Rule 4.3A

Appendix 4E

Preliminary Final Report

Wollongong Coal Limited

(ABN 28 111 244 896)

REPORTING PERIOD

The Financial information contained in this report is for the year ended 31 March 2018. Comparative amounts, unless otherwise indicated are for the year ended 31 March 2017.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Change	**% Change**		**$'000**
Revenues from ordinary activities and other income	Decrease	20%	to	29,029
Loss from ordinary activities after tax attributable to members	Down	100%+	to	73,802
Loss attributable to members	Down	100%+	to	73,802
Dividends (distributions)	No change	-	to	-

COMMENTARY ON RESULTS FOR THE YEAR

During the financial year the consolidated entity's total production of ROM coal was 190,143 tonnes from the Wongawilli Colliery as compared to 255,000 tonnes in the previous financial year ending on 31 March 2017. There was no production for almost three months (Jun'17-Aug'17) due to mining contractor entering into administration.

Total revenue of the consolidated entity was $29,029,000 (2016: $36,168,000). The revenue was from the sale of ROM coal produced from the Wongawilli Colliery.

The loss for the consolidated entity after providing for income tax amounted to $73,802,000 (2017: $5,511,000). The loss is after a net foreign exchange loss of $2,768,000 (2017: gain of $4,204,000) that mainly relates to the change in the exchange rate between the US dollar and Australian dollar on the consolidated entity's US dollar borrowings. Net current liabilities of $833,782,000 (2017: $777,108,000) includes borrowings and working capital facilities of $781,202,000 (2017: $757,729,000) which have been entirely classified as current liabilities to comply with Accounting

Standards AASB 101 'Presentation of Financial Statements', due to breaches of financial covenants. The expected principal repayment due on borrowings for the year ending 31 March 2019 is $50,462,000.

NET TANGIBLE ASSET BACKING PER SHARE

	2018 Cents	2017 Cents
Net tangible asset backing per ordinary share	(85.63)	(7.95)

CONTROL GAINED OVER ENTITIES

None

LOSS OF CONTROL OVER ENTITES

None

DETAILS OF ASSOCIATES AND JOINT VENTURES

None

FOREIGN ENTITIES

None

AUDIT

This report is based on accounts which are in the process of being audited.

ATTACHMENTS

The preliminary final report of Wollongong Coal Limited for the year ended 31 March 2018 is attached.

Wollongong Coal Limited

ABN 28 111 244 896

Unaudited Financial Statements - 31 March 2018

Wollongong Coal Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2018

	Note	Consolidated 2018 $'000	Consolidated 2017* $'000
Revenue	7	27,358	36,168
Other income	8	1,670	1
Expenses			
Changes in inventories of finished goods and work in progress		4,582	(991)
Raw materials and consumables used		(2,996)	(426)
Employee benefits expense		(11,098)	(8,392)
Depreciation and amortisation expenses		(30,407)	(28,648)
Reversal / (impairment) on non-current assets	9	-	50,281
Net impairment of available-for-sale financial assets	9	(135)	(1,515)
Net foreign exchange gain	9	(2,768)	(4,204)
Finance costs	9	(23,051)	(23,148)
Other operating expenses	9	(36,957)	(24,637)
Loss before income tax expense		(73,802)	(5,511)
Income tax expense	10	-	-
Loss after income tax expense for the year attributable to the owners of Wollongong Coal Limited	28	(73,802)	(5,511)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of available-for-sale financial assets, net of tax		(210)	120
Loss on revaluation of available-for-sale financial assets, net of tax		135	1,515
Other comprehensive income for the year, net of tax		(75)	1,635
Total comprehensive income for the year attributable to the owners of Wollongong Coal Limited		(73,877)	(3,876)
		Cents	**Cents**
Basic earnings per share	37	(0.79)	(0.06)
Diluted earnings per share	37	(0.79)	(0.06)

*See note 5 for details in relation to restatement

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wollongong Coal Limited
Statement of financial position
As at 31 March 2018

	Note	Consolidated 2018 $'000	Consolidated 2017* $'000
Assets			
Current assets			
Cash and cash equivalents	11	5,761	6,728
Trade and other receivables	12	481	1,166
Prepayments	13	3,362	3,431
Inventories	17	12,046	6,173
Assets held for sale	15	11,913	151
Total current assets		33,563	17,649
Non-current assets			
Available-for-sale financial assets	16	300	510
Property, plant and equipment	17	777,916	797,164
Deposits	18	17,601	14,417
Total non-current assets		795,817	812,091
Total assets		829,380	829,740
Liabilities			
Current liabilities			
Trade and other payables	19	82,476	33,662
Borrowings	20	781,202	757,729
Provisions	21	3,667	3,366
Total current liabilities		867,345	794,757
Non-current liabilities			
Provisions	22	42,241	35,110
Total non-current liabilities		42,241	35,110
Total liabilities		909,586	829,867
Net (liabilities)/assets		(80,206)	(127)
Equity			
Issued capital	23	913,690	913,690
Reserves	24	(4,548)	1,729
Accumulated losses	25	(989,348)	(915,546)
Total equity		(80,206)	(127)

* See note 5 for details in relation to the restatement.

The above statement of financial position should be read in conjunction with the accompanying notes

Wollongong Coal Limited
Statement of changes in equity
For the year ended 31 March 2018

Consolidated	Note	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 April 2016		905,107	2,243	(916,200)	(8.850)
Correction of prior period error	5	-	-	5,614	5,614
Balance at 1 April 2016 (restated)		905,107	2,243	(910,586)	(3,236)
Loss after income tax expense for the year		-	-	(5,511)	(5,511)
Other comprehensive income for the year, net of tax		-	1,635	-	1,635
Total comprehensive income for the year		-	1,635	(5,511)	(3,876)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	23	8,583	-	-	8,583
Transfers from share-based payments reserve			(551)	551	-
Share-based payments	38	-	(1,598)	-	(1,598)
		8,583	(2,149)	551	6,985
Balance at 31 March 2017		913,690	1,729	(915,546)	(127)

Consolidated	Note	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 April 2017		913,690	1,729	(915,546)	(127)
Loss after income tax expense for the year		-	-	(73,802)	(73,802)
Other comprehensive income for the year, net of tax		-	(75)	-	(75)
Total comprehensive income for the year		-	(75)	(73,802)	(73,877)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	23				
Share buyback reserve			(6,300)	-	(6,300)
Share-based payments	38	-	98	-	98
		-	(6,202)	-	(6,202)
Balance at 31 March 2018		913,690	(4,548)	(989,348)	(80,206)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wollongong Coal Limited
Statement of cash flows
For the year ended 31 March 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Cash flows from operating activities			
Receipts from customers		29,473	35,721
Payments to suppliers and employees		(13,128)	(23,297)
Interest received		296	334
Rent received		14	14
Interest and other finance costs paid		(23,052)	(16,261)
Net cash used in operating activities	36	(6,397)	(3,837)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(752)
Payments for mine development and licences		(1,886)	(18,216)
Drawdown for Port Kembla coal terminal		(2,791)	(2,862)
Net cash used in investing activities		(4,677))	(21,830)
Cash flows from financing activities			
Proceeds from borrowings		-	52,160
Proceeds of loans from related parties		10,107	25,890
Repayment of borrowings		-	(52,160)
Net cash provided by financing activities		10,107	25,890
Net (decrease) in cash and cash equivalents		**(967)**	**223**
Cash and cash equivalents at the beginning of the financial year		**6,728**	**6,505**
Cash and cash equivalents at the end of the financial year	**11**	**5,761**	**6,728**

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Wollongong Coal Limited (WCL) as a consolidated entity consisting of Wollongong Coal Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Wollongong Coal Limited's functional and presentation currency.

