BISICHI

BISICHI MINING PLC ANNUAL REPORT 2018

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Building on success at Black Wattle

Strategic report

The Directors present the Strategic Report of the company for the year ending 31 December 2018. The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the company for the collective benefit of shareholders.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of

£8.6 million

(2017: £3.7 million)

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

£9.1 million

(2017: £5.8 million)

Dividend yield of

6.5%

at year end share price.

Chairman's Statement

For the year ended 31 December 2018, I am pleased to report that your company achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of £8.6million (2017: £3.7 million) and operating profit before depreciation, fair value adjustments and exchange movements (Adjusted EBITDA) of £9.1million (2017: £5.8million).

These results can be attributed mainly to the strong performance from Black Wattle, our South African coal mining operation, which continued to benefit from the infrastructure improvements to the coal washing plant that were reported to shareholders in 2017. These improvements have enabled the group to wash at consistent levels of production and achieve an increased overall yield compared to prior years. In addition, the mine was able to benefit from significantly improved coal prices achievable for our coal during the year.

Looking forward, although we have seen global economic factors impact coal demand in some international markets, the demand for South African coal has remained strong and we expect overall levels of production from Black Wattle to remain consistent with 2018. Accordingly, we continue to be confident about the ability of our South African coal mining operations to contribute strongly to our group earnings and cash generation for the foreseeable future.

I am also pleased to report that during the course of the year Black Wattle signed an agreement to acquire additional coal reserves. This will enable us to further benefit from the strong levels of domestic demand and is in line with the group's strategy of actively seeking new opportunities to extend the life of mine of its existing mining operations. The new reserve has an expected run of mine tonnage of 1.9million metric tonnes and is contiguous to Black Wattle's operations. The acquisition, which is still subject to local regulatory approval, will be financed from the group's existing South African cash resources and banking facilities.

A fuller explanation on the performance of our mining operations for the year can be found within the Mining Review and Financial & Performance Review sections of this report.

The group's UK retail property portfolio, which underpins the group and which is managed actively by London & Associated Properties Plc, continues to perform well, with average rental yields for the portfolio remaining stable during the year. As reported to shareholders earlier this year, the Group has formed a joint venture with London & Associated Properties PLC and Metroprop Real Estate Ltd which has acquired the freehold of a retail and residential redevelopment in West Ealing, London. The joint venture has planning consent for 20 flats at first and second floor levels which will be eligible for the UK Government Help to Buy Scheme. Since reporting this investment, the joint venture has begun preparing a planning application for a larger residential redevelopment of 55 flats on the site and we look forward to updating shareholders as the development progresses. A fuller explanation of the portfolio's valuation results and financial position are discussed in the Financial & Performance Review and Directors report.

Looking forward, management is currently investigating other major investment opportunities in both the mining sector and the domestic property sector and is conserving the group's cash reserves accordingly.

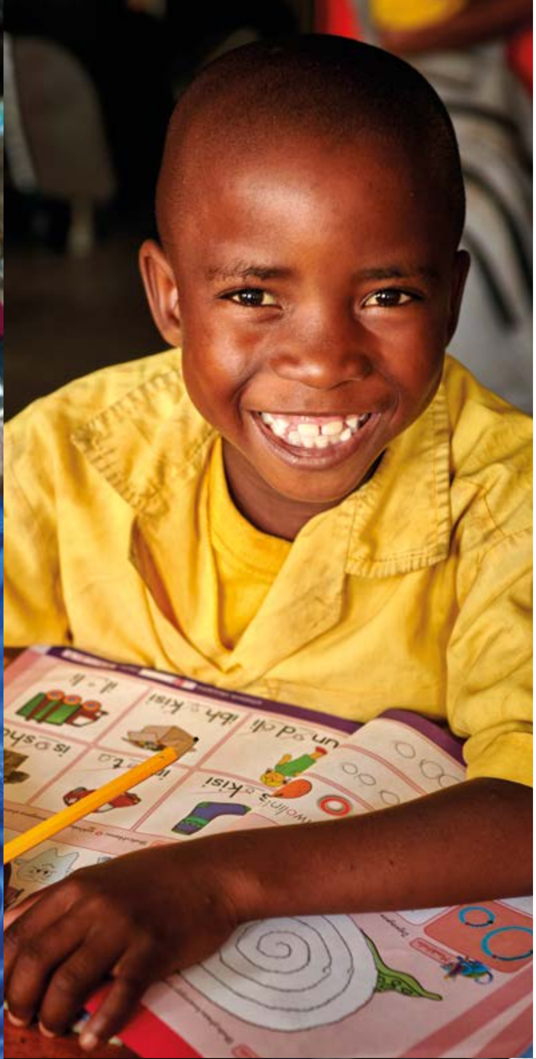
Finally, in light of the strong results achieved for the year, your directors recommend a special dividend of 2p (2017: 1p) per share in addition to a final dividend of 3p (2017: 3p). Both dividends will be payable on Friday 26 July 2019 to shareholders registered at the close of business on 5 July 2019. This takes the total dividends per share for the year to 6p (2017: 5p). Based on the 2018 year end share price, this represents a 6.5% yield.

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

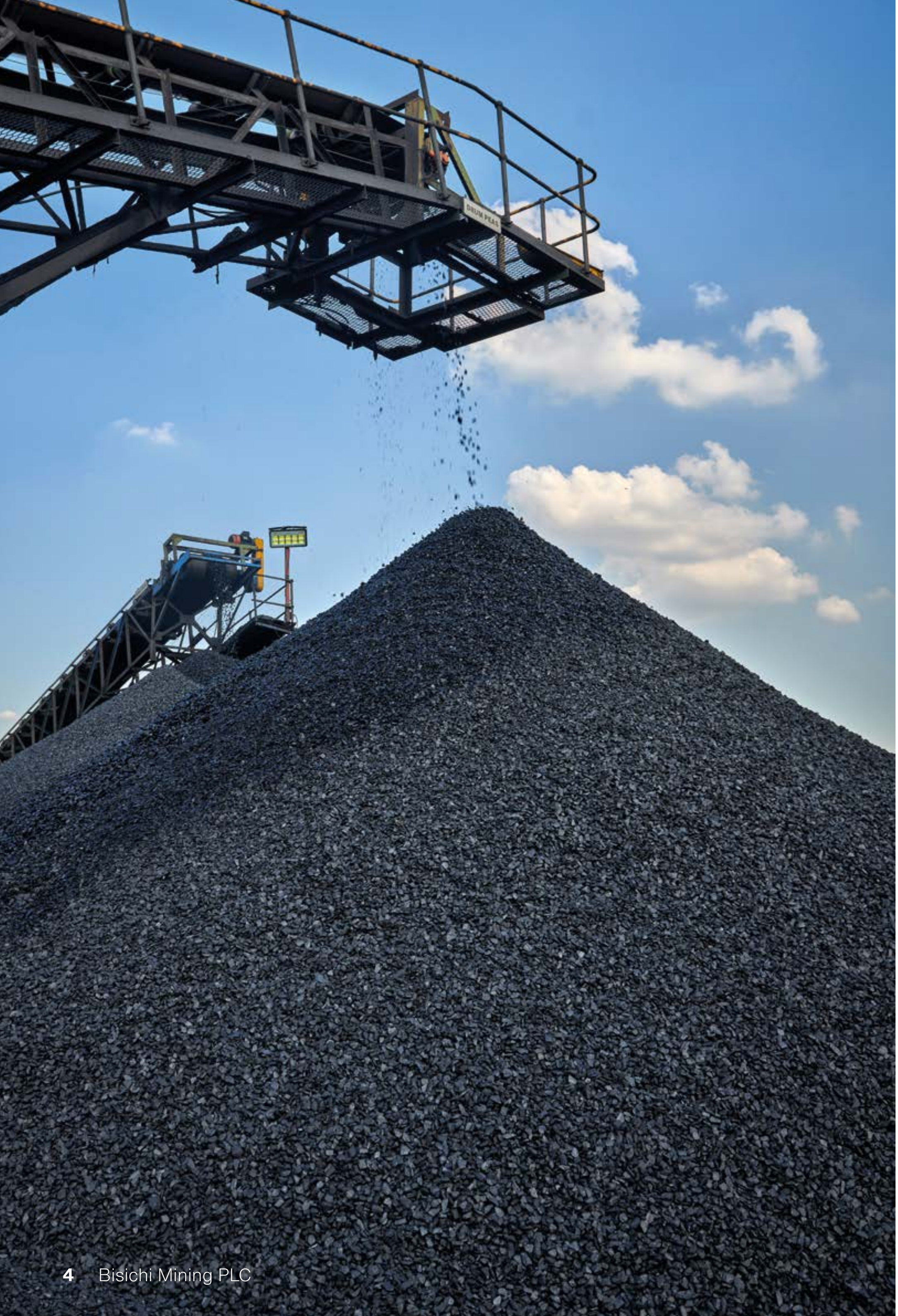
Michael Heller

Sir Michael Heller
Chairman

25 April 2019



We are Committed to providing opportunities for the sustainable socioeconomic development of our stakeholders



Continued high demand impacted positively on prices achievable for our coal in 2018

Principal activity, strategy & business model

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

1

Acquisition & investment

The group actively seeks new opportunities to extend the life of mine of its existing mining operations or develop new independent mining operations in South Africa. The group aims to achieve this through new commercial arrangements and the acquisition of additional coal reserves nearby to or independent from our existing mining operations.

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

2

Production & sustainability

The group strives to mine its coal reserves in an economical and sustainable manner that delivers long term value to all our stakeholders.

3

Processing & marketing

The group seeks to achieve additional value from its mining investments through the washing, transportation and marketing of coal into both the domestic and export markets.

Mining Review

As noted in the Chairman's statement, the group's strong performance in 2018 can be attributed mainly to Black Wattle, our South African coal mining operation. During the year the mine was able to benefit fully from the coal infrastructure improvement implemented in 2017 achieving an increased overall yield compared to the prior year and a consistent Run of Mine production through the washing plant. This allowed the group to benefit from the higher prices achievable for our coal during the year.

Production and operations

For the first half of 2018, the mine achieved mining production of 670,000 metric tonnes (2017 H1: 582,000 metric tonnes), improving on the first half production achieved in 2017, which was impacted by water and stone contamination issues. During the second half of the year, production remained fairly consistent with the exception of some temporary blasting and water issues at our opencast area which had a limited impact on production in the last quarter of the year. Overall the mine achieved production of 649,000 metric tonnes (2017 H2: 714,000 metric tonnes) during the second half of the year.

As a result of the higher production in the first half of the year, overall mining production from Black Wattle increased in 2018, with total mining production for the year of 1.32million metric tonnes (2017: 1.30million metric tonnes). In 2019 we have commenced mining in a new opencast area at Black Wattle contiguous to the area that was mined in 2018. This new area will be mined throughout 2019 and we expect mining production levels and yields achieved in 2018 to be maintained in 2019.

As mentioned in the Chairman's statement, we are pleased to report that Black Wattle has signed an agreement to acquire a new coal reserve contiguous to Black Wattle's operations. The reserve has an expected run of mine tonnage of 1.9million metric tonnes, can be mined by opencast and is of a similar quality to Black Wattle's existing reserves. The acquisition is subject to regulatory approval from the South African Department of Mineral Resources and will be financed out of the group's existing South African cash resources and banking facilities. The group continues to seek further opportunities to extend the life of mine of its existing mining operations or develop new independent mining operations in South Africa.

The infrastructure improvements to the washing plant that were completed in 2017, will allow the group to mine or buy in coal from similar reserves within the area that may be affected by stone contamination issues. This broadens the scope of new opportunities for the group to achieve additional value from our coal washing operations in South Africa separate from the group's existing mining operations. In order to maximise these opportunities, in January 2019, Black Wattle transferred its washing plant operations into a wholly owned subsidiary called Sisonke Coal Processing which will operate as a stand-alone commercial entity. In addition, the group has committed to further improvements to the washing plant to be implemented in 2019, including a new high-pressure filter press segment which will improve the management and quality of coal fines produced from our washing plant. We look forward to the positive impact the further improvements to the washing plant will have on the returns achievable from our remaining reserves.

Main trends/markets

During 2018 management continued to sell coal into both the export and domestic market. Black Wattle's export sales were via Richards Bay Coal Terminal and primarily under the Quattro programme, which allows junior black-economic empowerment coal producers direct access to the coal export market via Richards Bay Coal Terminal. We would like to thank Vunani Limited, our black economic empowered shareholders at Black Wattle, for managing and developing this opportunity.

A shortage of coal in the domestic market and strong demand for coal in the international market impacted positively on the prices achievable for our coal during the period. At the beginning of 2018, the average weekly price of Free on Board (FOB) Coal from Richards Bay Coal Terminal (API4) was $95. During the year the API4 price remained mainly range bound between $90 and $105 ending again at $95 by the end of the year. Overall the average weekly API4 price for 2018 was $98 compared to $84 in 2017. The higher overall coal prices compared to the prior period, along with a year on year stable Rand attributed to the group achieving an overall increase in the average Rand price of R879 per tonne of export coal sold in 2018 from the mine compared to R773 in 2017. Looking forward into 2019, although we have seen a weakening in the API$ price in the first quarter of 2019, we expect demand to remain stable for South African coal in the seaborne market.

In the domestic market, a continued high demand impacted positively on prices achievable for our coal in 2018. Overall, the group achieved an average price of R500 per tonne of domestic coal sold in 2018 compared to R397 in 2017. Looking forward, domestic prices to date have remained stable and we have continued to see strong demand for our coal.

Overall, the increase in group revenue, compared to the prior year, can mainly be attributed to the increased overall yield and higher prices achieved for our coal at Black Wattle.

