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost at 1 January 2015	37	66	103
Additions	-	1	1
Cost at 31 December 2015	37	67	104
Accumulated depreciation at 1 January 2015	14	55	69
Charge for the year	13	2	15
Accumulated depreciation at 31 December 2015	27	57	84
Net book value at 31 December 2015	10	10	20
Net book value at 31 December 2014	23	11	34

## 36. INVESTMENTS

	Joint ventures shares £'000	Shares in subsidiaries £'000	Loans £'000	Other investments £'000	Total £'000
Cost at 1 January 2015	1,810	6,356	1,331	26	7,713
Invested during year	-	-	3	-	3
Loss on transfer	-	-	(126)	-	(126)
<b>Cost at 31 December 2015</b>	<b>1,810</b>	<b>6,356</b>	<b>1,208</b>	<b>26</b>	<b>7,590</b>
Provision for impairment					
As at 1 January	-	-	-	(1)	(1)
Impaired during the year	-	-	-	(12)	(12)
<b>As at 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>(13)</b>
<b>Net book value at 31 December 2015</b>	<b>1,810</b>	<b>6,356</b>	<b>1,208</b>	<b>13</b>	<b>7,577</b>
Net book value at 31 December 2014	1,810	6,356	1,331	25	7,712

Other investments comprise £13,000 (2014: £25,000) shares.

Investments in subsidiaries are detailed in note 15. In the opinion of the directors the aggregate value of the investment in subsidiaries is not less than the amount shown in these financial statements.

On the 11 March 2016, the company disposed of its joint venture investment in Langney Shopping Centre Unit Trust. The net book value of the investment included in these financial statements at 31 December 2015 was £963,000. The net proceeds from the sale were £1,138,000 (excluding dividend). Further information relating to the disposal of Langney Shopping Centre Unit Trust can be found in Note 14.

## 37. DEBTORS

	2015 £'000	2014 £'000
<b>Amounts due within one year:</b>		
Amounts due from subsidiary undertakings	1,003	360
Trade receivables	16	109
Other debtors	81	118
Joint venture	2,140	2,168
Prepayments and accrued income	56	226
	<b>3,296</b>	<b>2,981</b>
<b>Amounts due in more than one year:</b>		
Amounts due from subsidiary undertakings	659	1,123
Deferred taxation	-	4
	<b>659</b>	<b>1,127</b>

**38. CREDITORS**

	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>		
Bank overdraft (secured)	-	-
Bank loan (secured)	8	7
Amounts due to subsidiary undertakings	365	-
Joint venture	223	305
Current taxation	-	23
Other taxation and social security	3	89
Other creditors	574	444
Accruals and deferred income	128	350
	<b>1,301</b>	<b>1,218</b>
<b>Amounts falling due in more than one year:</b>		
Bank loan (secured)	9	64
	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Bank and other loan instalments by reference to the balance sheet date:</b>		
Within one year	8	7
From one to two years	7	7
From two to five years	2	57
	<b>17</b>	<b>71</b>

**39. PROVISIONS FOR LIABILITIES**

	2015 £'000	2014 £'000
Deferred taxation		
Balance at 1 January	-	695
Provision	182	(695)
Transfer	-	-
	<b>182</b>	<b>-</b>



40. RELATED PARTY TRANSACTIONS	At 31 December	During the year	
	Amounts owed by related party £'000	Costs recharged / accrued (to) / by related party £'000	Cash paid (to)/ by related party £'000
At 31 December			
<b>Related party:</b>			
Black Wattle Colliery (Pty) Ltd (note (a))	(1,157)	(653)	1,812
Ninghi Marketing Limited (note (b))	(102)	-	-
<b>As at 31 December 2015</b>	<b>(1,259)</b>	<b>(653)</b>	<b>1,812</b>
Black Wattle Colliery (Pty) Ltd (note (a))	(2,316)	(1,009)	1,207
Ninghi Marketing Limited (note (b))	(102)	-	-
<b>As at 31 December 2014</b>	<b>(2,418)</b>	<b>(1,009)</b>	<b>1,207</b>

(a) **Black Wattle Colliery (Pty) Ltd** – Black Wattle Colliery (Pty) Ltd is a coal mining company based in South Africa.

(b) **Ninghi Marketing Limited** – Ninghi Marketing Limited is a dormant coal marketing company incorporated in England & Wales.

Black Wattle Colliery (PTY) Ltd and Ninghi Marketing Limited are subsidiaries of the company.

In addition to the above, the company has issued a company guarantee of R17,000,000 (2013: R17,000,000) (South African Rand) to the bankers of Black Wattle Colliery (Pty) Ltd in order to cover bank guarantees issued to third parties in respect of the rehabilitation of mining land.

A provision of £102,000 has been raised against the amount owing by Ninghi Marketing Limited as the company is dormant.

In 2012 a loan was made to one of the directors, Mr A R Heller, for £116,000. There is no fixed repayment date. The loan amount outstanding at year end was £86,000 (2014: £101,000) and a repayment of £15,000 (2014: £15,000) was made during the year.

Under FRS 101, the company has taken advantage of the exemption from disclosing transactions with other wholly owned group companies.

Details of other related party transactions are given in note 28 of the group financial statements.

#### 41. FIRST TIME ADOPTION OF FRS 101 REDUCED DISCLOSURE FRAMEWORK

This is the first time that the company has adopted FRS 101 having previously applied applicable UK accounting standards. The date of transition to FRS 101 was 1 January 2014.

In applying FRS 101 for the first time the company has made the election to retain the cost of investment in subsidiary undertakings at their carrying amounts under applicable UK accounting standards.

The following table summarise the effects on the company's equity and total comprehensive income of applying FRS 101 for the first time.

	Equity at 1 January 2014 £'000	Equity at 31 December 2014 £'000	Comprehensive income at 31 December 2014 £'000
<b>As previously reported in accordance with applicable UK accounting standards</b>	<b>12,808</b>	<b>13,370</b>	<b>912</b>
<b>Transition adjustments:</b>			
Deferred taxation on revaluation of investment property	(713)	-	713
<b>Accounted in accordance with FRS 101</b>	<b>12,095</b>	<b>13,370</b>	<b>1,625</b>

In addition to above, in the 2014 year end there is a reclassification of debtor amounts that are due in more than one year of £1,127,000 from non-current assets to current assets in the balance sheet.

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