Wollongong Coal Limited is a for profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lot 31
7 Princes Highway, corner of Bellambi Lane
Corrimal, NSW 2518, Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The preliminary financial statements were authorised for issue, in accordance with a resolution of directors, on 31 May 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Going concern

The consolidated entity reported a net loss of $73,802,000 in the financial year ended on 31 March 2018 compared to $5,511,000 in the previous corresponding financial year. The loss is after a net foreign exchange loss of $2,768,000 (2017: gain of $4,204,000).

Net current liabilities of $833,782,000 (2017: $777,404,000) includes borrowings and working capital facilities of $781,202,000 (2017: $757,729,000) which have been classified as current liabilities to comply with Accounting Standards AASB 101 'Presentation of Financial Statements', due to breach of financial covenants. The expected principal repayment due on borrowings for the year ending 31 March 2019 is $50,462,000, subject to negotiations in relation to existing facilities.

The current adverse performance of the consolidated entity was mainly due to:

- No production from Russell colliery being on care and maintenance; and
- The Mining Contractor SBD Services Pty Ltd (SBD) at Wongawilli colliery entering into voluntary administration (currently in liquidation) and Wongawilli colliery only recommencing in September 2017 albeit at reduced level.

Nevertheless, the directors consider the consolidated entity to be a going concern on the basis of the following:

Funding and support from Jindal Group

Since taking over the majority stake and management control in October 2013, Jindal Group has been funding and supporting the Company. To date the Company has received in excess of $542 million by way of equity and loans.

The Company has received a support letter dated 20 April 2018 from JSPML reiterating their previous support letter issued on 23 November 2017 stating that JSPML will continue to support the consolidated entity for a period of at least 12 months from the date of signing of the annual report of Wollongong Coal Group for the period ended 31 March 2018.

In addition, Cash Advance Facility of $200 million provided by JSPML has been extended up to 30 September 2019 with interest rate of 5% been reduced to 0% (Nil) effectively from December 2017.

As on 25 May 2018, the Company has received a short-term loan repayable on demand for a total amount of $26,165,000 from Jindal Steel and Power (Australia) Pty Ltd (JSPAL), wholly owned subsidiary of JSPML.

JSPAL has also provided a letter of support confirming not to recall a foresaid loan for at least next 12 months from the signing date of the annual report of Wollongong Coal Group for the period ended 31 March 2018. The letter further confirms that approximately US $396.6 million restructured and routed through JSPAL to the Company will not be recalled for a period of at least 12 months from the date of signing of the annual report of Wollongong Coal Group for the financial year ended on 31 March 2018 unless there is an acceleration and demand from the Lenders in case of any event of default. This confirmation also excludes any scheduled repayments falling due with the covered period.

Settlement of Legal claims

The consolidated entity has successfully defended and/or resolved several legal claims. Please refer to section 'Update on Legal matters and Litigations' of the directors' report for details.

Rescheduling of bank debts

The Company has successfully deferred significant repayments.

Financial covenants breaches and waivers

As disclosed above, borrowings have been classified as current due to covenant breaches as at 31 March 2018. Notwithstanding such breaches, the consolidated entity had received a default notice from Mauritius Commercial Bank (MCB) for an unpaid sum of US $24.06 million consisting of instalment repayments plus interest and default interest. MCB's facility has been taken over by Axis Bank Limited, DIFC Branch (Axis) and MCB, effectively from 16 January 2018, has novated all its rights and obligations in and under the MCB Facility Agreement to AXIS.

Recommencement of operations at Wongawilli colliery

Production at Wongawilli mine ceased in May'17 due to mining contractor, SBD Services Pty Ltd (SBD) entering into administration. The Company resumed the role of Mine Operator in early Jul'17 and spent almost 2 months on remedial works to address the general state of the mine that had been poorly maintained by SBD. Operations were resumed in N1 Panel from early Sep'17. It was first workings development which facilitated the commissioning and ramping up of the conveyor belt systems and ancillary mine infrastructure. In Dec'17 N1 Panel crew were moved to N3 Panel which was previously operating as a Secondary Extraction Unit prior to SBD going into administration. A second mining crew was engaged to continue development at N1 Panel and it commenced secondary extraction operations at the end of Mar'18. By the end of financial year, the mine was fully resourced in personnel numbers and equipment. Ongoing programs are in place and further equipment updates have been scheduled in current financial year to achieve higher production rate.

The coking coal prices remain favourable. With expected production at current prices, the Company is expected to generate sufficient revenues to meet its own costs by the end of FY2018.

Cost Control

The Company continues operating within a strict budgeted and cost-controlled regime.

The directors believe that with all measures put in place as detailed above, together with the continued support of its parent entity, financiers, suppliers and other stakeholders, the consolidated entity would be able to put its liquidity troubles behind it and move to the more productive aspect of running a profitable business.

The directors consider the consolidated entity to be a going concern and will be able to meet its debts and obligations as they fall due. Notwithstanding the above, if one or more of the planned measures do not eventuate or are not resolved in the consolidated entity's favour, then in the opinion of the directors, there will be significant uncertainty regarding the ability of the consolidated entity to continue as a going concern and pay its debts and obligations as and when they become due and payable.

If the consolidated entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts different from those stated in the financial statements.

No adjustments have been made to the financial statements relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, available-for-sale financial assets.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wollongong Coal Limited ('company' or 'parent entity') as at 31 March 2018 and the results of all subsidiaries for the year then ended. Wollongong Coal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 3. Significant accounting policies (continued)

Operating segments
Operating segments are presented on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Export sales
Revenue comprises sale of coal at invoiced amounts, with most sales being cost and freight. Amounts billed to customers in respect of shipping and handling are classified as revenue where the consolidated entity is responsible for carriage and freight. Revenue also includes the charter service revenue at invoiced amounts. All shipping and handling charges incurred by the consolidated entity are recognised as operating costs.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Lease rental income from housing and farm leasing is recognised in income on a receipts basis.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Wollongong Coal Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current distinction
Assets and liabilities are presented in statements of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 3. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventories of coal are physically measured or stated at the lower of cost and net realisable value.

Coal stocks comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs are assigned to inventories using the weighted average basis.

Stores cost comprises average cost of purchase price and associated charges.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Note 3. Significant accounting policies (continued)

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less depreciation or amortisation. The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

Mine development is activities undertaken to gain access to mineral reserves. Typically this includes sinking shafts, permanent excavations, building transport infrastructure and roadways.

Deferred restoration costs represent the costs to restore the leased premises and are calculated at the discounted present value of the estimated restoration at the end of the lease term.

Pre-production costs are capitalised to the extent they give rise to a future economic benefit and include costs incurred in preparing the site for mining operations, including stripping costs. Costs associated with a start-up period are capitalised where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Depreciation and amortisation are calculated to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	20 - 40 years on a straight line basis
Plant and equipment	3 - 10 years on a straight line basis
Mine development	Proportion of actual production measured against mineable resources in the mine area developed on which the expenses were incurred
Mining leases	Proportion of actual production measured against the mineable resources available in the mine
Deferred restoration cost	On a straight line basis over the life of the mine lease
Pre-production expenses	Proportion to actual production measured against mineable resources in the mine seam for which the expenses were incurred

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 3. Significant accounting policies (continued)

Exploration and licenses
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs that do not meet these criteria are expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits
Wages and salaries and annual leave, long service leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are recognised in respect of services provided by employees up to the reporting date and measured based on expected date of settlement. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for wages and salaries, and annual leave expected to be settled more than 12 months of the reporting date, and long service leave is recognised and measured as the present value of expected future payments to be made using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Note 3. Significant accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Convertible bonds
Bonds are a compound financial instrument containing liability and equity components, which are shown separately in the statement of financial position. The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

Note 3. Significant accounting policies (continued)

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Wollongong Coal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

Comparatives have been restated where necessary to conform to current presentation.