Sustainable development

Black Wattle continues to strive to conduct business in a safe, environmentally and socially responsible manner. Some highlights of our Health, Safety and Environment performance in 2018:

- Black Wattle Colliery recorded one Lost Time Injury during 2018 (2017: One).
- No cases of Occupational Diseases were recorded.
- Zero claims for the Compensation for Occupational Diseases were submitted.

In South Africa, the new government regulated Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (New Mining Charter) came into force from March 2019. The New Mining Charter is a regulatory instrument that facilitates sustainable transformation, growth and development of the mining industry. The group is committed to fully complying with the New Mining Charter and providing adequate resources to this area in order to ensure opportunities are expanded for historically disadvantaged South Africans (HDSAs) to enter the mining and minerals industry. In addition, we continue to adhere and make progress in terms of our Social and Labour Plan and our various BEE initiatives. A fuller explanation of these can be found in our Sustainable Development Report on page 8.

Prospects

Looking forward to 2019, management will focus on maintaining production at Black Wattle at the levels achieved in 2018 and increasing our life of mine through the acquisition of additional reserves. Management will also seek to achieve additional value from its investments in the washing plant that is now held in Sisonke Coal Processing. With strong demand for our coal, we believe the group is in a strong position to achieve significant value from our South African mining operations in 2019.

Andrew Heller
Managing Director

25 April 2019

Sustainable development

The group is fully committed to ensuring the sustainability of both our UK and South African mining operations and delivering long term value to all our stakeholders.

Social, community and human rights issues

The group believes that it is in the shareholders' interests to consider social and human rights issues when conducting business activities both in the UK and South Africa. Various policies and initiatives implemented by the group that fall within these areas are discussed within this report.

Health, Safety & Environment (HSE)

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

HSE performance in 2018:

- No cases of Occupational Diseases were recorded.
- Zero claims for the Compensation for Occupational Diseases were submitted.
- No machines operating at Black Wattle exceeded the regulatory noise level.
- Black Wattle Colliery recorded one Lost time Injury during 2018.

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

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

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

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

- In order to improve hazard identification before the commencing of tasks, mini risk assessment booklets have been distributed to all mine employees and long term contractors on the mine.
- Dover testing is conducted for all operators. Dover testing is a risk detection and accident reduction tool which identifies employees' problematic areas in their fundamental skills in order to receive appropriate training.
- On going basic rigging training is being conducted for all washing plant personnel.
- A Job Safety Analysis form is utilised to ensure effective identification of hazards in the workplace.
- In order to capture and record investigation findings from incidents, an incident recording sheet is utilised by line management and contractors.
- Black Wattle Colliery utilises ICAM (Incident Cause Analysis Method).
- On going training on conveyor belt operation is being conducted with all employees involved with this discipline.

Black Wattle Colliery Social and Labour Plan (SLP) and Community Projects

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

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

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

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

- Implementation of new action plans, projects, targets and budgets were established through regular workshops with all stakeholders.
- A comprehensive desktop socio-economic assessment was undertaken on baseline data of the Steve Tshwete Local Municipality (STLM) and Nkangala District Municipality (NDM).
- Black Wattle has drawn up a new SLP Plan for the next five years (2017 – 2021).
- The current Black Wattle Colliery Local Economic Development (LED) programmes were upgraded, and new LED projects were selected in consultation with the key stakeholders from the STLM.
- An appropriate forum was established on the mine and a process initiated for the consultation, empowerment and participation of the employee representatives in the Black Wattle Colliery SLP process.
- Included within the new SLP Plan is a new LED project which includes the upgrading of Phumelele Secondary School in the Rockdale Township. The primary focus is to build additional facilities, including classrooms to cater for the growing population in the area.
- Various upgrades were initiated at the Evergreen School nearby to Black Wattle including the erection of new toilet facilities for the boys and girls, which formed part of the mines portable skills development programme for our employees.

Black Wattle has implemented various community initiatives including:

- A community training environmental project, where local community members are trained to safely cut and remove non-indigenous vegetation.
- Certain community members have been identified for training in areas regarding mining and beneficiation. These areas include but are not limited to conveyor maintenance and operation of mining machinery.
- Two new local community students were enrolled at university for the 2019 academic year.

Environment & Environment Management Programme

South Africa

Under the terms of the mine’s Environmental Management Programme approved by the Department of Mineral Resource (“DMR”), Black Wattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management Plan is fully implemented. In addition to these routine activities, Black Wattle regularly carries out environmental monitoring activities on and around the mine, including evaluation of ground water quality, air quality, noise and lighting levels, ground vibrations, air blast monitoring, and assessment of visual impacts. In addition to this Black Wattle also performs quarterly monitoring of all boreholes around the mine to ensure that no contaminated water filters through to the surrounding communities.

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

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

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

United Kingdom

The group’s UK activities are principally retail property investment as well as residential property development whereby we provide or develop premises which are rented to retail businesses or sold on to end users. We seek to provide tenants and users in both these areas with good quality premises from which they can operate or reside in an environmentally sound manner.

Procurement

Black Wattle is a level 7 contributor to B-BBEE and has achieved a 50% BEE procurement recognition level. In compliance with the Mining Charter and the Mineral and Petroleum Resource Development Act, Black Wattle has implemented a BBBEE-focussed procurement policy which strongly encourages our suppliers to establish and maintain BBBEE credentials. At present, BBBEE companies provide approximately 92 percent of Black Wattle’s equipment and services.

Black Wattle achieved consistent levels of mining production in 2018 of 1.32million metric tonnes (2017: 1.30million metric tonnes)

Mining Charter

In South Africa, the new government regulated Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (New Mining Charter) came into force from March 2019. The New Mining Charter is a regulatory instrument that facilitates sustainable transformation, growth and development of the mining industry. The group's mining operation is expected to reach various levels of compliance to the New Mining Charter over a period of five years from March 2019. The group is committed to providing adequate resources to this area in order to ensure full compliance to the New Mining Charter is achieved over the transitional period. As part of Black Wattle's commitment to the New Mining Charter, the company seeks to:

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

Employment

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

- Black Wattle Colliery has exceeded the 10 percent women in management and core mining target.
- Black Wattle Colliery has achieved 12 percent women in core mining.
- 94 percent of the women at Black Wattle Colliery are HDSA females.

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

In terms of staff training some highlights for 2018 were:

- 13 employees were trained in ABET (Adult Basic Educational Training) on various levels;
- An additional 5 disabled women continued their training on ABET levels one to four.
- 3 HDSA Females and 3 HDSA Males are progressing in their respective apprenticeships at the mine.
- Black Wattle had several of the staff of Silver Solutions CC, a black owned private contractor on the mine, trained to become competent to perform plastic pipe welding. The mine makes extensive use of their services in this area.

Employment terms and conditions for our employees based at our UK office and at our South African mining operations are regulated by and are operated in compliance with all relevant prevailing national and local legislation. Employment terms and conditions provided to mining staff meet or exceed the national average. The group's mining operations and coal washing plant facility are labour intensive and unionised. During the year no labour disputes, strikes or wage negotiations disrupted production or had a significant impact on earnings. The group's relations to date with labour representatives and labour related unions continue to remain strong.

In terms of directors, employees and gender representation, at the year end the group had 7 directors (7 male, 0 female), 7 senior managers (6 male, 1 female) and 246 employees (175 male, 71 female).

Anti-slavery and human trafficking

The group is committed to the prevention of the use of forced labour and has a zero tolerance policy for human trafficking and slavery. The group's policies and initiatives in this area can be found within the group's Anti-slavery and human trafficking statement found on the group's website at www.bisichi.co.uk.

Green House Gas reporting

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

The group has used the main requirements of the ISO standard 14064-1 to calculate the Scope 1 (Direct Emissions) and Scope 2 (Indirect Emissions) from coal extraction and onsite mining processes for Black Wattle Colliery. We have not measured and reported on our Scope 3 emissions sources. Excluded from the footprint boundary are emission sources considered non material by the group, including refrigerant use onsite.

The following sources of the carbon emissions factors was used:

- UK Government GHG Conversion Factors for Company Reporting, 2018.
- IEA data from IEA CO_2 emissions from fuel combustion 2017.
- Methodology adapted from the Intergovernmental Panel on Climate Change (2006).

The group's carbon footprint:	**2018 CO_2e Tonnes**	2017 CO_2e Tonnes
Emissions source:		
Scope 1 Combustion of fuel & operation of facilities	**21,348**	15,575
Scope 1 Emissions from coal mining activities (see note below)	**27,428**	27,004
Scope 2 Electricity, heat, steam and cooling purchased for own use	**12,177**	11,210
Total	**60,953**	53,779
Intensity:		
Intensity 1 Tonnes of CO_2 per pound sterling of revenue	**0.0012**	0.0013
Intensity 2 Tonnes of CO_2 per tonne of coal produced	**0.0462**	0.0415

Note: The group has recalculated emissions from coal mining activities using a more up to date methane conversion factor; because of this, 2017 emissions from coal mining activities have been restated.


Black Wattle Colliery has exceeded the 10 percent women in management and core mining target



Principal risks & uncertainties

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
COAL PRICE RISK The group is exposed to coal price risk as its future revenues will be derived based on contracts or agreements with physical off-take partners at prices that will be determined by reference to market prices of coal at delivery date. The group's South African mining operational earnings are significantly dependent on movements in both the export and domestic coal price. The price of export sales is derived from a US Dollar-denominated export coal price and therefore the price achievable in South African Rands can be influenced by movements in exchange rates and overall global demand and supply. The domestic market coal prices are denominated in South African Rand and are primarily dependant on local demand and supply. Longer term both the demand and supply of coal in the domestic and global market may be negatively impacted by regulatory changes related to climate change and governmental CO_2 emission commitments.	The group primarily focuses on managing its underlying production costs to mitigate coal price volatility as well as from time to time entering into forward sales contracts with the goal of preserving future revenue streams. The group has not entered into any such contracts in 2018 and 2017. The group's export and domestic sales are determined based on the ability to deliver the quality of coal required by each market and Quattro programme quotas, together with the market factors set out opposite. Volumes of export sales achieved during the year were primarily dependent on the mine's ability to produce the higher quality of coal required for export as well as allowable quotas under the Quattro programme and overall global demand. The volume of domestic market sales achieved during the year were primarily dependant on local demand and supply as well as the mine's ability to produce the lower overall quality of coal required. The group assesses on an ongoing basis the impact any regulatory changes related to climate change and governmental CO_2 emission commitments may have on the group's mining operations and future investment decisions.
MINING RISK As with many mining operations, the reserve that is mined has the risk of not having the qualities and accessibility expected from geological and environmental analysis. This can have a negative impact on revenue and earnings as the quality and quantity of coal mined and sold by our mining operations may be lower than expected.	This risk is managed by engaging independent geological experts, referred to in the industry as the "Competent Person", to determine the estimated reserves and their technical and commercial feasibility for extraction. In addition, management engage Competent Persons to assist management in the production of detailed life of mine plans as well as in the monitoring of actual mining results versus expected performance and management's response to variances. The group continued to engage an independent Competent Person in the current year. Refer to page 6 for details of mining performance.

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
CURRENCY RISK	
The group's operations are sensitive to currency movements, especially those between the South African Rand, US Dollar and British Pound. These movements can have a negative impact on the group's mining operations revenue as noted above, as well as operational earnings. The group is exposed to currency risk in regard to the Sterling value of inter-company trading balances with its South African operations. It arises as a result of the retranslation of Rand denominated inter-company trade receivable balances into Sterling that are held within the UK and which are payable by South African Rand functional currency subsidiaries. The group is exposed to currency risk in regard to the retranslation of the group's South African functional currency net assets to the Sterling reporting functional currency of the group. A weakening of the South African Rand against Sterling can have a negative impact on the financial position and net asset values reported by the group.	Export sales within the group's South African operations are derived from a US Dollar-denominated export coal price. A weakening of the US Dollar can have a negative impact on the South African Rand prices achievable for coal sold by the group's South African mining operations. This in turn can have a negative impact on the group's mining operations revenue as well as operational earnings as the group's mining operating costs are Rand denominated. In order to mitigate this, the group may enter into forward sales contracts in local currencies with the goal of preserving future revenue streams. The group has not entered into any such contracts in 2018 and 2017. Although it is not the group's policy to obtain forward contracts to mitigate foreign exchange risk on inter-company trading balances or on the retranslation of the group's South African functional currency net assets, management regularly review the requirement to do so in light of any increased risk of future volatility. Refer to the 'Financial Review' for details of significant currency movement impacts in the year.
NEW RESERVES AND MINING PERMISSIONS	
The life of the mine, acquisition of additional reserves, permissions to mine (including ongoing and once-off permissions) and new mining opportunities in South Africa generally are contingent on a number of factors outside of the group's control such as approval by the Department of Mineral Resources, the Department of Water Affairs and Forestry and other regulatory or state owned entities. In addition, the group's South African operations are subject to the government Mining Charter with the New Mining Charter coming into force from March 2019. Failure to meet existing targets or further regulatory changes to the Mining Charter, could adversely affect the mine's ability to retain its mining rights in South Africa.	The work performed in the acquisition and renewal of mining permits as well as the maintenance of compliance with permits includes factors such as environmental management, health and safety, labour laws and Black Empowerment legislation (such as the New Mining Charter); as failure to maintain appropriate controls and compliance may in turn result in the withdrawal of the necessary permissions to mine. The management of these regulatory risks and performance in the year is noted in the Mining Review on page 6 as well as in the Sustainable Development report on page 8 and in this section under the headings environmental risk, health & safety risk and labour risk. Additionally, in order to mitigate this risk, the group strives to provide adequate resources to this area including the employment of adequate personnel and the utilisation of third party consultants competent in regulatory compliance related to mining rights and mining permissions. The group also continues to actively seek new opportunities to expand it mining operations in South Africa through the acquisition of additional coal reserves and new commercial arrangements with existing mining right holders.
POWER SUPPLY RISK	
The current utility provider for power supply in South Africa is the government run Eskom. Eskom continues to undergo capacity problems resulting in power cuts and lack of provision of power supply to new projects. Any power cuts or lack of provision of power supply to the group's mining operations may disrupt mining production and impact on earnings.	The group's mining operations have to date not been affected by power cuts. However the group manages this risk through regular monitoring of Eskom's performance and ongoing ability to meet power requirements. In addition, the group continues to assess the ability to utilise diesel generators as an alternative means of securing power in the event of power outages.



PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
FLOODING RISK The group's mining operations are susceptible to seasonal flooding which could disrupt mining production and impact on earnings.	Management monitors water levels on an ongoing basis and various projects have been completed, including the construction of additional dams, to minimise the impact of this risk as far as possible.
ENVIRONMENTAL RISK The group's South African mining operations are required to adhere to local environmental regulations. Any failure to adhere to local environmental regulations, could adversely affect the mine's ability to mine under its mining right in South Africa.	In line with all South African mining companies, the management of this risk is based on compliance with the Environment Management Plan. In order to ensure compliance, the group strives to provide adequate resources to this area including the employment of personnel and the utilisation of third party consultants competent in regulatory compliance related to environmental management. To date, Black Wattle is fully compliant with the regulatory requirements of the Department of Water Affairs and Forestry and has an approved water use licence. Further details of the group's Environment Management Programme are disclosed in the Sustainable development report on page 8.
HEALTH & SAFETY RISK Attached to mining there are inherent health and safety risks. Any such safety incidents disrupt operations, and can slow or even stop production. In addition, the group's South African mining operations are required to adhere to local Health and Safety regulations.	The group has a comprehensive Health and Safety programme in place to mitigate this risk. Management strive to create an environment where Health and safety of our employees is of the utmost importance. Our Health & Safety programme provides clear guidance on the standards our mining operation is expected to achieve. In addition, management receive regular updates on how our mining operations are performing. Further details of the group's Health and Safety Programme are disclosed in the Sustainable Development report on page 8.

Black Wattle has implemented various community related agricultural projects and training initiatives in 2018

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
LABOUR RISK The group's mining operations and coal washing plant facility are labour intensive and unionised. Any labour disputes, strikes or wage negotiations may disrupt production and impact earnings.	In order to mitigate this risk, the group strives to ensure open and transparent dialogue with employees across all levels. In addition, appropriate channels of communication are provided to all employment unions at Black Wattle to ensure effective and early engagement on employment matters, in particular wage negotiations and disputes. Refer to the 'Employment' section on page 12 for further details.
CASHFLOW RISK Commodity price risk, currency volatility and the uncertainties inherent in mining may result in favourable or unfavourable cashflows.	In order to mitigate this, we seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations which are actively managed by London & Associated Properties PLC. Due to the long term nature of the leases, the effect on cash flows from property investment activities are expected to remain stable as long as tenants remain in operation. Refer to page 23 for details of the property portfolio performance.
PROPERTY VALUATION RISK Fluctuations in property values, which are reflected in the Consolidated Income Statement and Balance Sheet, are dependent on an annual valuation of the group's commercial and residential development properties. A fall in UK commercial and residential property can have a marked effect on the profitability and the net asset value of the group as well as impact on covenants and other loan agreement obligations. The economic performance of the United Kingdom, including the potential impact of the United Kingdom leaving the European Union ("Brexit") as well as the current economic performance and trends of the UK retail market, may impact the level of rental income, yields and associated property valuations of the group's UK property assets including its investments in Joint Ventures.	The group utilises the services of London & Associated Properties PLC whose responsibility is to actively manage the portfolio to improve rental income and thus enhance the value of the portfolio over time. In addition, management regularly monitor banking covenants and other loan agreement obligations as well as the performance of our property assets in relation to the overall market over time. Management continue to monitor and evaluate the impact of Brexit and the current economic performance of the UK retail market on the future performance of the Group's existing UK portfolio. In addition, the group assesses on an ongoing basis the impact of Brexit and the current economic performance of the UK retail market on the group's banking covenants, loan obligations and future investment decisions. Refer to page 23 for details of the property portfolio performance.

Financial & performance review

The movement in the Group's Adjusted EBITDA from £5.8million in 2017 to £9.1million in 2018 can mainly be attributed to the increased overall yield and higher prices achieved for our coal at Black Wattle offsetting the impact of higher mining and washing costs. As we continue into 2019, the group's financial position remains strong and we expect to achieve significant value from our existing mining operations as noted in the Mining Review.

EBITDA, adjusted EBITDA and mining production are used as key performance indicators for the group and its mining activities as the group has a strategic focus on the long term development of its existing mining reserves and the acquisition of additional mining reserves in order to realise shareholder value. Mining production can be defined as the coal quantity in metric tonnes extracted from our reserves during the period and held by the mine before any processing through the washing plant. Whilst profit/(loss) before tax is considered as one of the key performance indicators of the group, the profitability of the group and the group's mining activities can be impacted by the volatile and capital intensive nature of the mining sector. Accordingly, EBITDA and adjusted EBITDA are primarily used as key performance indicators as they are indicative of the value associated with the group's mining assets expected to be realised over the long term life of the group's mining reserves. In addition, for the group's property investment operations, the net property valuation and net property revenue are utilised as key performance indicators as the group's substantial property portfolio reduces the risk profile for shareholders by providing stable cash generative UK assets and access to capital appreciation.

Key performance indicators

The key performance indicators for the group are:	**2018 £'000**	2017 £'000
For the group:		
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**9,088**	5,819
EBITDA	**8,587**	3,734
Profit/(loss) before tax	**5,959**	1,485
For our property investment operations:		
Net property valuation (excluding joint ventures)	**13,045**	13,245
Net property revenue (excluding joint ventures)	**1,232**	1,125
For our mining activities:		
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**8,206**	4,894
EBITDA	**8,143**	2,811

	Tonnes '000	Tonnes '000
Mining production	**1,320**	1,296

Revenue recognition restatement – presentation of revenue & costs

During the review of revenue recognition in South Africa a revenue recognition error was identified in respect of the treatment of transport and loading costs to deliver export coal under certain export agreements. The costs in prior periods, have been recorded as a deduction against revenue rather than being shown as an operating cost.

Although this impact has been correctly accounted for in the current year, the equivalent restatement in the prior year is to increase both revenue and operating costs by £2,891,000. There is no profit or net assets impact as a result of the prior year restatement. In prior year figures within the report where there has been an impact from the restatement, the column is reflected with the word “Restated”.

The key performance indicators of the group can be reconciled as follows:	Mining £'000	Property £'000	Other £'000	**2018 £'000**
Revenue	**48,666**	**1,232**	**47**	**49,945**
Transport and loading cost	(3,103)	-	-	**(3,103)**
Mining and washing costs	(31,340)	-	-	**(31,340)**
Other operating costs excluding depreciation	(6,017)	(394)	(3)	**(6,414)**
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**8,206**	**838**	**44**	**9,088**
Exchange movements	(63)	-	-	**(63)**
Fair value adjustments	-	(215)	-	**(215)**
Losses on investments held at fair value through profit and loss (FVPL)	-	-	(171)	**(171)**
Operating profit excluding depreciation	8,143	623	(127)	**8,639**
Share of (loss)/profit and write off's in joint venture	-	(52)	-	**(52)**
EBITDA	**8,143**	**571**	**(127)**	**8,587**
Net interest movement				**(515)**
Depreciation				**(2,113)**
Profit/(loss) before tax				**5,959**

The key performance indicators of the group can be reconciled as follows:	Mining £'000 Restated	Property £'000	Other £'000	**2017 £'000 Restated**
Revenue	**39,191**	**1,125**	**34**	**40,350**
Transport and loading cost	(2,891)	-	-	**(2,891)**
Mining and washing costs	(25,664)	-	-	**(25,664)**
Other operating costs excluding depreciation	(5,742)	(228)	(6)	**(5,976)**
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**4,894**	**897**	**28**	**5,819**
Exchange movements	(256)	-	-	**(256)**
Fair value adjustments	-	(13)	-	**(13)**
Gain on disposal of other investments	-	-	3	**3**
Operating profit excluding depreciation	4,638	884	31	**5,553**
Share of (loss)/profit and write off's in joint venture	(1,827)	8	-	**(1,819)**
EBITDA	**2,811**	**892**	**31**	**3,734**
Net interest movement				**(459)**
Depreciation				**(1,790)**
Profit/(loss) before tax				**1,485**

Black Wattle is committed to creating a safe and healthy working environment for its employees.

Adjusted EBITDA is used as a key indicator of the trading performance of the group and its operating segments representing operating profit before the impact of depreciation, fair value adjustments, gains/(losses) on disposal of other investments and foreign exchange movements. The group's operating segments include its South African mining operations and UK property. The performance of these two operating segments are discussed in more detail below.

The group achieved EBITDA for the year of £8.6 million (2017: £3.7 million). The movement compared to the prior year can mainly be attributed to increased operating profits before depreciation from our mining activities of £8.2million (2017: £4.9million) as well as the group's share of losses in joint venture mining assets of £1.8million incurred in 2017 which is discussed in further detail below.

Depreciation for the year, related to our mining operations increased to £2.1million (2017: £1.8million) with the group reporting an overall profit before tax of £6.0million (2017: £1.5million).

South African mining operations

Performance
The key performance indicators of the group's South African mining operations are presented in South African Rand and UK Sterling as follows:

	South African Rand		UK Sterling	
	2018 R'000	2017 R'000 Restated	**2018 £'000**	2017 £'000 Restated
Revenue	**852,650**	672,277	**48,666**	39,191
Transport and loading costs	**(54,366)**	(49,586)	**(3,103)**	(2,891)
Mining and washing costs	**(549,090)**	(440,241)	**(31,340)**	(25,664)
Operating profit before other operating costs and depreciation	**249,194**	182,450	**14,223**	10,636
Other operating costs (excluding depreciation)			**(6,017)**	(5,742)
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)			**8,206**	4,894
Exchange movements			**(63)**	(256)
Share of loss in joint ventures			**-**	(1,827)
EBITDA			**8,143**	2,811

	2018 '000	2017 '000
Mining production in tonnes	**1,320**	1,296

	2018 R	2017 R
Net Revenue per tonne of mining production	**605**	480
Mining and washing costs per tonne of mining production	**(416)**	(340)
Operating profit per tonne of mining production before other operating costs and depreciation	**189**	140

Net Revenue per tonne of mining production can be defined as the revenue price achieved per metric tonne of mining production less transportation and loading costs.

A breakdown of the quantity of coal sold and revenue of the group's South African mining operations are presented in metric tonnes and South African Rand as follows:

	Domestic '000	**Export '000**	**2018 '000**	Domestic '000	Export '000	2017 '000
Quantity of coal sold in tonnes	**1,292**	**174**	**1,466**	1,267	155	1,422

	Domestic R'000	**Export R'000**	**2018 R'000**	Domestic R'000	Export R'000	2017 R'000
Total Net Revenue	**645,386**	**152,898**	**798,284**	502,818	119,873	622,691
	R	**R**	**R**	R	R	R
Net Revenue per tonne of coal sold	**500**	**879**	**545**	397	773	438

The quantity of coal sold can be defined as the quantity of coal sold in metric tonnes from the mine in any given period. Net Revenue per tonne of coal sold can be defined as the revenue price achieved per metric tonne of coal sold less transportation and loading costs.

Total net revenue for the group's mining operations increased for the year from R438 per tonne of coal sold in 2017 to R545 in 2018, attributable to the average price increases achieved in both the domestic and export market. As a result of the overall higher mining production, the quantity of coal sold for the year increased to 1.466million tonnes (2017: 1.422million tonnes). This increase in tonnes produced can be attributed to the impact of water and stone contamination issues on production in 2017 which offset the temporary blasting and water issues at our opencast area in the second half of 2018. Overall, the revenue for the group's South African mining operations increased in the year to R798.3 million (2017: R622.7 million).

The overall increase in mining and washing cost per tonne from R340 per tonne to R416 per tonne can mainly be attributed to higher inherent mining costs from mining operations at our opencast reserves at Black Wattle. As a result of the higher mining cost per tonne and the increase in total mining production, total mining and washing costs for the group increased from R440.2million in 2017 to R549.1million in 2018.

Other operating costs (excluding depreciation) of £6.0million (2017: £5.7million) include general administrative costs as well as administrative salaries and wages related to our South African mining operations that are incurred both in South Africa and in the UK. These costs are not significantly impacted by movements in mining production and the increase during the year can mainly be attributed to salaries and wages related to our South African mining operations that are incurred in the UK offset by exchange movements on the translation of South African Rand costs into Sterling. Overall costs in South Africa were in line with management's expectations and local inflation.

Overall, the group's South African mining operations achieved an adjusted EBITDA of £8.2million (2017: £4.9million) attributable to the increase in mining production for the year and higher prices achievable for our coal offsetting the higher mining cost per tonne of our opencast reserves at Black Wattle.

The movement in the group's EBITDA for mining activities of £8.1million (2017: £2.8million) for the year, in comparison to the result achieved for adjusted EBITDA was as a result of a small exchange rate loss of £0.1million. In 2017, this movement was impacted by the share of loss in joint ventures of £1.8million related to the write off of our investment in Ezimbokodweni Mining (Pty) Ltd as well as an exchange loss of £0.3million. These exchange movements can mainly be attributable to the retranslation of Rand denominated inter-company trade receivable balances with our South African mining operations that are held within the UK.

A further explanation of the mines operational performance can be found in the Mining Review on page 6.

Other mining Investments

There were no movements in other mining investments outside of Black Wattle Colliery (Pty) Limited in 2018. During the prior year the group wrote off its £1.8million investment in Ezimbokodweni Mining (Pty) Limited ("Ezimbokodweni") made up of a £1.4million loan and a £0.4million joint venture investment.

As reported in the Mining review, in January 2019, Black Wattle Colliery (Pty) Limited transferred its washing plant operations into a wholly owned subsidiary called Sisonke Coal Processing (Pty) Limited which will operate as a stand-alone commercial entity. As the transaction is internal there was no material impact on the financial reporting of the group. Further details on the impact of the transaction on the group's finance facilities can be found in the section on loans below.

UK property investment

Performance

The group's portfolio is managed actively by London & Associated properties plc and continues to perform well. Net property revenue (excluding joint ventures and service charge income) across the portfolio decreased marginally during the year to £1.095million (2017: £1.125million). The property portfolio was externally valued at 31 December 2018 and the value of UK investment properties attributable to the group at year end decreased to £13.045 million (2017: £13.250million) mainly due to valuation yields applied in a more challenging retail market compared to the prior year.

Joint venture property investments

The group holds a £0.8million (2017: £0.9million) joint venture investment in Dragon Retail Properties Limited, a UK property investment company. The open market value of the company's share of investment properties included within its joint venture investment in Dragon Retail Properties marginally decreased during the year to £1.24million (2017: £1.32million).

During the year the group acquired and held a £0.5million (2017: £nil) 50% joint venture investment in West Ealing Projects Limited, a UK unlisted property development company. West Ealing Projects Limited's only asset is a property development in West Ealing, London. The carrying value of the group's share of the trading property inventory included within this development is valued at £3.1million (2017: £nil).

Overall, the group achieved net property revenue of £1.2million (2017: £1.2million) for the year which includes the company's share of net property revenue from its investment in joint ventures of £95,000 (2017: £83,000).

Cashflow & financial position

The following table summarises the main components of the consolidated cashflow for the year:	**Year ended 31 December 2018 £'000**	Year ended 31 December 2017 £'000
Cash flow generated from operations before working capital and other items	**9,112**	5,819
Cash flow from operating activities	**4,767**	7,270
Cash flow from investing activities	**(3,373)**	(1,936)
Cash flow from financing activities	**200**	(429)
Net (decrease) / increase in cash and cash equivalents	**1,594**	4,905
Cash and cash equivalents at 1 January	**4,065**	(890)
Exchange adjustment	**27**	50
Cash and cash equivalents at 31 December	**5,686**	4,065
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	**9,221**	5,327
Bank overdrafts (secured)	**(3,535)**	(1,262)
	5,686	4,065

Cash flow generated from operating activities decreased compared to the prior year to £4.8million (2017: £7.3million). The improved operating profit during the year of £6.5million (2017: £3.8million) was offset by an increase in income tax paid of £2.28million (2017: £0.01million) both as a result of the high profitability of our South African mining operations. In addition, cashflow generation from operating activities was also impacted by a cashflow decrease from trade receivables of £0.9million (2017: increase of £0.9million), as a result of an increase in the trade receivables balances of our South African domestic coal customers, and a cashflow decrease from inventories of £0.8million (2017: increase of £0.9million), mainly as a result of reduced export coal sales from our South African mining operations in the last quarter of 2018 due to temporary weather related issues at Richards Bay Coal Terminal.

Investing cashflows primarily reflect the net effect of capital expenditure during the year of £2.9million (2017: £1.8million) which can mainly be attributable to mine development costs at Black Wattle of £1.2million (£0.4million), the acquisition of new rehabilitation mining machinery of £0.7million (2017: £nil) and infrastructure improvements to the washing plant facility, dams and rail siding at Black Wattle of £0.8million (2017: £1.2million). As at year end the group's mining reserves, plant and equipment had a carrying value of £8.5million (2017: £8.6million) with capital expenditure being offset by depreciation of £2.1million (2017: £1.8milion) and exchange translation movements of £0.8million (2017: £0.1million) for the year. Other investing cashflows also include the new joint venture investment in West Ealing Projects limited of £0.5million (2017: £nil).

Cash inflows from financing activities includes an increase in borrowings drawn attributable to our South African banking facilities of £0.75million (2017: £0.02million) related to mining asset finance offset by dividends paid to shareholders of £0.53million (2017: 0.43 million).

Overall, the group managed to achieve an increase in cash and cash equivalents of £1.6million (2017: £4.9million) for the year. After taking into account an exchange gain of £0.03million (2017: loss of £0.05million) on the translation of the group's year end net balance of cash and cash equivalents that were held in South African Rands, the group's net balance of cash and cash equivalents (including bank overdrafts) at year end was £5.7 million (2017: £4.1million).

The group has considerable financial resources available at short notice including cash and cash equivalents (excluding bank overdrafts) of £9.2million (2017: £5.3million) and investments available for sale of £0.9million (2017: £1.1million). The above financial resources totalling £10.1million (2017: £6.4million).

The net assets of the group reported as at year end were £20.1million (2017: £17.7million). Total assets increased to £41.6million (2017: £36.6million) mainly due to the movement in the groups' cash and cash equivalents, inventories and trade receivables held at year end, along with the groups' joint venture investment in West Ealing Projects limited as outlined above.

Liabilities increased from £18.9million to £21.5million during the year primarily due to an increase in South African current borrowings from £0.03million in 2017 to £3.74million in 2018. This increase can mainly be attributed to an increase in borrowings drawn from the groups' South African structured trade facility utilised by the groups' mining operations. The overall exchange loss recorded through the translation reserve on translation of the group's South African net assets at year end increased to £0.4million (2017: gain of £0.1million) as a result of the weakening of the South African Rand against UK sterling year to year.

Further details on the group's cashflow and financial position are stated in the Consolidated Cashflow Statement on page 61 and the Consolidated Balance Sheet on page 58.

Loans

South Africa

The group has a South African structured trade finance facility with Absa Bank Limited for R100million (South African Rand) which covers the fluctuating working capital requirements of the group's South African operations. As part of the process and sale of the washing plant facilities from Black Wattle Colliery (Pty) Limited to its wholly owned subsidiary Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing"), the R100million bank overdraft facility held by Black Wattle Colliery (Pty) Limited with Absa Bank Limited at year end was replaced in January 2019 by a new structured trade finance facility for R100million held by Sisonke Coal Processing ("new trade facility"). The new trade facility is renewable annually at 25 January and is secured against inventory, debtors and cash that are held in the group's South African operations.

United Kingdom

In December 2014, the group signed a £6 million term loan facility with Santander. The Loan is secured against the group's UK retail property portfolio. The facility has a five year term, and is repayable at the end of the term in December 2019. The amount repayable on the loan at year end was £5.9million (2017: £5.9million). The interest cost of the loan is 2.35% above LIBOR. The group's intention is to enter into a new facility agreement prior to the termination of the existing facility agreement. Nonetheless the group has adequate financial resources at short notice, including cash and listed equity investments, to repay the existing facility should a new facility not be finalised prior to December 2019. During the year the group reduced its UK loan by £14,000 in order to rectify a breach of one of its UK loan banking covenants. No other banking covenants were breached by the group during the year.

Future prospects

As we continue into 2019, the group's financial position remains strong and we expect to achieve significant additional value from our existing mining operations. The group continues to seek to expand its operations in South Africa through the acquisition of additional coal reserves. In the UK, management is looking forward to progressing its development in West Ealing and is currently investigating other major investment opportunities in the domestic property sector. This is in line with the groups' overall strategy of balancing the high risk of our mining operations with a dependable cash flow and capital appreciation from our UK property investment operations.

Further information on the outlook of the company can be found in both the Chairman's Statement on page 2 and the Mining Review on page 6 which form part of the Strategic Report.

Signed on behalf of the Board of Directors

Garrett Casey
Finance Director

25 April 2019

We are committed to providing opportunities for surrounding and labour sending communities through Black Wattle's Local Economic Development programme

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Management team

1 **SIR MICHAEL HELLER**
Chairman
Bisichi Mining PLC

2 **ANDREW HELLER**
Managing Director
Bisichi Mining PLC

Managing Director
Black Wattle Colliery

3 **CHRISTOPHER JOLL**
Senior Independent Director
Chairman Audit and Remuneration Committees

4 **GARRETT CASEY**
Finance Director
Bisichi Mining PLC
Director
Black Wattle Colliery

5 **ROBERT GROBLER**
Director of Mining
Bisichi Mining PLC
Director
Black Wattle Colliery

6 **ETHAN DUBE**
Director
Black Wattle Colliery

7 **MILLICENT ZVARAYI**
Director
Black Wattle Colliery

8 **NICO SERFONTEIN**
Mine Manager
Black Wattle Colliery

Directors and advisors

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

ANDREW R HELLER
MA, ACA
(Managing Director)

GARRETT CASEY
CA (SA)
(Finance Director)

ROBERT GROBLER
Pr Cert Eng
(Director of mining)

O+ **CHRISTOPHER A JOLL**
MA (Non-executive)
Christopher Joll was appointed a Director on 1 February 2001. He has held a number of non-executive directorships of quoted and un-quoted companies and currently runs his own event management business. He is also a published author, lecturer and a writer and director of documentary films.

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

* Member of the nomination committee

\+ Senior independent director

O Member of the audit, nomination and remuneration committees.

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Ethan Dube
Robert Grobler
Garrett Casey
Millicent Zvarayi

PROPERTY PORTFOLIO ASSET MANAGER
James Charlton BSc MRICS

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Standard Bank (SA)

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Memery Crystal, London
Olswang LLP, London

South Africa
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Herbert Smith Freehills, Johannesburg

Hogan Lovells, Johannesburg

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Website: www.linkassetservices.com

Email: enquiries@linkgroup.co.uk

Five year summary

	2018 £'000	2017 £'000 Restated	2016 £'000 Restated	2015 £'000 Restated	2014 £'000 Restated
Consolidated income statement items					
Revenue	**49,945**	40,350	24,923	27,603	28,716
Operating profit/(loss)	**6,526**	3,763	637	150	1,364
Profit/(loss) before tax	**5,959**	1,485	346	(147)	1,568
Trading profit/(loss) before tax	**6,397**	3,317	(74)	(188)	1,157
Revaluation and impairment (loss)/profit before tax	**(438)**	(1,832)	420	41	411
EBITDA	**8,587**	3,734	2,415	1,365	4,609
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**9,088**	5,819	1,516	1,717	4,276
Consolidated balance sheet items					
Investment properties	**13,045**	13,245	13,245	12,800	11,575
Fixed asset investments	**1,357**	925	2,703	2,112	4,090
	14,402	14,170	15,948	14,912	15,665
Investments held at fair value	**887**	1,050	781	594	796
	15,289	15,220	16,729	15,506	16,461
Other assets less liabilities less non-controlling interests	**4,280**	1,922	(72)	(196)	854
Total equity attributable to equity shareholders	**19,569**	17,142	16,657	15,310	17,315
Net assets per ordinary share (attributable)	**183.3p**	160.6p	156.0p	143.4p	162.2p
Dividend per share	**6.00p**	5.00p	4.00p	4.00p	4.00p

Financial calendar

11 June 2019	Annual General Meeting
26 July 2019	Payment of final and special dividend for 2018 (if approved)
Late August 2019	Announcement of half-year results to 30 June 2019
Late April 2020	Announcement of results for year ending 31 December 2019

Directors' report

The directors submit their report together with the audited financial statements for the year ended 31 December 2018.

Review of business, future developments and post balance sheet events

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

The results for the year and state of affairs of the group and the company at 31 December 2018 are shown on pages 55 to 99 and in the Strategic Report on pages 2 to 25. Future developments and prospects are also covered in the Strategic Report and further details of any post balance sheet events can be found in note 32 to the financial statements. Over 99 per cent. of staff are employed in the South African coal mining industry – employment matters and health and safety are dealt with in the Strategic Report.

The management report referred to in the Director's responsibilities statement encompasses this Directors' Report and Strategic Report on pages 2 to 25.

Corporate responsibility

Environment

The environmental considerations of the group's South African coal mining operations are covered in the Strategic Report on pages 2 to 25.

The group's UK activities are principally property investment whereby premises are provided for rent to retail businesses and a joint venture investment in a UK residential property development.

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

Greenhouse Gas Emissions

Details of the group's greenhouse gas emissions for the year ended 31 December 2018 can be found on page 12 of the Strategic Report.

Employment

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

Dividend policy

An interim dividend for 2018 of 1p was paid on 8 February 2019 (Interim 2017: 1p). The directors recommend the payment of a final dividend for 2018 of 3p per ordinary share (2017: 3p) as well as a special dividend of 2p (2017: 1p) making a total dividend for 2018 of 6p (2017: 5p).

Subject to shareholder approval, the total dividend per ordinary share for 2018 will be 6p per ordinary share.

The final dividend and the special dividend will be payable on Friday 26 July 2019 to shareholders registered at the close of business on 5 July 2019.

Investment properties and other properties

The investment property portfolio is stated at its open market value of £13,045,000 at 31 December 2018 (2017: £13,245,000) as valued by professional external valuers. The open market value of the company's share of investment properties and development property inventory held at cost included within its investments in joint ventures is £4,334,000 (2017: £1,315,000).

Financial instruments

Note 22 to the financial statements sets out the risks in respect of financial instruments. The Board reviews and agrees overall treasury policies, delegating appropriate authority to the managing director. Financial instruments are used to manage the financial risks facing the group. Treasury operations are reported at each Board meeting and are subject to weekly internal reporting.

Directors

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

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

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

Christopher Joll was appointed a Director on 1 February 2001. He has held a number of non-executive directorships of quoted and un-quoted companies and currently runs his own event management business. He is also a published author, lecturer and a writer and director of documentary films.

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

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

Directors' shareholdings

The interests of the directors in the shares of the company, including family and trustee holdings where appropriate, are shown on page 40 of the Annual Remuneration Report.