Note 3. Significant accounting policies (continued)

New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  The directors anticipate that the adoption of AASB 9 will not have a significant impact on the Group's financial statements.

– AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

  Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, the Group has not yet assessed this impact.

Note 3. Significant accounting policies (continued)

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment and reversal of impairment of non-financial assets
The consolidated entity assesses impairment and any reversal of impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment or reversal of impairment. If an impairment trigger or indicator of reversal exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Where fair value less costs of disposal is used, the valuation takes into consideration what a market participant would do to obtain the highest and best use of the asset. An estimate is made of the potential costs of disposal.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. The consolidated entity has impaired the receivables with its former parent entity, Gujarat NRE Coke Limited and other associated entities based on management's assessment that the receivable is no longer recoverable.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Mine closure and rehabilitation provision estimates
Provision is made for the anticipated costs of future site restoration. The provision includes estimated future costs relating to the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site. The calculation of rehabilitation and closure provisions (and corresponding capitalised closure cost assets where necessary) rely on estimates of cost required to rehabilitate and restore disturbed areas of land to their original condition and discounting factors. These estimates are regularly reviewed and adjusted in order to ensure that most up to date data is used to calculate these balances. The closure and rehabilitation provision is disclosed in note 22.

Mine development and pre-production capitalisation
The consolidated entity's activities undertaken to gain access to mineral reserves or sinking shafts, permanent excavations, building transport infrastructure and roadways are capitalised and are amortised over the estimated reserves in that developed area of the mine. Amortisation is calculated in proportion to actual production when measured against mineable resources in the mine area developed. The consolidated entity has allocated its resources to develop longwall blocks in the Russell Vale Colliery, making this colliery a development mine. Since 1 June 2011 all expenses have been capitalised to mine development cost except variable cost directly related to any production panel and any revenue from developmental coal which are accounted in profit or loss with corresponding cost for developmental coal being equivalent to sale revenue being charged back to profit or loss from capitalised development cost to have zero impact on profitability. The carrying value of mine development and pre-production is reviewed by directors to ensure it is not in excess of its recoverable amount.

Determination of coal reserves and resources
The consolidated entity estimates its coal reserves and resources based on information compiled by competent persons as defined in the Australian code for reporting the coal mineral resources and ore reserves of December 2012 (JORC CODE). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the time for payment of close down and restoration costs.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into accounts the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Contingent liabilities
The consolidated entity from time to time may incur obligations arising from litigation or various types of legal and regulatory matters in the normal course of business. At the reporting date, the consolidated entity assesses these matters based on current information and makes judgements concerning their potential outcome, giving due consideration to the nature of the claim, the amount and nature of any damages sought, and the probability of success. Such judgements are made with the understanding that the outcome of any litigation, investigation, or other legal proceeding is inherently uncertain. The consolidated entity discloses contingent liabilities for matters where the probability of any outflow in settlement was greater than remote (refer to note 30). In the event the disclosure of information in relation to a contingent liability can be expected to prejudice seriously the position of the consolidated entity in a dispute, accounting standards allow the consolidated entity not to disclose such information and it is the consolidated entity's policy that such information is not to be disclosed in this note.

Note 5. Restatement of prior period error

During the year, the company undertook a detailed review of its receivable accounts and discovered that certain of the receivable advanced to PKCT was incorrectly written off in profit or loss in the previous financial periods. As a consequence, the receivable had been incorrectly accounted for as an expense instead of loan receivable due from PKCT in accordance with the contractual facilities agreement.

The error has been corrected by restating each of the affected accounts for the prior periods as summarised below.

Statement of financial position(extract)

	As at 31 March 2016	Increase/ (Decrease)	As at 31 March 2016	As at 31 March 2017	Increase/ (Decrease)	As at 31 March 2017 Restated
Statement of financial position (extract)						
Deposits and other assets (current)	3,842	(3,842)	-	6,704	(6,704)	-
Deposits and other assets (non-current)	393	9,456	9,849	393	14,024	14,417
Net assets	(8,850)	5,614	(3,236)	(7,447)	7,320	(127)
Accumulated losses	(916,200)	5,614	(910,586)	(922,866)	7,320	(915,546)
Total equity	(8,850)	5,614	(3,236)	(7,447)	7,320	(127)

	Year ended 31 March 2016	Increase/ (Decrease)	Year ended 31 March 2016	Year ended 31 March 2017	Increase/ (Decrease)	Year ended 31 March 2017
Statement of profit or loss and other comprehensive income (extract)						
Other Expenses	(2,715)	679	(2,036)	(26,343)	1,706	(24,637)
Loss before income tax benefit	(181,934)	679	(181,255)	(7,217)	1,706	(5,511)
Income tax benefit	-	-	-	-	-	-
Loss after income tax benefit	(181,934)	679	(181,255)	(7,217)	1,706	(5,511)

Note 6. Operating segments

Identification of reportable operating segments
The consolidated entity operates in one segment being the coal mining, coal preparation and export of coal. This is based on the internal reports that are reviewed and used by the Board of Directors and the Management Committee (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Management Committee comprises of:

- Chief Executive Officer (Chair)
- Chief Operating Officer
- Chief Financial Officer
- Technical Assistant to Chief Executive Officer
- Head of Human Resources and Administration
- Company Secretary

The consolidated entity operates predominately in one geographical region being Australia.

The information reported to the CODM is on at least a monthly basis.

The CODM reviews adjusted EBITDA (earnings before interest, tax, depreciation and amortisation adjusted for impairment of assets, share-based payment, exchange losses and loss of disposal of assets) to make decisions. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Segment assets and liabilities
Assets and liabilities are managed on a consolidated basis. The CODM does not regularly review any asset or liability information by segment and, accordingly there is no separate segment information. Refer to the statement of financial position for consolidated assets and liabilities.

Major customers
During the financial year ended 31 March 2018 none of the consolidated entity's revenue was derived from sales to Jindal Steel and Power Limited (India), the ultimate parent entity (2017: 0%).

The following table summarises key reconciling items between statutory loss after tax attributable to the shareholders of Wollongong Coal Limited and adjusted EBITDA:

Consolidated - 2018	Intersegment eliminations/ unallocated $'000	Total $'000
Adjusted EBITDA	(17,611)	(17,611)
Depreciation		(20,466)
Amortisation		(9,941)
Finance costs		(23,051)
Impairment of available-for-sale assets		(135)
Exchange loss		(2,768)
Share-based payments		(127)
Interest revenue		297
Loss before income tax expense		(73,802)
Income tax expense		-
Loss after income tax expense		(73,802)

Note 6. Operating segments (continued)

Consolidated - 2017	Intersegment eliminations/ unallocated $'000	Total $'000
Adjusted EBITDA	2,752	2,752
Depreciation		(22,053)
Amortisation		(6,065)
Finance costs		(23,148)
Reversal of impairment on non-current assets		50,281
Impairment of available-for-sale assets		(1,515)
Impairment of stores and consumables assets		(295)
Exchange loss		(4,204)
Share-based payments		(1,598)
Interest revenue		334
Loss before income tax expense		(5,511)
Income tax expense		-
Loss after income tax expense		(5,511)

Note 7. Revenue

	Consolidated 2018 $'000	Consolidated 2017 $'000
Sales revenue		
Export sales	27,049	35,820
Other revenue		
Rent	12	14
Interest	297	334
	309	348
Revenue	27,358	36,168