Substantial interests

The following have advised that they have an interest in 3 per cent. or more of the issued share capital of the company as at 15 April 2019:

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

Sir Michael Heller –	330,117 shares representing 3.09 per cent. of the issued capital.
A R Heller –	785,012 shares representing 7.35 per cent. of the issued capital.
Cavendish Asset Management Limited –	1,946,154 shares representing 18.23 per cent. of the issued share capital.
James Hyslop –	350,000 shares representing 3.28 per cent. of the issued share capital.

Disclosure of information to auditor

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

Indemnities and insurance

The Articles of Association and Constitution of the company provide for them to indemnify, to the extent permitted by law, directors and officers (excluding the Auditor) of the companies, including officers of subsidiaries, and associated companies against liabilities arising from the conduct of the group's business. The indemnities are qualifying third-party indemnity provisions for the purposes of the UK Companies Act 2006 and each of these qualifying third-party indemnities was in force during the course of the financial year ended 31 December 2018 and as at the date of this Directors' report. No amount has been paid under any of these indemnities during the year.

The group has purchased directors' and officers' insurance during the year. In broad terms, the insurance cover indemnifies individual directors and officers against certain personal legal liability and legal defence costs for claims arising out of actions taken in connection with group business.

Corporate Governance

The Board acknowledges the importance of good corporate governance. The paragraphs below set out how the company has applied this guidance during the year.

Principles of corporate governance

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

Board structure

During the year the Board comprised the executive chairman, the managing director, two other executive directors and two non-executive directors. Their details appear on page 29. The Board is responsible to shareholders for the proper management of the group. The Directors' responsibilities statement in respect of the accounts is set out on page 48. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The Board has a formal schedule of matters reserved to it and meets bi-monthly.

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

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

- The nomination committee is chaired by Christopher Joll and comprises the non-executive directors and the executive chairman. The committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. In appropriate cases recruitment consultants are used to assist the process. Each director is subject to re-election at least every three years.
- The remuneration committee is responsible for making recommendations to the Board on the company's framework of executive remuneration and its cost. The committee determines the contractual terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors. The committee comprises the non-executive directors. It is chaired by Christopher Joll. The company's executive chairman is normally invited to attend meetings. The report on directors' remuneration is set out on pages 37 to 44.
- The audit committee comprises the two non-executive directors and is chaired by Christopher Joll. Its prime tasks are to review the scope of external audit, to receive regular reports from the company's auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the group's internal control and risk management systems and processes. The committee also considers annually the need for an internal audit function. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The committee, which meets formally at least twice a year, provides a forum for reporting by the group's external auditors.

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

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

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

The audit committee report is set out on page 45.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 5 to the financial statements.

Performance evaluation – board, board committees and directors

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

Independent directors

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

Christopher Joll has been a non-executive director for over eighteen years and John Sibbald has been a non-executive director for over thirty years. The Board encourages Christopher Joll and John Sibbald to act independently. The board considers that their length of service does not, and has not, resulted in their inability or failure to act independently. In the opinion of the Board, Christopher Joll and John Sibbald continue to fulfil their role as independent non-executive directors.

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

Board and board committee meetings

The number of meetings during 2018 and attendance at regular Board meetings and Board committees was as follows:

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

Internal control

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

The key elements of the control system in operation are:

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

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

There were no significant issues identified during the year ended 31 December 2018 (and up to the date of approval of the report) concerning material internal control issues. The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

Communication with shareholders

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

Takeover directive

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

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

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

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

The Bribery Act 2010

The Bribery Act 2010 came into force on 1 July 2011, and the Board took the opportunity to implement a new Anti-Bribery Policy. The company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance of the code is closely monitored.

Annual General Meeting

The annual general meeting of the company ("Annual General Meeting") will be held at 24 Bruton Place, London W1J 6NE on Tuesday, 11 June 2019 at 11.00 a.m. Resolutions 1 to 10 will be proposed as ordinary resolutions. More than 50 per cent. of shareholders' votes cast must be in favour for those resolutions to be passed.

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

Please note that the following paragraph is a summary of resolution 10 to be proposed at the Annual General Meeting and not the full text of the resolution. You should therefore read this section in conjunction with the full text of the resolutions contained in the notice of Annual General Meeting.

Directors' authority to allot shares (Resolution 10)

In certain circumstances it is important for the company to be able to allot shares up to a maximum amount without needing to seek shareholder approval every time an allotment is required. Paragraph 10.1.1 of resolution 10 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to an aggregate nominal value of £355,894. This represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 24 April 2019 (being the last practicable date prior to the publication of this Directors' Report). Paragraph 10.1.2 of resolution 10 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to a further aggregate nominal value of £355,894, in connection with a pre-emptive rights issue. This amount represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 24 April 2019 (being the last practicable date prior to the publication of this Directors' Report).

Therefore, the maximum nominal value of shares or rights to subscribe for, or convert any security into, shares which may be allotted or granted under resolution 10 is £711,788.

Resolution 10 complies with guidance issued by the Investment Association (IA).

The authority granted by resolution 10 will expire on 31 August 2020 or, if earlier, the conclusion of the next annual general meeting of the company. The directors have no present intention to make use of this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use as recommended by the IA.

Donations

No political donations were made during the year (2017: £nil).

Going concern

The group's business activities, together with the factors likely to affect its future development are set out in the Chairman's Statement on the preceding page 2, the Mining Review on pages 6 to 7 and its financial position is set out on page 23 of the Strategic Report. In addition Note 22 to the financial statements includes the group's treasury policy, interest rate risk, liquidity risk, foreign exchange risks and credit risk.

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

In South Africa, a structured trade finance facility with Absa Bank Limited for R100million is held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black Wattle Colliery (Pty) Limited. This facility comprises of a R100million revolving facility to cover the working capital requirements of the group's South African operations. The facility is renewable annually at 25 January and is secured against inventory, debtors and cash that are held in the group's South African operations. The Directors do not foresee any reason why the facility will not continue to be renewed at the next renewal date, in line with prior periods and based on their banking relationships.

The directors expect that the coal market conditions experienced by Black Wattle Colliery, its direct mining asset, in 2018 and the first quarter of 2019 will be similar going into the remainder of 2019. The directors therefore have a reasonable expectation that the mine will achieve positive levels of cash generation for the group in 2019. As a consequence, the directors believe that the group is well placed to manage its South African business risks successfully.

In the UK, a £6 million term loan facility repayable in December 2019 is held with Santander Bank PLC. The loan is secured against the company's UK retail property portfolio. The amount repayable on the loan at year end was £5.9million (2017: £5.9million). The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR. The group's intention is to enter into a new facility agreement prior to the termination of the existing facility agreement. Nonetheless the group has adequate financial resources at short notice, including cash and listed equity investments, to repay the existing facility should a new facility not be finalised prior to December 2019. In addition its investment property assets benefit from long term leases with the majority of its tenants.

As a result of the banking facilities held as well as the acceptable levels of profitability and cash generation the group's South African operations is expected to achieve for the next 12 months, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the board

G.J Casey
Secretary

24 Bruton Place
London W1J 6NE

25 April 2019

Statement of the Chairman of the remuneration committee

The remuneration committee presents its report for the year ended 31 December 2018

The Annual Remuneration Report details remuneration awarded to directors and non-executive directors during the year. The shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution (as in previous years) at the AGM in June 2019.

A copy of the remuneration policy, which details the remuneration policy for directors, can be found at www.bisichi.co.uk. The current remuneration policy was subject to a binding vote which was approved by shareholders at the AGM in June 2017. The approved policy took effect from 7 June 2017 and will apply for a three year period.

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

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

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

Christopher Joll
Chairman – remuneration committee

24 Bruton Place
London W1J 6NE

25 April 2019

Annual remuneration report

The following information has been audited:

Single total figure of remuneration for the year ended 31 December 2018:

	Salaries and Fees £'000	Bonuses £'000	Benefits £'000	Pension £'000	**Total before Share options £'000**	Share options £'000	**Total 2018 £'000**
Executive Directors							
Sir Michael Heller	82	200	2	-	**284**	-	**284**
A R Heller	495	500	71	5	**1,071**	2	**1,073**
G J Casey	143	200	28	20	**391**	2	**393**
R Grobler	201	137	27	14	**379**	-	**379**
Non-Executive Directors							
C A Joll*	33	-	-	-	**33**	-	**33**
J A Sibbald*	2	-	3	-	**5**	-	**5**
Total	**956**	**1,037**	**131**	**39**	**2,163**	**4**	**2,167**

*Members of the remuneration committee for the year ended 31 December 2018

Single total figure of remuneration for the year ended 31 December 2017:

	Salaries and Fees £'000	Bonuses £'000	Benefits £'000	Pension £'000	**Total before Share options £'000**	Share options £'000	**Total 2017 £'000**
Executive Directors							
Sir Michael Heller	75	-	-	-	**75**	-	**75**
A R Heller	450	350	66	32	**898**	-	**898**
G J Casey	133	125	14	18	**290**	-	**290**
R Grobler	188	122	16	11	**337**	-	**337**
Non-Executive Directors							
C A Joll*	30	-	-	-	**30**	-	**30**
J A Sibbald*	2	-	3	-	**5**	-	**5**
Total	**878**	**597**	**99**	**61**	**1,635**	**-**	**1,635**

*Members of the remuneration committee for the year ended 31 December 2017

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

Pension schemes and incentives

Three (2017: Three) directors have benefits under money purchase pension schemes. Contributions in 2018 were £39,000 (2017: £61,000), see table above.

Scheme interests awarded during the year

During the year the company granted options over ordinary shares in the Company of 10 pence (the "Options") to the following directors of the Company, under the Company's Unapproved Executive Share Option Scheme 2012 ("the Scheme"), as set out below:

- Andrew Heller: 150,000 options granted on 6 February 2018 at an exercise price of £0.7350 per share
- Garrett Casey: 230,000 options granted on 6 February 2018 at an exercise price of £0.7350 per share

The above Options are subject to the terms and conditions set out in the rules of the Scheme, and subject to the memorandum and articles of association of the Company. These Options are exercisable at any time during the next 10 years from the dates of grant stated above. No consideration has been paid for the granting of these Options.

Share option schemes

The company currently has only Unapproved Share Option Scheme which is not subject to HM revenue and Customs (HMRC) approval. The 2012 scheme was approved by the remuneration committee of the company on 28 September 2012. The "2010 Scheme" which was approved by shareholders on 7 June 2011, was cancelled on the 5 February 2018 when the company entered into an agreement with Garrett Casey to surrender the 80,000 Options which were granted on 31 August 2010 under the Scheme. The aggregate consideration paid by the Company to effect the cancellation was £1.

	Number of share options					
	Option price*	1 January 2018	Options granted/ (Surrendered) in 2018	31 December 2018	Exercisable from	Exercisable to
The 2010 Scheme						
G J Casey	202.05p	80,000	(80,000)	-	31/08/2013	30/08/2020
The 2012 Scheme						
A R Heller	87.01p	150,000	-	150,000	18/09/2015	17/09/2025
A R Heller	73.50p	-	150,000	150,000	06/02/2018	06/02/2028
G J Casey	87.01p	150,000	-	150,000	18/09/2015	17/09/2025
G J Casey	73.50p	-	230,000	230,000	06/02/2018	06/02/2028

*Middle market price at date of grant

No consideration is payable for the grant of options under the 2012 Unapproved Share Option Scheme. There are no performance or service conditions attached to the 2012 Unapproved Share Option scheme.

Payments to past directors

No payments were made to past directors in the year ended 31 December 2018 (2017: £nil).

Payments for loss of office

No payments for loss of office were made in the year ended 31 December 2018 (2017: £nil).

Statement of Directors' shareholding and share interest

Directors' interests

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

	Beneficial		Non-beneficial	
	31.12.2018	1.1.2018	31.12.2018	1.1.2018
Sir Michael Heller	148,783	148,783	181,334	181,334
A R Heller	785,012	785,012	-	-
C A Joll	-	-	-	-
J A Sibbald	-	-	-	-
R J Grobler	-	-	-	-
G J Casey	40,000	40,000	-	-

The following section is unaudited.

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

The middle market price of Bisichi Mining PLC ordinary shares at 31 December 2018 was 92.5p (2017: 70.5p). During the year the share price ranged between 70.5p and 117.5p.

Remuneration of the Managing Director over the last ten years

The table below demonstrates the remuneration of the holder of the office of Managing Director for the last ten years for the period from 1 January 2009 to 31 December 2018.

Year	Managing Director	Managing Director Single total figure of remuneration £'000	Annual bonus payout against maximum opportunity* %	Long-term incentive vesting rates against maximum opportunity* %
2018	A R Heller	1,073	34%	N/A
2017	A R Heller	898	25%	N/A
2016	A R Heller	850	22%	N/A
2015	A R Heller	912	22%	N/A
2014	A R Heller	862	22%	N/A
2013	A R Heller	614	N/A	N/A
2012	A R Heller	721	N/A	N/A
2011	A R Heller	626	N/A	N/A
2010	A R Heller	568	N/A	N/A
2009	A R Heller	817	N/A	N/A

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

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

Percentage change in remuneration of director undertaking role of Managing Director

	Managing Director £'000			UK based employees £'000		
	2018	2017	% change	2018	2017	% change
Base salary	495	450	10%	225	208	8%
Benefits	71	66	8%	30	14	114%
Bonuses	500	350	43%	400	125	220%

Bisichi Mining PLC does not have a Chief Executive so the table includes the equivalent information for the Managing Director. The comparator group chosen is all UK based employees as the remuneration committee believe this provides the most accurate comparison of underlying increases based on similar annual bonus performances utilised by the group.