Note 8. Other income

	Consolidated 2018 $'000	Consolidated 2017 $'000
Other revenue	912	1
Gain on disposal of property, plant and equipment	758	-
	1,670	1

Note 9. Expenses

	Consolidated	
	2018	2017
	$'000	$'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Building	118	95
Plant and equipment	20,348	21,958
Total depreciation	20,466	22,053
Amortisation		
Mine development	9,941	5,684
Deferred restoration cost	-	381
Total amortisation	9,941	6,065
Total depreciation and amortisation	30,407	28,118
Reversal / (impairment) on non-current assets		
Mine development (note 17)	-	(44,770)
Mine lease (note 17)	-	(5,511)
Total reversal of impairment on assets	-	(50,281)
Impairment on available-for-sale assets		
Net impairment of available for sale financial assets	135	1,515
Net foreign exchange loss / (gain)		
Net foreign exchange loss /(gain) unrealised	(486)	2,988
Net foreign exchange loss/(gain) realised	3,254	1,216
Net foreign exchange loss	2,768	4,204
Finance costs		
Interest and finance charges paid/payable	23,051	23,148
Superannuation expense		
Defined contribution superannuation expense	1,800	3,039

Net foreign exchange losses primarily relate to exchange fluctuations on the US $ denominated bank loans.

Note 10. Income tax expense

	Consolidated 2018 $'000	Consolidated 2017 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(73,802)	(5,511)
Tax at the statutory tax rate of 30%	(22,141)	(1,653)
Tax effect – non-deducible items	-	4,380
Tax losses and temporary differences not recognised / utilised	22,141	(2,727)
Income tax expense	-	-

	Consolidated 2018 $'000	Consolidated 2017 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	537,599	535,568
Potential tax benefit @ 30%	161,280	160,671

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the same business test is passed and the consolidated entity is generating sufficient taxable income.

No net deferred tax asset has been recognised on the basis that utilisation of tax losses are not currently considered probable.

Note 11. Current assets - cash and cash equivalents

	Consolidated 2018 $'000	Consolidated 2017 $'000
Cash at bank and on hand*	1,006	184
Cash on deposit*	4,755	6,544
	5,761	6,728

* Includes $4,755,000 (2017: $5,862,000) restricted cash balance held and maintained for debt service coverage.

Note 12. Current assets - trade and other receivables

	Consolidated 2018 $'000	Consolidated 2017 $'000
Trade receivables	481	450
Less: Provision for impairment of receivables	-	-
	481	450
Other receivables	-	716
	481	1,166

Note 12. Current assets - trade and other receivables (continued)

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Note 13. Prepayments

	Consolidated	
	2018 $'000	2017 $'000
Advance to suppliers	2,767	3,289
Other prepayments	595	142
	3,362	3,431

Note 14. Current assets - inventories

	Consolidated	
	2018 $'000	2017 $'000
Stores and consumables - at cost	3,528	3,617
ROM coal stock - at cost	8,933	2,901
ROM coal stock - at net realisable value	0	70
Less: Provision for impairment	(415)	(415)
	8,518	2,556
	12,046	6,173

Note 15. Current assets - assets held for sale

	Consolidated	
	2018 $'000	2017 $'000
Assets held for sale	11,913	151

In March and October 2017, the directors of the company decided to sell a parcel of freehold land at Wongawilli following the residential rezoning made by the NSW Department of Planning and Infrastructure. The sale is expected to be completed by June 2018 subject to development approval by the local council.

Note 16. Non-current assets - available-for-sale financial assets

	Consolidated	
	2018 $'000	2017 $'000
Shree Minerals Limited	180	390
Port Kembla Coal Terminal	120	120
	300	510

Note 17. Non-current assets - property, plant and equipment

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Land and buildings - at cost	35,588	46,398
Less: Accumulated depreciation	(1,177)	(1,058)
	34,411	45,340
Plant and equipment - at cost	251,987	267,393
Less: Accumulated depreciation	(141,848)	(134,789)
	110,139	132,604
Mine development- at cost	778,408	747,405
Less: Accumulated depreciation	(125,724)	(108,867)
Less: Accumulated impairment	(144,409)	(144,409)
	508,275	494,129
Mining leases - at cost and valuation	387,276	387,276
Less: Accumulated depreciation	(995)	(995)
Less: Accumulated impairment	(261,190)	(261,190)
	125,091	125,091
	777,916	797,164

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $'000	Plant and equipment $'000	Mine development $'000	Mining leases $'000	Total $'000
Balance at 31 March 2016	45,578	158,425	412,789	119,580	736,372
Additions*	8	744	38,028	-	38,780
Reclassification	-	(4,607)	4,607	-	-
Transfer to assets held for sale (note 15)	(151)	-	-	-	(151)
Reverse impairment of assets	-	-	44,770	5,511	50,281
Depreciation expense	(95)	(21,958)	(6,065)	-	(28,118)
Balance at 31 March 2017	45,340	132,604	494,129	125,091	797,164
Additions*	951	974	24,001	-	25,926
Disposals	-	(3,005)	- -		(3,005)
Transfer to assets held for sale (note 15)	(11,762)	-	- -		(11,762)
Depreciation expense	(118)	(20,434)	(16,857)	-	(30,407)
Balance at 31 March 2018	34,411	110,139	508,275	125,091	777,916

* Included in this balance is $13,471,000 (2017: $19,812,000) in capitalised interest on the bank borrowing facilities.

Note 17. Non-current assets - property, plant and equipment (continued)

In accordance with AASB 13 'Fair Value Measurement', fair value should take into account a market participant's ability to generate economic benefits by using the non-financial asset in its highest and best use. As it is physically possible, legally permissible and financially feasible to build a local wash plant, this has been factored into the valuation. The advantages of a local wash plant include additional returns from higher yields, transport cost savings, returns on sales of thermal coal, potential mining flexibility to take some higher ash sections and increase resource recovery, and the mitigation of contract risk, as the product could be sold on the open market rather than just selling unwashed ROM coal to a limited market.

Sensitivity
As the CGU's have been either written up or written down to recoverable amount, any change in the key assumptions on which the valuations were based would impact the carrying value of the Russell Vale and Wongawilli Collieries.

Note 18. Non-current assets - deposits

	Consolidated	
	2018 **$'000**	**2017*** **$'000**
Russell Vale Colliery Trust Funds	425	393
Security deposits	2,205	2,207
Amounts advanced to PKCT under subordinated facility	9,048	7,321
Amounts advanced to PKCT under senior facility	5,923	4,496
	17,601	14,417

* See note 5 for details in relation to restatement

Note 19. Current liabilities - trade and other payables

	Consolidated	
	2018 **$'000**	**2017** **$'000**
Trade payables	53,962	7,275
Accruals	21,673	19,337
Other payables	6,841	7,050
	82,476	33,662

Refer to note 26 for further information on financial instruments.

*See note 5 for details in relation to restatement.

Note 20. Current liabilities - borrowings

	Consolidated	
	2018 **$'000**	**2017** **$'000**
Bank loans (secured)	23,429	28,843
JSPAL term loan (secured)	555,912	534,641
JSPML working capital loan (unsecured)	201,861	194,245
	781,202	757,729

Refer to note 26 for further information on financial instruments.

The consolidated entity has classified all bank borrowings as current in accordance with AASB 101 'Presentation of Financial Statements', due to financial covenants breaches.

Total secured liabilities
The total secured current liabilities are as follows:

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Bank loans	23,429	28,843
JSPAL term loan	555,912	534,641
	579,341	563,484

The Loan of $579,341,000 (Previous Year $563,484,000) bearing effective rate of interest 4.97% p.a. is secured by First ranking pari-passu charge on the present and future fixed assets of the Wollongong coal and Wongawilli Coal Pty Ltd ("Wongawilli"). Pari-passu assignment of lease deed of the mines of the Company and Wongawilli; Debt service reserve account maintained by the company; Negative lien over 100% of the company's shareholding in Oceania Coal Resources NL ('OCR'); Negative lien over 100% of OCR's shareholding in Wongawilli; and First ranking pari-passu assignment of insurance policies related to fixed and current assets of the company, charged to the bank

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

Note 20. Current liabilities – borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2018 $'000	2017 $'000
Total facilities		
Bank loans	27,182	30,705
JSPAL term loan facility*	821,918	824,176
JSPML cash advanced facility**	200,000	200,000
Bank guarantee facility	56,100	56,100
	1,105,200	1,110,981
Used at the reporting date		
Bank loans	27,182	30,705
JSPAL term loan facility*	515,364	506,133
JSPML cash advanced facility**	178,656	177,630
Bank guarantee facility	46,363	46,191
	767,565	760,659
Unused at the reporting date		
JSPAL term loan facility*	306,554	318,043
JSPML cash advanced facility**	21,344	22,370
Bank guarantee facility	9,737	9,909
	337,635	350,322

*JSPAL – Jindal Steel and Power (Australia) Pty Limited, is an associated company.
**JSPML – Jindal Steel and Power (Mauritius) Limited, is the immediate parent company.

On 6 August 2015, the consolidated entity entered into a US$630 million facility with JSPAL. As at 31 March 2018 US$395 million has been disbursed to the consolidated entity through JSPAL. Funds were used to repay existing loans. The repayment of the loan facility is to be in 26 unequal quarterly instalments starting from 30 June 2018. The interest rate is the market rate at the date the agreement was entered into plus LIBOR.

To continue to assist the consolidated entity with its cash flow, the intermediate parent entity JSPML has provided its $200 million cash advance facility in 2018. This facility has also been renewed until 30 September 2019. The amount withdrawn is repayable at the end of the facility term or on demand.

Note 21. Current liabilities - provisions

	Consolidated	
	2018 $'000	2017 $'000
Provision for employee entitlement	3,667	3,366

Note 22. Non-current liabilities - provisions

	Consolidated	
	2018	2017
	$'000	$'000
Mine restoration	42,241	35,110

Mine restoration
The provision represents the present value of estimated costs required to rehabilitate and restore disturbed areas of land to their original condition (for Russell Vale Colliery and Wongawilly Colliery) in accordance with their environmental and legal obligations. The calculation is based on a third-party estimate of costs at present value, discounted at 3.07% - 4.00% (2017: 3.07% - 4%). These estimates are regularly reviewed.

Movements in provisions

Movements in each class of provisions during the current year, other than employee benefits is set out below:

Consolidated - 2018	**Mine Restoration $'000**
Carrying value at beginning of the year	35,110
Increase in provisions	7,131
Carrying value at the end of the year	42,241

Note 23. Equity - issued capital

	Consolidated			
	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Ordinary shares - fully paid	9,366,977,256	9,366,977,256	913,690	913,690

Movements in ordinary share capital

There is no movement in ordinary share capital.

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	31 March 2017	9,366,977,256		913,690
Balance	31 March 2018	9,366,977,256		913,690

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 23. Equity – issued capital (continued)

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders (refer to dividend policy below), return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. The consolidated entity breached its covenants during the financial year and all bank loans have therefore been classified as current liabilities.

Note 24. Equity - reserves

	Consolidated	
	2018 $'000	2017 $'000
Available-for-sale reserve	-	75
Share Buyback	(6,300)	-
Share-based payments reserve	1,752	1,654
	(4,548)	1,729

Available-for-sale reserve

The reserve comprises changes in the fair value of available-for-sale investments.

Share Buyback

The Company has entered into a binding heads of agreement (HoA) with Bellpac to settle the proceedings initiated by Bellpac in the Supreme Court of New South Wales alleging that conversion of 160 Bonds were not within the redemption rights of the bond agreement and sought, among other things, damages in the amount of over $9 million (inclusive of interest). The Company is to pay Bellpac a settlement sum of $6,300,000 (Settlement Sum) and Bellpac is to return to the Company or its nominee 2,472,063,690 shares in WCL, or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum.

Share-based payments reserve

The reserve is used to recognise the fair value of options issued to employees under the Employee Share Option Scheme.

Note 27. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Available-for-sale $'000	Share-based payments $'000	Share Buyback $'000	Total $'000
Balance at 31 March 2016	(1,560)	3,803	-	2,243
Revaluation - net of tax	120	-	-	120
Reclassify for impairment of available-for-sale financial asset	1,515		-	1,515
Transfers from share-based payment		(551)	-	(551)
Transfers out of share-based payment	-	(1,598)	-	(1,598)
Balance at 31 March 2017	75	1,654	-	1,729
Revaluation - net of tax	(210)	-	-	(210)
Reclassify for impairment of available-for-sale financial asset	135	-	-	135
Share buyback reserve		-	(6,300)	(6,300)
Share-based payments	-	98	-	98
Balance at 31 March 2018	-	1,752	(6,300)	(4,548)

Note 25. Equity - accumulated losses

	Consolidated 2018 $'000	Consolidated 2017* $'000
Accumulated losses at the beginning of the financial year	(915,546)	(910,586)
Loss after income tax expense for the year	(73,802)	(5,511)
Transfer from share-based payments reserve	-	551
Accumulated losses at the end of the financial year	(989,348)	(915,546)

*See note 5 for details in relation to restatement.

Note 26. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 26. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
US dollars	601	536	576,763	427,293

The consolidated entity had net liabilities denominated in foreign currencies of $576,162,000 (assets $601,000 less liabilities $576,763,000) as at 31 March 2018 (2017: $426,757,000 (assets $536,000 less liabilities $427,293,000). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2017: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $68,334,000 lower/higher (2017: $50,754,000 lower/higher) and equity would have been $$68,334,000 lower/higher (2017: $50,754,000 lower/higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 3 months each year and the spot rate at each reporting date. The actual net foreign exchange loss for the year ended 31 March 2018 was $2,768,000 (2017: net loss of $4,204,000).

Price risk
The consolidated entity is exposed to coal price risk. The consolidated entity has not entered into any hedging contracts and the policy is to sell coal at market price to international buyers. The consolidated entity's revenues and profits are exposed to fluctuations in the price of coal. If the average selling price of coal increases/decreased by 5% (2017: increase/decrease by 5%) with all other factors remaining the same, the revenue and profit would have increased/decreased by $1,351,000 (2017: increase/decrease by $2,053,000).

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings.

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	2018		2017	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loans and working facilities	4.58%	781,202	4.51%	757,729
Net exposure to cash flow interest rate risk		781,202		757,729

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the consolidated entity the bank loans and working capital facility outstanding, totalling $781,202,000 (2017: $757,729,000), are principal and interest. Monthly cash outlays of approximately $2,750,000 (2017: $2,891,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 1% basis points would have an adverse/favourable effect on profit before tax of $7,212,000 (2017: $7,690,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts. In addition, minimum principal repayments of $50,462,000 (2017: US$31,181,000) are due during the year ending 31 March 2019.

Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Note 26. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2018 $'000	2017 $'000
JSPAL term loan facility	306,554	318,043
JSPML cash advanced facility	21,344	22,370
Bank guarantee facility	9,737	9,909
	337635	350,322

Note 26. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	53,962	-	-	-	53,962
Other payables	-%	6,843	-	-	-	6,843
Interest-bearing - variable						
Bank loans	5.0%	23,429	-	-	-	23,429
JSPAL term loan	4.9%	555,912	-	-	-	555,912
JSPML working capital facility	3.7%	201,861	-	-	-	201,861
Total non-derivatives		842,007	-	-	-	842,007

Consolidated - 2017	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	7,275	-	-	-	7,275
Other payables	-%	7,050	-	-	-	7,050
Interest-bearing - variable						
Bank loans	7.1%	28,843	-	-	-	28,843
JSPAL term loan	4.2%	534,641	-	-	-	534,641
JSPML working capital facility	5.0%	194,245	-	-	-	194,245
Total non-derivatives		772,054	-	-	-	772,054

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets: Listed equity securities	180	-	-	180
Available-for-sale financial assets: Unlisted equity securities	-	-	120	120
Total assets	180	-	120	300

Consolidated - 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets: Listed equity securities	390	-	-	390
Available-for-sale financial assets: Unlisted equity securities	-	-	120	120
Total assets	390	-	120	510

There were no transfers between levels during the financial year.

The fair value of the consolidated entity’s investment in unlisted shares is classified under level 3 in the fair value measurement hierarchy. The consolidated entity’s holding in unlisted shares is minor and any reasonably possible change in assumptions would not have a material impact on the consolidated entity’s financial statements.

The carrying values of the financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in note 3.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

During the year, the consolidated entity held equity shares as available for sale financial instruments classified as level 3 within the fair value hierarchy. There was no movement in the balances during the current and previous financial years.

Note 28. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018 **$**	**2017** **$**
Short-term employee benefits	1,237,364	1,374,062
Post-employment benefits	92,708	102,329
Long-term benefits	26,952	29,736
Termination benefits	24,334	532,660
	1,381,358	2,038,427

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated	
	2018 **$**	**2017** **$**
Audit services – Hall Chadwick		
Audit or review of the financial statements	155,000	[illegible]
	155,000	140,000
Other services - Ernst & Young		
Taxation services	-	39,000
Other services – Hall Chadwick		
Taxation services	77,384	8,173
	77,384	47,173
	232,384	187,173

Note 30. Contingent liabilities

As part of mining lease holdings, the Company is required to provide and maintain adequate security with the Department of Trade and Investment (DTI) for its rehabilitation obligations. The Company has provided a security of $5,657,000 by way of a bank guarantee and the balance of $1,859,000 as a cash deposit (i.e. $7,516,000 in total) for its Russell Vale mine. The Company has also provided a security of $40,010,000 by way of a bank guarantee for its Wongawilli mine.

The Company is one of the shareholders and users of Port Kembla Coal Terminal (PKCT). It is required to either pay site rectification charges in the form of a site rectification levy incorporated in the coal loading charges or to provide a bank guarantee for an amount based on actual tonnages in previous years and tonnages estimated for the upcoming financial year.

The Company is defending an indemnity/restitution claim based on implied terms for approximately $20.45 million for damages and indemnity from Gujarat NRE India Pty Ltd. These claims include AUD$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which was later set aside by the Court. The matter has been part-heard and adjourned in March and September 2017 and listed for hearing for two weeks commencing from 28 May 2018.

PCL Shipping commenced arbitral proceedings in Singapore against the Company relating to freight alleged to be owed for a shipment which occurred in August 2013. The Company commenced proceedings in the Supreme Court of NSW seeking, amongst other things, declarations that there is no enforceable agreement between WCL and PCL. By agreement the arbitration in Singapore has been discontinued. The proceedings are now to be heard in the Supreme Court of the NSW.

Note 30. Contingent liabilities (continued)

PCL has cross claimed against WCL in those proceedings for US $3.2m (plus interest plus costs) and other amounts relating to the arbitration. The hearing date is yet to be fixed.

Wollongong City Council (WCC) is alleging that pursuant to the Development Consent of the Russell Vale Colliery Emplacement Area, the Company is required to provide and maintain a security of $405,000 for the financial year (2017-18) in favour of WCC. This security amount increases by $15,000 every year. The matter remains under review by legal advisors of the Company and WCC due to a dispute over such a requirement.

The consolidated entity has received claims for payment in total for $4,048,000 that is in dispute. Further, the consolidated entity has given notice of claims for a larger amount, which the consolidated entity considers should be offset against the claims made against it. The consolidated entity is continuing to seek legal advice in relation to these matters. Due to legal and commercial sensitivity, no further information could be disclosed at the time of this report.

Continent liabilities from previous year - been settled

- The Company's obligation to withhold and remit withholding tax on interest payments made to non-residents between 1 April 2010 and 31 March 2014 has recently been reviewed and audited by the Australian Taxation Office (ATO). As per the Finalisation of Audit Letter dated 20 September 2017, the ATO considers that the Company should have deducted and remitted withholding tax totalling $3,914,000 on interest paid to non-residents on certain loans, in circumstances where no withholding tax was actually deducted by the Company. Following the finalisation of the audit, the ATO issued a penalty notice to the Company in the amount of $3,914,000 payable to the ATO. The Company lodged an objection against this penalty notice to the extent of $2,089,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

  Following the above assessment from the ATO, the Company voluntarily disclosed interest payments to non-residents post 1 April 2014 period resulting ATO issuing a penalty notice to the Company in the amount of $3,948,000. The Company is lodging an objection against this penalty notice to the extent of $1,986,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

  The Company has received favourable decision for both the objections.

- On 16 November 2017, the Supreme Court of New South Wales gave judgment in favour of NRE Resources Pty Ltd against the Company for $2,554,000. The amount has been paid in full.

- Wongawilli Coal has now settled its dispute with ATF Mining Electrics Pty Ltd trading as AMP Control over alleged damages exceeding AU$742,000 for repudiation of an alleged contract. As per the settlement, Wongawilli Coal has paid $235,000 with balance of $20,000 remains payable.

- Wongawilli Coal has now settled its dispute with Pacific National (NSW) Pty Ltd over alleged loss under an indemnity exceeding AU$354,000. As per the settlement, Wongawilli Coal has paid $50,000 with balance of $25,000 remains payable.

Note 31. Commitments

	Consolidated	
	2018 $'000	2017 $'000
Capital expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,299	1,505
One to five years	33	1,016
	1,332	2,521

Note 32. Related party transactions

Parent entity
Wollongong Coal Limited is the parent entity in Australia. The intermediate parent entity is Jindal Steel & Power (Mauritius) Limited ('JSPML'), a company registered in Mauritius. The ultimate parent entity is Jindal Steel & Power Limited ('JSPL'), a company registered in India.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel remuneration are set out in note 28.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2018 $'000	**2017 $'000**
Current payables:		
Net payables to intermediate parent entity JSPML*	201,861	194,245
Net payable to associated company JSPAL**	555,912	534,640

* The net payables to the immediate parent JSPML represents funds received of $178,656,000 (2017: $177,630,000) against the cash advance facility, accrued interest of $23,205,000 (2017: $16,615,000).

** The net payables to associated company JSPAL represents funds received of $537,368,000 against the US$630 million facility and accrued interest of $18,544,000 thereon as at 31 March 2018.

Loans to/from related parties
Related party loans are included in the net receivables/payable above.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018 $'000	**2017 $'000**
Loss after income tax	(54,856)	(114,395)
Total comprehensive income	(54,856)	(114,395)

Note 33. Parent entity information (continued)

Statement of financial position

	Parent	
	2018	**2017**
	$'000	**$'000**
Total current assets	5,199	8,262
Total assets	554,836	753,620
Total current liabilities	654,439	786,897
Total liabilities	675,964	806,374
Equity		
Issued capital	913,690	913,690
Share-based payments reserve	4,629	1,573
Accumulated losses	(1,030,189)	(968,017)
Total equity	(121,128)	(52,754)

Contingent liabilities
Refer to note 30 for details of parent entity contingent liabilities and guarantees.