Relative importance of spend on pay

The total expenditure of the group on remuneration to all employees (see Notes 29 and 9 to the financial statements) is shown below:

	2018 £'000	2017 £'000
Employee remuneration	7,335	6,396
Distribution to shareholders	641	534

Statement of implementation of new remuneration policy

The remuneration policy was approved at the AGM in June 2017. The policy took effect from 7 June 2017 and will apply for 3 years unless changes are deemed necessary by the Remuneration committee. The company may not make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a director of the company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members.

Consideration by the directors of matters relating to directors' remuneration

The remuneration committee considered the executive directors remuneration and the board considered the non-executive directors remuneration in the year ended 31 December 2018.

Shareholder voting

At the Annual General Meeting on 6 June 2018, there was an advisory vote on the resolution to approve the remuneration report, other than the part containing the remuneration policy. In addition, on 7 June 2017 there was a binding vote on the resolution to approve the current remuneration policy the results of which are detailed below:

	% of votes for	% of votes against	No of votes withheld
Resolution to approve the Remuneration Report (6 June 2018)	70.72%	29.28%	-
Resolution to approve the Remuneration Policy (7 June 2017)	74.77%	25.16%	-

Service contracts

All executive directors have full-time contracts of employment with the company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. Directors notice periods (see page 39 of the annual remuneration report) are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a director leave the company.

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

Remuneration policy table

The remuneration policy table below is an extract of the group's current remuneration policy on directors' remuneration, which was approved by a binding vote at the 2017 AGM. The approved policy took effect from 7 June 2017. A copy of the full policy can be found at www.bisichi.co.uk.

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Executive directors				
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment. Set at a level considered appropriate to attract, retain motivate and reward the right individuals.	Reviewed annually Paid monthly in cash	No individual director will be awarded a base salary in excess of £700,000 per annum. No specific performance conditions are attached to base salaries.
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package.	The contribution payable by the company is included in the director's contract of employment. Paid into money purchase schemes	Company contribution offered at up to 10% of base salary as part of overall remuneration package. No specific performance conditions are attached to pension contributions
Benefits	To provide a competitive benefits package	Contractual benefits can include but are not limited to: Car or car allowance Group health cover Death in service cover Permanent health insurance	The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with benefits offered are closely controlled and reviewed on an annual basis. No director will receive benefits of a value in excess of 30% of his base salary. No specific performance conditions are attached to contractual benefits. The value of benefits for each director for the year ended 31 December 2018 is shown in the table on page 38.
Annual Bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business. Bonuses are generally offered in cash	The remuneration committee determines the level of bonus on an annual basis applying such performance conditions and performance measures as it considers appropriate	The current maximum bonus opportunity will not exceed 200% of base salary in any one year, but the remuneration committee reserves the power to award up to 300% in an exceptional year. Performance conditions will be assessed on an annual basis. The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Share Options	To provide executive directors with a long-term interest in the company	Granted under existing schemes (see page 39)	Offered at appropriate times by the remuneration committee	Entitlement to share options is not subject to any specific performance conditions. Share options will be offered by the remuneration committee as appropriate. The aggregate number of shares over which options may be granted under all of the company's option schemes (including any options and awards granted under the company's employee share plans) in any period of ten years, will not exceed, at the time of grant, 10% of the ordinary share capital of the company from time to time. In determining the limits no account shall be taken of any shares where the right to acquire the shares has been released, lapsed or has otherwise become incapable of exercise. The company currently has two Share Option Schemes (see page 39). The performance conditions for the 2010 scheme requires growth in net assets over a three year period to exceed the growth in the retail price index by a scale of percentages. For the 2012 scheme the remuneration committee has the ability to impose performance criteria in respect of any new share options granted, however there is no requirement to do so. There are no performance conditions attached to the options already issued under the 2012 scheme.
Non-executive directors				
Base salary	To recognise: Skills Experience Value	Considered by the board on appointment. Set at a level considered appropriate to attract, retain and motivate the individual. Experience and time required for the role are considered on appointment.	Reviewed annually	No individual director will be awarded a base salary in excess of £40,000 per annum. No specific performance conditions are attached to base salaries.
Pension		No pension offered		
Benefits		No benefits offered except to one non-executive director who is eligible for health cover (see annual remuneration report page 38)	The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with the benefit offered is closely controlled and reviewed on an annual basis. No director will receive benefits of a value in excess of 30% of his base salary. No specific performance conditions are attached to contractual benefits.
Share Options		Non-executive directors do not participate in the share option schemes		

In order to ensure that shareholders have sufficient clarity over director remuneration levels, the company has, where possible, specified a maximum that may be paid to a director in respect of each component of remuneration. The remuneration committee consider the performance measures outlined in the table above to be appropriate measures of performance and that the KPI's chosen align the interests of the directors and shareholders.

For details of remuneration of other company employees can be found in Note 29 to the financial statements.

Audit committee report

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

The Audit Committee's prime tasks are to:

- review the scope of external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation;
- monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- assess key risks and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the group's risk management control and processes;
- act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes;
- consider each year the need for an internal audit function;
- advise the board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work;
- participate in the selection of a new external audit partner and agree the appointment when required;
- undertake a formal assessment of the auditors' independence each year which includes:
  - ~ a review of non-audit services provided to the group and related fees;
  - ~ discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
  - ~ a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
  - ~ obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings

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

During the past year the committee:

- met with the external auditors, and discussed their reports to the Audit Committee;
- approved the publication of annual and half-year financial results;
- considered and approved the annual review of internal controls;
- decided that due to the size and nature of operation there was not a current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit related and non-audit services as set out in note 5 to the financial statements.

Financial reporting

As part of its role, the Audit Committee assessed the audit findings that were considered most significant to the financial statements, including those areas requiring significant judgment and/or estimation. When assessing the identified financial reporting matters, the committee assessed quantitative materiality primarily by reference to profit before tax. The Board also gave consideration to the carrying value of the group's total assets, given that the group operates a principally asset based business as well as the value of revenues generated by the group, given the importance of production, and its Adjusted EBITDA, given that it is a key trading KPI, when determining quantitative materiality. The qualitative aspects of any financial reporting matters identified during the audit process were also considered when assessing their materiality. Based on the considerations set out above we have considered quantitative errors individually or in aggregate in excess of approximately £300,000 to £350,000 to be material.

External Auditors

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

Christopher Joll
Chairman – audit committee

24 Bruton Place
London W1J 6NE

25 April 2019

Valuers' certificates

To the directors of Bisichi Mining PLC

In accordance with your instructions we have carried out a valuation of the freehold property interests held as at 31 December 2018 by the company as detailed in our Valuation Report dated 28 January 2019.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2018 of the interests owned by the company was £13,045,000 being made up as follows:

	£'000
Freehold	10,350
Leasehold	2,695
	13,045

Leeds	**Carter Towler**
28 January 2019	Regulated by Royal Institute of Chartered Surveyors

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state with regard to the group financial statements whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- state with regard to the parent company financial statements, whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business; and
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

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

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

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

Independent auditor's report

To the members of Bisichi Mining PLC

Opinion

We have audited the financial statements of Bisichi Mining Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement, the parent company balance sheet, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters were identified for the period under review:

Key Audit Matter	How the matter was addressed in our audit
PROPERTY VALUATION	
The Group holds investment property at fair value (see note 11 and Key judgements and estimates) together with further investment property held at fair value in the Group's Dragon Retail Joint Venture (note 14). The assessment of fair value for the property portfolio requires significant judgement and estimates by the Directors, including assessment of independent third party valuations obtained for the portfolio. Each valuation requires consideration of the individual nature of the property, its location, its cash flows and comparable market transactions. The valuation of these properties requires assessment of the market yield as well as consideration of the current rental agreements. Any significant input inaccuracies or unreasonable bases used in these judgements (such as in respect of estimated rental value and net initial yield applied) could result in a material misstatement. There is also an inherent risk that management may influence valuation judgments. Given these factors, this area was considered to be a significant focus for our audit given the subjective nature of certain assumptions inherent in each valuation.	We obtained an understanding of management's approach to the valuation of investment properties. We reviewed the independent external valuation reports and confirmed their consistency with the valuations presented in the financial statements. We met with the Group's independent external valuers, who valued all of the Group's investment properties, to understand the assumptions and methodologies used in valuing these properties, the market evidence supporting the valuation assumptions and the valuation movements in the period. We assessed the competency, independence and objectivity of the independent external valuer which included making inquiries regarding interests and relationships that may have created a threat to the valuer's objectivity. We have reviewed the scope of the valuation and confirmed that it is in accordance with the Statements of Asset Valuation and Guidance Notes published by The Royal Institution of Chartered Surveyors. We used our knowledge and experience to evaluate and challenge the valuation assumptions, methodologies and the inputs used. This included establishing our own range of expectations for the valuation of investment property based on externally available metrics. We agreed a sample of key observable valuation inputs supplied to and used by the external valuer and Directors to information audited by us, where applicable, or supporting market documentation.

KEY OBSERVATIONS

We found the valuations determined by the Group for its investment properties in note 11 and investment properties included within the Dragon retail Joint Venture in note 14 to be consistent with the independent external valuation reports.

Key Audit Matter	How the matter was addressed in our audit
REVENUE RECOGNITION	
The group generated revenues from coal sales, rental income and service charge income (See note 2 and Group Accounting Policies). We considered it appropriate, noting that this was the first year of application of IFRS 15, to assess the appropriateness of the group's revenue recognition policies and their application for compliance with IFRS. In addition, we considered there to be a risk that coal sales revenue is recorded in the incorrect period. As reported under the group accounting policies, during the course of the audit a material error was identified in respect of the group's accounting treatment of transport costs to deliver export coal to the export terminal under a specific agreement. Such transport costs were previously incorrectly recorded as a deduction against revenue. Management have revised the accounting treatment in 2018 and restated the prior year revenue and operating costs accordingly. The impact on FY 2018 is to increase revenue and operating costs by £3.1m. The impact of the prior year restatement was to increase revenue and operating costs by £2.9m. There is no profit or net assets effect of the restatement.	We assessed the group's revenue recognition policy for domestic and export coal sales for compliance with the relevant accounting standard. In doing so, we reviewed sales contracts and terms with material customers. We tested controls over domestic coal sales focused on the authorisation and recording of revenue. We performed tests of detail verifying a sample of domestic revenue to supporting documentation. We obtained third party confirmations which we confirmed to amounts recorded in the ledgers for export sales and confirmed a sample of sales to contract terms. We tested the recording of revenue around the year end and assessed the revenue recognition point for consistency with the group's revenue recognition policy, customer terms and supporting documents regarding despatch / delivery as applicable. We reviewed credit notes around the year end for indications that revenue had been inappropriately recorded. In respect of the change in accounting treatment for transport costs and associated restatement of the prior year revenues and operating costs, we have reviewed the relevant contract and assessed the appropriateness of the accounting treatment under relevant accounting standards for the current and prior period. In doing so, we consulted with our financial reporting technical experts. We have agreed a sample of the costs to supporting documentation and reviewed the general ledgers in detail to check the completeness and accuracy of the adjustments in the current and prior period.

KEY OBSERVATIONS

We found the Group's revenue recognition policies to be compliant with IFRS and found that, subsequent to the restatement and adjustment, revenue is recorded in line with the Group's stated policies.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The Materiality level we applied was calculated based on 5% of profit before tax (2017: 1% of total assets), reflecting the result for the year and the fact that the Group is no longer in a transitionary phase of mining in respect of its South African operations.

The key materiality figures used in the audit are detailed in the table below.

Materiality	FY2018	FY2017
Materiality for the Financial Statements as a whole	£300,000	£300,000
Performance Materiality levels used for the audits of the significant components of the audit	£26,000 to £188,000	£24,000 to £170,000
Materiality for the Parent Company	£220,000	£225,000
Performance materiality for the Parent Company	£165,000	£170,000
Audit scope coverage	100% of total assets, 100% of revenue and 100% of profit before tax	100% of total assets, 100% of revenue and 100% of profit before tax

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £15,000 (2017: £15,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Whilst Bisichi Mining Plc is a company listed on the Standard Segment of the London Stock Exchange, the Group's operations principally comprise property interests in the United Kingdom and an operating mine located in South Africa. We assessed there to be 6 significant components within the Group, comprising the mine in South Africa, corporate accounting function and property companies.

We performed a full scope audit of each of the UK property companies, corporate accounting function and consolidation.

A BDO member firm performed a full scope audit of the mine in South Africa, under our direction and supervision as Group auditors under ISA (UK) 600.

As part of our audit strategy, as Group auditors:

- Detailed Group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above), and set out the information required to be reported to the Group audit team.
- The audit partner visited the Group's mining operation to update our understanding of the operations and meet with component management.
- We performed a review of the component audit files and held meetings with the component audit team during the planning and completion phases of their audit.
- The Group audit team was actively involved in the direction of the audits performed by the component auditors for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn. We performed our own additional procedures in respect of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.
- The remaining non-significant companies within the Group were principally subject to analytical review procedures.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Bisichi Mining Plc Annual Report 2018, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 48, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement is 31 years, covering the years ending 1987 to 2018.

Under the FRC's Ethical Standard we are required to rotate off as the Company's Auditors in 2021. During the uninterrupted engagement period the engagement partner has rotated in accordance with the applicable requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Ryan Ferguson
(Senior Statutory Auditor)

For and on behalf of BDO LLP
Statutory Auditor, London, United Kingdom

25 April 2019

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

Financial statements

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Consolidated income statement

for the year ended 31 December 2018

	Notes	**2018 Trading £'000**	**2018 Revaluations and impairment £'000**	**2018 Total £'000**	2017 Trading £'000 Restated	2017 Revaluations and impairment £'000	2017 Total £'000 Restated
Group revenue	2	**49,945**	**-**	**49,945**	40,350	-	40,350
Operating costs	3	(40,857)	-	**(40,857)**	(34,531)	-	(34,531)
Operating profit before depreciation, fair value adjustments and exchange movements		9,088	-	**9,088**	5,819	-	5,819
Depreciation	3	(2,113)	-	**(2,113)**	(1,790)	-	(1,790)
Operating profit before fair value adjustments and exchange movements	1	6,975	-	**6,975**	4,029	-	4,029
Exchange losses		(63)	-	**(63)**	(256)	-	(256)
Decrease in value of investment properties	4	-	(215)	**(215)**	-	(13)	(13)
Gain on disposal of other investments available for sale		-	-	**-**	3	-	3
Loss on investments held at fair value		-	(171)	**(171)**	-	-	-
Operating profit/(loss)	1	**6,912**	**(386)**	**6,526**	3,776	(13)	3,763
Share of (loss)/profit in joint ventures	13	-	(52)	**(52)**	-	8	8
Write-off of investment in joint venture	13	-	-	**-**	-	(1,827)	(1,827)
Profit/(loss) before interest and taxation		**6,912**	**(438)**	**6,474**	3,776	(1,832)	1,944
Interest receivable		126	-	**126**	205	-	205
Interest payable	7	(641)	-	**(641)**	(664)	-	(664)
Profit/(loss) before tax	**5**	**6,397**	**(438)**	**5,959**	3,317	(1,832)	1,485
Taxation	8	(1,971)	55	**(1,916)**	(588)	24	(564)
Profit/(loss) for the year		**4,426**	**(383)**	**4,043**	2,729	(1,808)	921
Attributable to:							
Equity holders of the company		3,697	(383)	**3,314**	2,557	(1,808)	749
Non-controlling interest	27	729	-	**729**	172	-	172
Profit/(loss) for the year		**4,426**	**(383)**	**4,043**	**2,729**	**(1,808)**	**921**
Profit per share – basic	10			**31.05p**			7.02p
Profit per share – diluted	10			**30.85p**			7.02p

Trading gains and losses reflect all the trading activity on mining and property operations and realised gains. Revaluation gains and losses reflects the revaluation of investment properties and other assets within the group and any proportion of unrealised gains and losses within Joint Ventures. The total column represents the consolidated income statement presented in accordance with IAS 1. A revenue recognition error was identified in respect of the prior year. An amount of £2,891,000 had been incorrectly recorded as a deduction against revenue rather than shown as an operating cost. The above comparatives have been restated accordingly. Refer to the group's accounting policies on page 62.

Consolidated statement of other comprehensive income

for the year ended 31 December 2018

	2018 £'000	2017 £'000
Profit for the year	**4,043**	921
Other comprehensive income/(expense):		
Items that may be subsequently recycled to the income statement:		
Exchange differences on translation of foreign operations	**(430)**	91
Gain on available for sale investments	**-**	103
Taxation	**-**	(20)
Other comprehensive income for the year net of tax	**(430)**	174
Total comprehensive income for the year net of tax	**3,613**	1,095
Attributable to:		
Equity shareholders	**2,937**	912
Non-controlling interest	**676**	183
	3,613	1,095

Consolidated balance sheet

at 31 December 2018

	Notes	**2018 £'000**	2017 £'000
Assets			
Non-current assets			
Value of investment properties	11	**13,045**	13,245
Fair value of head lease	31	**185**	152
Investment properties		**13,230**	13,397
Mining reserves, plant and equipment	12	**8,531**	8,613
Investments in joint ventures accounted for using equity method	13	**1,322**	874
Other investments at fair value through profit and loss ("FVPL") (previously classified as other investments available for sale)	13	**35**	51
Total non-current assets		**23,118**	22,935
Current assets			
Inventories	16	**1,511**	828
Trade and other receivables	17	**6,837**	6,417
Corporation tax recoverable		**19**	-
Investments in listed securities held at FVPL (previously classified as Available for sale investments)	18	**887**	1,050
Cash and cash equivalents		**9,221**	5,327
Total current assets		**18,475**	13,622
Total assets		**41,593**	36,557

	Notes	2018 £'000	2017 £'000
Liabilities			
Current liabilities			
Borrowings	20	**(9,580)**	(1,288)
Trade and other payables	19	**(7,257)**	(7,381)
Current tax liabilities		**(92)**	(356)
Total current liabilities		**(16,929)**	(9,025)
Non-current liabilities			
Borrowings	20	**(547)**	(5,872)
Provision for rehabilitation	21	**(1,571)**	(1,349)
Finance lease liabilities	31	**(185)**	(152)
Deferred tax liabilities	23	**(2,226)**	(2,485)
Total non-current liabilities		**(4,529)**	(9,858)
Total liabilities		**(21,458)**	(18,883)
Net assets		**20,135**	17,674
Equity			
Share capital	24	**1,068**	1,068
Share premium account		**258**	258
Translation reserve		**(2,048)**	(1,671)
Available for sale reserve		**-**	143
Other reserves	25	**707**	683
Retained earnings		**19,584**	16,661
Total equity attributable to equity shareholders		**19,569**	17,142
Non-controlling interest	27	**566**	532
Total equity		**20,135**	17,674

These financial statements were approved and authorised for issue by the board of directors on 25 April 2019 and signed on its behalf by:

A R Heller
Director

G J Casey
Director

Company Registration No. 112155

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2018

	Share capital £'000	Share Premium £'000	Translation reserves £'000	Available-for-sale reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2017	**1,068**	**258**	**(1,751)**	**60**	**683**	**16,339**	**16,657**	**349**	**17,006**
Revaluation and impairments	-	-	-	-	-	(1,808)	**(1,808)**	-	**(1,808)**
Trading	-	-	-	-	-	2,557	**2,557**	172	**2,729**
Profit for the year	-	-	-	-	-	749	**749**	172	**921**
Other comprehensive income	-	-	80	83	-	-	**163**	11	**174**
Total comprehensive income for the year	-	-	80	83	-	749	**912**	183	**1,095**
Dividend (note 9)	-	-	-	-	-	(427)	**(427)**	-	**(427)**
Balance at 31 December 2017	**1,068**	**258**	**(1,671)**	**143**	**683**	**16,661**	**17,142**	**532**	**17,674**
IFRS 9 Reclassification	-	-	-	(143)	-	143	**-**	-	**-**
Balance at 1 January 2018	**1,068**	**258**	**(1,671)**	**-**	**683**	**16,804**	**17,142**	**532**	**17,674**
Revaluation and impairments	-	-	-	-	-	(383)	**(383)**	-	**(383)**
Trading	-	-	-	-	-	3,697	**3,697**	729	**4,426**
Profit for the year	-	-	-	-	-	3,314	**3,314**	729	**4,043**
Other comprehensive expense	-	-	(377)	-	-	-	**(377)**	(53)	**(430)**
Total comprehensive income for the year	-	-	(377)	-	-	3,314	**2,937**	676	**3,613**
Dividend (note 9)	-	-	-	-	-	(534)	**(534)**	(642)	**(1,176)**
Share options charge	-	-	-	-	24	-	**24**	-	**24**
Balance at 31 December 2018	**1,068**	**258**	**(2,048)**	**-**	**707**	**19,584**	**19,569**	**566**	**20,135**

Consolidated cash flow statement

for the year ended 31 December 2018

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Cash flows from operating activities		
Operating profit	**6,526**	3,763
Adjustments for:		
Depreciation	**2,113**	1,790
Share based payments	**24**	-
Unrealised loss/(gain) on investment properties	**215**	13
Realised gain on disposal of other investments available for sale	**-**	(3)
Loss on investments held at FVPL	**171**	-
Exchange adjustments	**63**	256
Cash flow before working capital	**9,112**	5,819
Change in inventories	**(797)**	896
Change in trade and other receivables	**(894)**	919
Change in trade and other payables	**100**	69
Cash generated from operations	**7,521**	7,703
Interest received	**126**	124
Interest paid	**(598)**	(546)
Income tax paid	**(2,282)**	(11)
Cash flow from operating activities	**4,767**	7,270
Cash flows from investing activities		
Acquisition of reserves, property, plant and equipment	**(2,881)**	(1,754)
Investment in joint venture	**(500)**	
Disposal of other investments	**8**	14
Acquisition of other investments	**-**	(196)
Cash flow from investing activities	**(3,373)**	(1,936)
Cash flows from financing activities		
Borrowings drawn	**753**	23
Borrowings repaid	**(19)**	(25)
Equity dividends paid	**(534)**	(427)
Cash flow from financing activities	**200**	(429)
Net increase in cash and cash equivalents	**1,594**	4,905
Cash and cash equivalents at 1 January	**4,065**	(890)
Exchange adjustment	**27**	50
Cash and cash equivalents at 31 December	**5,686**	4,065
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	**9,221**	5,327
Bank overdrafts (secured)	**(3,535)**	(1,262)
	5,686	4,065

Group accounting policies

for the year ended 31 December 2018

Basis of accounting

The results for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. In applying the group's accounting policies and assessing areas of judgment and estimation materiality is applied as detailed on page 46 of the Audit Committee Report. The principal accounting policies are described below:

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

The functional currency for each entity in the group, and for joint arrangements and associates, is the currency of the country in which the entity has been incorporated. Details of which country each entity has been incorporated can be found in Note 15 for subsidiaries and Note 14 for joint arrangements and associates.

The exchange rates used in the accounts were as follows:

	£1 Sterling: Rand		**£1 Sterling: Dollar**	
	2018	2017	**2018**	2017
Year-end rate	**18.3723**	16.6686	**1.2690**	1.35028
Annual average	**17.5205**	17.1540	**1.3096**	1.29174

Revenue recognition restatement

During the review of revenue recognition in South Africa a revenue recognition error was identified in respect of the treatment of transport and loading costs to deliver export coal under certain export agreements. The costs in prior periods, had been incorrectly recorded as a deduction against revenue rather than shown as an operating cost. In the current year such costs have been recorded in operating costs and the comparatives restated accordingly.

The impact on the current year is to increase both revenue and operating costs by £3,101,000 and the prior year requires an equivalent restatement totalling £2,891,000. There is no profit or net assets impact as a result of the prior year restatement.

Going concern

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

In South Africa, a structured trade finance facility with Absa Bank Limited for R100million is held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black Wattle Colliery (Pty) Limited. The facility is renewable annually at 25 January and is secured against inventory, debtors and cash that are held in the group's South African operations. The Directors do not foresee any reason why the facility will not continue to be renewed at the next renewal date, in line with prior periods and based on their banking relationships. This facility comprises of a R100million revolving facility to cover the working capital requirements of the group's South African operations.

The directors expect that the coal market conditions experienced by Black Wattle Colliery, its direct mining asset, in 2018 and the first quarter of 2019 will be similar going into the remainder of 2019. The directors therefore have a reasonable expectation that the mine will achieve positive levels of cash generation for the group in 2019. As a consequence, the directors believe that the group is well placed to manage its South African business risks successfully.

In the UK, a £6 million term loan facility repayable in December 2019 is held with Santander Bank PLC. The loan is secured against the company's UK retail property portfolio. The amount repayable on the loan at year end was £5.9million (2017: £5.9million). The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR. . The group's intention is to enter into a new facility agreement prior to the termination of the existing facility agreement. Nonetheless the group has adequate financial resources at short notice, including cash and listed equity investments, to repay the existing facility should a new facility not be finalised prior to December 2019. In addition its investment property assets benefit from long term leases with the majority of its tenants.

As a result of the banking facilities held as well as the acceptable levels of profitability and cash generation the group's South African operations is expected to achieve for the next 12 months, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

International Financial Reporting Standards (IFRS)

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for accounting periods beginning 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers' was issued by the IASB in May 2014. It is effective for accounting periods beginning on or after 1 January 2018. The new standard replaces the existing accounting standards, and provides enhanced detail on the principle of recognising revenue to reflect the transfer of goods and services to customers at a value which the company expects to be entitled to receive. The standard also updates revenue disclosure requirements. The standard was endorsed by the EU on 22 September 2017. The Directors assessed the impact of IFRS 15 on the results of the Group and the only material impact related to the inclusion of UK property service charge income in revenue rather than being set off against service charge expenditure in operating costs. The impact on the current year was an increase in revenue and an increase in operating costs in the income statement of £137,000. Changes in accounting policies resulting from IFRS 15 have been applied using the full retrospective method, with no restatement of comparative information for prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period.

IFRS 9 was published in July 2014 and is effective for the group from 1 January 2018. The standard was endorsed by the EU on 22 November 2017. IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement" and is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model. The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for the recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and required the Group to reassess classification of financial assets into three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost. In addition, IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated as opposed to incurred credit losses are recognised which may result in earlier recognition of impairments. The only material impact of IFRS 9 on the Group financial statements related to the movement in fair value of the Groups held for trading (previously available for sale) investments and non-current other investments ("the investments"). Under IAS 39 the movement in the investments was measured at fair value through other comprehensive income and taken to an available for sale reserve. Under IFRS 9 the movements are measured at fair value through profit and loss and recorded in the income statement. The Group has not restated prior periods as allowed by the transition provisions of IFRS 9. In order to reclassify the impact of historic movements on the investments, an adjustment of £143,000 has been made to the Group statement of changes in equity at 1 January 2018 transferring the historical fair value movements of the investments from the available for sale reserve to retained earnings.

The Group has not adopted any Standards or Interpretations in advance of the required implementation dates. The following new and revised IFRS standards, which are applicable to the group, were issued but are not yet effective:

IFRS 16 'Leases' – IFRS 16 'Leases' was issued by the IASB in January 2017 and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 'Leases' and will eliminate the classification of leases as either operating leases or finance leases and, instead, introduce a single lessee accounting model. The standard, which has been endorsed by the EU, provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The Directors are currently evaluating the financial and operational impact of this standard including the application to service contracts at the mine containing leases. The review of the impact of IFRS 16 will require an assessment of all leases and the impact of adopting this standard cannot be reliably estimated until this work is substantially complete.