Capital commitments - Property, plant and equipment
The parent entity had capital commitments for property, plant and equipment at the reporting date as follows:

	Parent	
	2018	**2017**
	$'000	**$'000**
Committed at the reporting date but not recognised as liabilities, payable:		
Longwall and other equipment for mine development and production	984	2,136

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 3, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2018 %**	**2017 %**
Oceanic Coal Resources NL	Australia	100.00%	100.00%
Wongawilli Coal Pty. Ltd	Australia	100.00%	100.00%
Southbulli Holdings Pty Ltd	Australia	100.00%	100.00%
Enviro Waste Gas Services Pty Ltd	Australia	100.00%	100.00%

Note 35. Events after the reporting period

Note 39. Events after the reporting period (continued)

No other matter or circumstance has arisen since 31 March 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2018 $'000	2017 $'000
Loss after income tax expense for the year	(73,802)	(7,217)
Adjustments for:		
Depreciation and amortisation	30,542	28,118
Reversal of impairment of non-current assets	-	(50,281)
Impairment of available-for-sale financial assets	210	1,515
Impairment of stores and consumable assets	295	295
Share-based payments	127	(1,598)
Foreign exchange differences	1,837	(42,407)
Finance costs - non cash	(21,171)	989
Borrowing costs capitalised	-	(19,812)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	754	(2,733)
Decrease in inventories	(6,168)	963
Increase in trade and other payables	61,261	3,777
Increase/ (decrease) in other provisions	7,432	8,600
Increase in deposits	(7,714)	-
Net cash used in operating activities	(6,397)	(3,837)

Note 37. Earnings per share

	Consolidated	
	2018 $'000	2017 $'000
Loss after income tax attributable to the owners of Wollongong Coal Limited	(73,802)	(5,511)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	9,366,977,256	9,231,691,031
Weighted average number of ordinary shares used in calculating diluted earnings per share	9,366,977,256	9,231,691,031
	Cents	**Cents**
Basic earnings per share	(0.79)	(0.06)
Diluted earnings per share	(0.79)	(0.06)

Note 38. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Share-based payment expensed and included in corporate and general expenses in profit or loss during the year are as follows:

- $29,000 share-based payments expensed on options issued to employees and directors.

Set out below are summaries of options outstanding granted under the plan:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
05/02/2009	31/12/2017	$0.50	400,000	-	-	(400,000)	-
05/02/2009	31/12/2018	$0.50	400,000	-	-	-	400,000
05/02/2009	31/12/2019	$0.50	400,000	-	-	-	400,000
05/02/2009	31/12/2020	$0.50	400,000	-	-	-	400,000
03/02/2010	31/12/2017	$0.65	120,000	-	-	(120,000)	-
03/02/2010	31/12/2018	$0.65	120,000	-	-	-	120,000
03/02/2010	31/12/2019	$0.65	120,000	-	-	-	120,000
03/02/2010	31/12/2020	$0.65	120,000	-	-	-	120,000
29/12/2010	31/12/2017	$0.65	280,000	-	-	(280,000)	-
29/12/2010	31/12/2018	$0.65	280,000	-	-	-	280,000
29/12/2010	31/12/2019	$0.65	280,000	-	-	-	280,000
29/12/2010	31/12/2020	$0.65	280,000	-	-	-	280,000
			3,200,000	-	-	(800,000)	2,400,000
Weighted average exercise price			$0.58	$0.00	$0.00	$0.58	$0.58

Notes:

• Volume weighted average remaining contractual life of employees options is 1.75 years (2017: 2.25 years)
• The above employees' options were granted to permanent employees of the company
• Each option exercised will be converted into one fully paid ordinary share of the company
• The options were granted to employees at no consideration
• The employee needs to remain in continuous employment (up to vesting date) with the company in order to vest the options.

Directors' Report

attaching to and forming part of the report to the ASX for the financial year ended on 31 March 2018

1. REVIEW OF OPERATIONS

During the financial year the consolidated entity's total production of ROM coal was 190,143 tonnes from the Wongawilli Colliery as compared to 255,000 tonnes in the previous financial year ending on 31 March 2017. There was no production for almost three months (Jun'17-Aug'17) due to mining contractor entering into administration.

Total revenue of the consolidated entity was $29,029,000 (2016: $36,168,000). The revenue was from the sale of ROM coal produced from the Wongawilli Colliery.

The loss for the consolidated entity after providing for income tax amounted to $73,802,000 (2017: $5,511,000). The loss is after a net foreign exchange loss of $2,768,000 (2017: gain of $4,204,000) that mainly relates to the change in the exchange rate between the US dollar and Australian dollar on the consolidated entity's US dollar borrowings. Net current liabilities of $833,782,000 (2017: $777,108,000) includes borrowings and working capital facilities of $781,202,000 (2017: $757,729,000) which have been entirely classified as current liabilities to comply with Accounting Standards AASB 101 'Presentation of Financial Statements', due to breaches of financial covenants. The expected principal repayment due on borrowings for the year ending 31 March 2019 is $50,462,000.

2. SIGNIFICANT EVENTS

Operation at Wongawilli mine

Production at Wongawilli mine ceased in May'17 due to mining contractor, SBD Services Pty Ltd (SBD) entering into administration. The Company resumed the role of Mine Operator in early Jul'17 and spent almost 2 months on remedial works to address the general state of the mine that had been poorly maintained by SBD. Operations were resumed in N1 Panel from early Sep'17. It was first workings development which facilitated the commissioning and ramping up of the conveyor belt systems and ancillary mine infrastructure. In Dec'17 N1 Panel crew were moved to N3 Panel which was previously operating as a Secondary Extraction Unit prior to SBD going into administration. A second mining crew was engaged to continue development at N1 Panel and it commenced secondary extraction operations at the end of Mar'18. By the end of financial year, the mine was fully resourced in personnel numbers and equipment. Ongoing programs are in place and further equipment updates have been scheduled in current financial year to achieve higher production rate.

Russell Vale Colliery – remains in care and maintenance

Foreseeing further delays and uncertainties with the proposed underground expansion project to extract longwall coal at Russell Vale colliery, the Company decided to and commenced working upon amending its current UEP application from longwall mining plan to board and pillar mining plan. The proposed zero subsidence – long term stable mining plan is being designed principally to manage and avoid (if necessary) areas of uncertainties identified by PAC in their review report. The proposed mining plan is expected to be finalized and lodged in near future.

Continuing support from Jindal Steel & Power (Mauritius) Limited

The consolidated entity has continued to receive the ongoing support of its parent entity Jindal Steel & Power (Mauritius) Limited (Jindal Steel).

Cash Advance Facility of $200 million provided by the parent entity Jindal Steel has been extended up to 30 September 2019 with interest rate of 5% been reduced to 0% (Nil) effectively from December 2017. As on 25 May 2018, the Company has drawn and utilized $187,620,000.

Jindal Steel has also provided a letter of support confirming financial support for at least next 12 months from the signing date of the annual report of Wollongong Coal Group for the period ended 31 March 2018.

In addition, as on 25 May 2018, the Company has received loan for a total amount of $26,165,000 from Jindal Steel and Power (Australia) Pty Ltd (JSPAL), wholly owned subsidiary of Jindal Steel.

JSPAL has also provided a letter of support confirming not to recall aforesaid loan for at least next 12 months from the signing date of the annual report of Wollongong Coal Group for the period ended 31 March 2018.

Foreign Currency Term Loan – US $ 630 million

The Company with the support of Jindal Steel, has been working with its existing consortium of banks (Lenders) to obtain a Foreign Currency Term Loan of US $630 million approximately in two Tranches – US $430m to repay existing loans and US $200 to part-finance capital expenditures.

To date US $391 million has been restructured/redrawn under Tranche A and further US $5.6 million drawn from Tranche B. US $20.84 million loan from Mauritius Commercial Bank (MCB) has been taken over by Axis Bank Limited, DIFC Branch (Axis) and MCB, effectively from 16 January 2018, has novated all of its rights and obligations in and under the MCB Facility Agreement to AXIS.

Potential Sale of Non-Operational Land

The Company's total landholding comprises 455 hectares (Ha) located at Wongawilli – 15 kilometres southwest of Wollongong. Of this total landholding, WLC considers approximately 280 Ha as necessary for WLC's coal mining operations. The Company considers the balance of the land is suitable for sub-division redevelopment over the short, medium and long term (Non-Operational Land).

The Company has undertaken a preliminary analysis, including engaging advisors and canvassing interest from developers, in relation to the potential sale of part of the Non-Operational Land.

The Company has entered into conditional agreement for an initial parcel of 33 lots/6.34 ha (Initial Lots) as the part of the Non-Operational Land. The agreement is subject to a number of conditions including clearance from the secured lenders. A DA application has been lodged with the Council in respect of the Initial Lots.

The Company is in process of obtaining formal offers for remaining 150 Ha of Non-Operational Land.

Withholding Tax Liabilities on interest payments to non-residents

The Company's obligation to withhold and remit withholding tax on interest payments made to non-residents between 1 April 2010 and 31 March 2014 has recently been reviewed and audited by the Australian Taxation Office (ATO). As per the Finalisation of Audit Letter dated 20 September 2017, the ATO considers that the Company should have deducted and remitted withholding tax totalling $3,914,000 on interest paid to non-residents on certain loans, in circumstances where no withholding tax was actually deducted by the Company. Following the finalisation of the audit, the ATO issued a penalty notice to the Company in the amount of $3,914,000 payable to the ATO. The Company lodged an objection against this penalty notice to the extent of $2,089,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

Following the above assessment from the ATO, the Company voluntarily disclosed interest payments to non-residents post 1 April 2014 period resulting ATO issuing a penalty notice to the Company in the amount of $3,948,000. The Company is lodging an objection against this penalty notice to the extent of $1,986,000 of the penalty imposed on the basis that these penalties were not correctly imposed because the interest on the relevant loans was exempted from withholding tax.

The Company has received favourable decision for both the objections.

Possible Litigation

The consolidated entity has received claims for payment in total for $4,048,000 that is in dispute. Further, the consolidated entity has given notice of claims for a larger amount, which the consolidated entity considers should be offset against the claims made against it. The consolidated entity is continuing to seek legal advice in relation to these matters. Due to legal and commercial sensitivity, no further information could be disclosed at the time of this report.

Proposed order to suspend operations

On 2 February 2018, the Company received letters from the Department of Planning & Environment (Resources Regulator), proposing to issue a direction under the Mining Act 1992, suspending the operations of the Company in relation to certain mining titles: CCL 745, ML 1575 and MPL 271, CCL 776, ML 1565 and ML 1596. These mining titles relate to operations at the Russell Vale Colliery and the Wongawilli Colliery. The proposed decision relates to the late payment of various authorisation fees (rents and levies) payable under the relevant mining titles over time. The proposed decision is preliminary only.

The Company has lodged its submission and remains in discussion with Resources Regulator.

Update on litigations and legal matters

- On 16 November 2017, the Supreme Court of New South Wales gave judgment in favour of NRE Resources Pty Ltd against the Company for $2,554,000. The amount has been paid in full.

- The Company is defending an indemnity/restitution claim based on implied terms for approximately $20.45 million for damages and indemnity from Gujarat NRE India Pty Ltd. These claims include AUD$6.57 million relating to alleged unpaid loan for which GNIPL issued a statutory demand, which was later set aside by the Court. The matter has been part-heard and adjourned in March and September 2017 and listed for hearing for two weeks commencing from 28 May 2018.

- The Company has entered into a binding heads of agreement (HoA) with Bellpac to settle the proceedings initiated by Bellpac in the Supreme Court of New South Wales alleging that conversion of 160 Bonds were not within the redemption rights of the bond agreement and sought, among other things, damages in the amount of over $9 million (inclusive of interest). The Company is to pay Bellpac a settlement sum of $6,300,000 (Settlement Sum) and Bellpac is to return to the Company or its nominee 2,472,063,690 shares in WCL, or otherwise consent to the cancellation of the Shares on receipt of the Settlement Sum.

  The Company lodged an application with Supreme Court of NSW to acquire and cancel shares issued to Bellpac. With an unfavourable judgment on its application, Wollongong Coal was left with option to invoke the procedures under Division 2 of Part 2J.1 of the Corporations Act to conduct a selective buy-back. Wollongong Coal is preparing for a general meeting to seek shareholders' approval to acquire and cancel shares issued to Bellpac. The meeting is now expected sometime in August 2018.

- Wongawilli Coal has now settled its dispute with ATF Mining Electrics Pty Ltd trading as AMP Control over alleged damages exceeding AU$742,000 for repudiation of an alleged contract. As per the settlement, Wongawilli Coal has paid $235,000 with balance of $20,000 remains payable.

- PCL Shipping commenced arbitral proceedings in Singapore against the Company relating to freight alleged to be owed for a shipment which occurred in August 2013. The Company commenced proceedings in the Supreme Court of NSW seeking, amongst other things, declarations that there is no enforceable agreement between WCL and PCL. By agreement the arbitration in Singapore has been discontinued. The proceedings are now to be heard in the Supreme Court of the NSW. PCL has cross claimed against WCL in those proceedings for US $3.2m (plus interest plus costs) and other amounts relating to the arbitration. The hearing date is yet to be fixed.

- Wongawilli Coal has now settled its dispute with Pacific National (NSW) Pty Ltd over alleged loss under an indemnity exceeding AU$354,000. As per the settlement, Wongawilli Coal has paid $50,000 with balance of $25,000 remains payable.

- On 8 November 2017, a Local Court Magistrate held offences brought by the Department of Planning and Environment under section 292C of the Mining Act 1992 (NSW) relating to the late payment of Wollongong Coal Limited and Wongawilli Coal Pty Limited of rental fees and administrative levies proven.

  The annual rental fees and annual administrative levies were paid by Wongawilli Coal Pty Limited in December 2016. The annual rental fee and annual administrative levy for Wollongong Coal Ltd was paid in August 2016. The Department brought the proceedings in June 2017 after the fees and levies were paid. The convictions and fines have been stayed pending appeal set down for 12 June 2018.

- Wollongong Coal Ltd and Wongawilli Coal Pty Limited are the defendants in proceedings commenced on 8 March 2018 by the Department of Planning and Environment. The proceedings relate to short delays in paying by their due dates the 2017 authorisation fees payable under section 292C of the Mining Act 1992 (NSW) for WCL's Mining Lease 1575 and WCPL's Mining Lease 1565 and Consolidated Coal Lease 766. The matter is set down for 6 June 2018.

All other statements of claim that were served have been either settled (paid), withdrawn or the parties have agreed upon a payment plan.

3. CORPORATE INFORMATION

Current Board of Directors

Mr Milind K Oza (Chairman and CEO)
Dr Andrew E. Firek
Mr Maurice Anghie

Previous Directors

Mr Ashish Kumar (*resigned on 1 September 2017*)

Capital Structure as on 31 May 2018

Total number of shares on issue	9,366,977,256
Unquoted share options	2,400,000

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