The Directors do not anticipate that the adoption of the other standards and interpretations not listed above will have a material impact on the accounts. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts.

We are committed to improving disclosure and transparency and will continue to work with our different stakeholders to ensure they understand the detail of these accounting changes. We continue to remain committed to a robust financial policy.

Key judgements and estimates

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

Life of mine and reserves
The directors consider their judgements and estimates surrounding the life of the mine and its reserves to have significant effect on the amounts recognised in the financial statements and to be an area where the financial statements are subject to significant estimation uncertainty. The life of mine remaining is currently estimated at 4 years. This life of mine is based on the group's existing coal reserves including reserves acquired but subject to regulatory approval of 1.9million tonnes. The life of mine excludes future coal purchases and coal reserve acquisitions. The group's estimates of proven and probable reserves are prepared utilising the South African code for the reporting of exploration results, mineral resources and mineral reserves (the SAMREC code) and are subject to assessment by an independent Competent Person experienced in the field of coal geology and specifically opencast and pillar coal extraction. Estimates of coal reserves impact assessments of the carrying value of property, plant and equipment, depreciation calculations and rehabilitation and decommissioning provisions. There are numerous uncertainties inherent in estimating coal reserves and changes to these assumptions may result in restatement of reserves. These assumptions include geotechnical factors as well as economic factors such as commodity prices, production costs and yield.

Depreciation, amortisation of mineral rights, mining development costs and plant & equipment
The annual depreciation/amortisation charge is dependent on estimates, including coal reserves and the related life of mine, expected development expenditure for probable reserves, the allocation of certain assets to relevant ore reserves and estimates of residual values of the processing plant. The charge can fluctuate when there are significant changes in any of the factors or assumptions used, such as estimating mineral reserves which in turn affects the life of mine or the expected life of reserves. Estimates of proven and probable reserves are prepared by an independent Competent Person. Assessments of depreciation/amortisation rates against the estimated reserve base are performed regularly. Details of the depreciation/amortisation charge can be found in note 12.

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

Impairment
Property, plant and equipment representing the group's mining assets in South Africa are reviewed for impairment at each reporting date. The impairment test is performed using the approved Life of Mine plan and those future cash flow estimates are discounted using asset specific discount rates and are based on expectations about future operations. The impairment test requires estimates about production and sales volumes, commodity prices, proven and probable reserves (as assessed by the Competent Person), operating costs and capital expenditures necessary to extract reserves in the approved Life of Mine plan. Changes in such estimates could impact recoverable values of these assets. Details of the carrying value of property, plant and equipment can be found in note 12.

The impairment test indicated significant headroom as at 31 December 2018 and therefore no impairment is considered appropriate. The key assumptions include: coal prices, including domestic coal prices based on recent pricing and assessment of market forecasts for export coal; production based on proven and probable reserves assessed by the independent Competent Person and yields associated with mining areas based on assessments by the Competent Person and empirical data. A 15% reduction in average forecast coal prices or a 17% reduction in yield would give rise to a breakeven scenario. However, the directors consider the forecasted yield levels and pricing to be appropriate and supportable best estimates.

Fair value measurements of investment properties
An assessment of the fair value of investment properties, is required to be performed. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged between market participants. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty. The directors note that the fair value measurement of the investment properties, can be considered to be less judgemental where external valuers have been used and as a result of the nature of the underlying assets. The fair value of investment property is set out in note 11, whilst the carrying value of investments in joint ventures which themselves include investment property held at fair value by the joint venture is set out at note 13.

Measurement of development property
The development property included within the group's joint venture investment in West Ealing Projects limited is considered by Management to fall outside the scope of investment property. A property intended for sale in the ordinary course of business or in the process of construction or development for such sale, for example, property acquired exclusively with a view to subsequent disposal in the near future or for development and resale is expected to be recorded under the accounting standard of IAS 2 Inventories. The directors have discussed the commercial approach with the directors of the underlying joint venture and the current plan is to obtain further planning permission for the development and then sell or to complete the development and sell. The Directors therefore consider the accounting treatment of the property development under IAS 2 Inventories to be correct.

IAS 2 Inventories require the capitalised costs to be held at the lower of cost or Net realisable value. At 31 December 2018, the costs capitalised within the development based on a director's appraisal for the property estimated the net realisable value at a surplus over the cost for the development. The directors have reviewed the underlying inputs and key assumptions made in the appraisal and consider them adequate. However, such information is by nature subject to uncertainty. The cost of the development property is set out in note 12.

Basis of consolidation

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

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

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

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

Revenue

Revenue comprises sales of coal and property rental income. Coal revenue is recognised when the customer has a legally binding obligation to settle under the terms of the contract when the performance obligations have been satisfied, which is once control of the goods has transferred to the buyer at the delivery point. Coal Revenue is measured based on consideration specified in the contract with a customer on a per metric tonne basis.

Export revenue is generally recognised when the product is delivered to the export terminal location specified in the customer contract, at which point control of the goods have been transferred to the customer. Domestic coal revenues are generally recognised on collection by the customer from the mine or from the mine's rail siding when loaded into transport, where the customer pays the transportation costs. Fulfilment costs to satisfy the performance obligations of coal revenues such as transport and loading costs borne by the group from the mine to the delivery point are recoded in operating costs.

Rental income is recognised in the group income statement on a straight-line basis over the term of the lease. This includes the effect of lease incentives. Service charges recoverable from tenants are recognised over time as the service is rendered.

Expenditure

Expenditure is recognised in respect of goods and services received. Where coal is purchased from third parties at point of extraction the expenditure is only recognised when the coal is extracted and all of the significant risks and rewards of ownership have been transferred.

Investment properties

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

Mining reserves, plant and equipment and development cost

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

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

Post production stripping

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

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

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

The group depreciates deferred costs capitalised as stripping assets on a unit of production method, with reference the tons mined and reserve of the relevant ore body component or phase. The cost is recognised within Mine development costs within the balance sheet.

Other assets and depreciation

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

The depreciation rates generally applied are:

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

Provisions

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

A provision for rehabilitation of the mine is initially recorded at present value and the discounting effect is unwound over time as a finance cost. Changes to the provision as a result of changes in estimates are recorded as an increase / decrease in the provision and associated decommissioning asset. The decommissioning asset is depreciated in line with the group's depreciation policy over the life of mine.

The provision includes the restoration of the underground, opencast, surface operations and de-commissioning of plant and equipment. The timing and final cost of the rehabilitation is uncertain and will depend on the duration of the mine life and the quantities of coal extracted from the reserves.

Employee benefits

Share based remuneration
The company operates a share option scheme. The fair value of the share option scheme is determined at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. The fair value of options granted is calculated using a binomial or Black-Scholes-Merton model. Payments made to employees on the cancellation or settlement of options granted are accounted for as the repurchase of an equity interest, ie as a deduction from equity. Details of the share options in issue are disclosed in the Directors' Remuneration Report on page 39 under the heading Share option schemes which is within the audited part of that report.

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

Foreign currencies

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

For consolidation purposes, income and expense items are included in the consolidated income statement at average rates, and assets and liabilities are translated at year end exchange rates. Translation differences arising on consolidation are recognised in other comprehensive income. Foreign exchange differences on intercompany loans are recorded in other comprehensive income when the loans are not considered as trading balances and are not expected to be repaid in the foreseeable future. Where foreign operations are disposed of, the cumulative exchange differences of that foreign operation are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

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

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVPL") depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

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

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

Investments
Current financial asset investments and other investments classified as non-current ("The investments") comprise of shares in listed companies. The investments are measured at fair value. Any changes in fair value are recognised in the profit or loss account and accumulated in retained earnings.

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

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

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

Joint ventures

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

Inventories

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

Impairment

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

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

Deferred tax

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

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

Dividends

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

Cash and cash equivalents

Cash comprises cash in hand and on-demand deposits. Cash and cash equivalents comprises short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and original maturities of three months or less. The cash and cash equivalents shown in the cashflow statement are stated net of bank overdrafts that are repayable on demand as per IAS 7. This includes the structured trade finance facility held in South Africa as detailed in note 22. These facilities are considered to form an integral part of the treasury management of the group and can fluctuate from positive to negative balances during the period.

Segmental reporting

For management reporting purposes, the group is organised into business segments distinguishable by economic activity. The group's material business segments are mining activities and investment properties. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the group reports its segment information. This is consistent with the way the group is managed and with the format of the group's internal financial reporting. Significant revenue from transactions with any individual customer, which makes up 10 percent or more of the total revenue of the group, is separately disclosed within each segment. All coal exports are sales to coal traders at Richard Bay's terminal in South Africa with the risks and rewards passing to the coal trader at the terminal. Whilst the coal traders will ultimately sell the coal on the international markets the Company has no visibility over the ultimate destination of the coal. Accordingly, the export sales are recorded as South African revenue.

Notes to the financial statements

for the year ended 31 December 2018

1. SEGMENTAL REPORTING

	2018			
Business analysis	Mining £'000	Property £'000	Other £'000	**Total £'000**
Significant revenue customer A	34,112	-	-	**34,112**
Significant revenue customer B	11,557	-	-	**11,557**
Significant revenue customer C	1,040	-	-	**1,040**
Other revenue	1,957	1,232	47	**3,236**
Segment revenue	**48,666**	**1,232**	**47**	**49,945**
Operating (loss)/profit before fair value adjustments & exchange movements	6,093	838	44	**6,975**
Revaluation of investments & exchange movements	(63)	(215)	(171)	**(449)**
Operating profit and segment result	**6,030**	**623**	**(127)**	**6,526**
Segment assets	**15,809**	**14,333**	**906**	**31,048**
Unallocated assets				
– Non-current assets				**2**
– Cash & cash equivalents				**9,221**
Total assets excluding investment in joint ventures and assets held for sale				**40,271**
Segment liabilities	(8,729)	(2,392)	(210)	**(11,331)**
Borrowings	(4,287)	(5,840)	-	**(10,127)**
Total liabilities	**(13,016)**	**(8,232)**	**(210)**	**(21,458)**
Net assets				**18,813**
Non segmental assets				
– Investment in joint ventures				**1,322**
Net assets as per balance sheet				**20,135**

Geographic analysis	United Kingdom £'000	South Africa £'000	**Total £'000**
Revenue	1,279	48,666	**49,945**
Operating profit/(loss) and segment result	441	6,085	**6,526**
Non-current assets excluding investments	13,231	8,530	**21,761**
Total net assets	15,567	4,568	**20,135**
Capital expenditure	17	2,864	**2,881**

1. SEGMENTAL REPORTING CONTINUED

Business analysis	2017 Mining £'000 Restated	Property £'000	Other £'000	Total £'000 Restated
Significant revenue customer A	27,528	-	-	**27,528**
Significant revenue customer B	10,117	-	-	**10,117**
Significant revenue customer C	412	-	-	**412**
Other revenue	1,134	1,125	34	**2,293**
Segment revenue	39,191	1,125	34	**40,350**
Operating (loss)/profit before fair value adjustments & exchange movements	3,104	897	28	**4,029**
Revaluation of investments & exchange movements	(256)	(13)	3	**(266)**
Operating profit and segment result	2,848	884	31	**3,763**
Segment assets	13,500	13,803	3,050	**30,353**
Unallocated assets				
– Non-current assets				**3**
– Cash & cash equivalents				**5,327**
Total assets excluding investment in joint ventures and assets held for sale				**35,683**
Segment liabilities	(9,238)	(2,270)	(214)	**(11,722)**
Borrowings	(1,329)	(5,832)	-	**(7,161)**
Total liabilities	(10,567)	(8,102)	(214)	**(18,883)**
Net assets				**16,800**
Non segmental assets				
– Investment in joint ventures				**874**
Net assets as per balance sheet				**17,674**

Geographic analysis	United Kingdom £'000	South Africa £'000 Restated	Total £'000 Restated
Revenue	1,159	39,191	**40,350**
Operating profit/(loss) and segment result	854	2,909	**3,763**
Non-current assets excluding investments	13,400	8,610	**22,010**
Total net assets	13,416	4,258	**17,674**
Capital expenditure	13	1,741	**1,754**

2. REVENUE

	2018 £'000	2017 £'000 Restated
Revenue from contracts with customers:		
Coal Sales	**48,666**	39,191
Service charges recoverable from tenants	**137**	-
Other:		
Rental income	**1,095**	1,125
Other revenue	**47**	34
Revenue	**49,945**	40,350

Segmental mining revenue is derived principally from coal sales and is recognised once the control of the goods has transferred from the group to the buyer. Segmental property revenue is derived from rental income and service charges recoverable from tenants. This is consistent with the revenue information disclosed for each reportable segment (see note 1). Rental income is recognised on a straight-line basis over the term of the lease. Service charges recoverable from tenants are recognised over time as the service is rendered. Revenue is measured based on the consideration specified in the contract with the customer or tenant.

3. OPERATING COSTS

	2018 £'000	2017 £'000 Restated
Mining	**34,443**	28,555
Property	**338**	151
Cost of sales	**34,781**	28,706
Administration	**8,189**	7,615
Operating costs	**42,970**	36,321
The direct property costs are:		
Ground rent	**11**	8
Direct property expense	**297**	130
Bad debts	**30**	13
	338	151

Operating costs above include depreciation of £2,113,000 (2017: £1,790,000).

4. (LOSS)/GAIN ON REVALUATION OF INVESTMENT PROPERTIES

The reconciliation of the investment surplus to the gain on revaluation of investment properties in the income statement is set out below:

	2018 £'000	2017 £'000
Investment (deficit)/surplus	**(248)**	16
Gain/(Loss) on valuation movement in respect of head lease payments	**33**	(29)
Loss on revaluation of investment properties	**(215)**	(13)

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2018 £'000	2017 £'000
Staff costs (see note 29)	**7,335**	6,396
Depreciation	**2,113**	1,790
Exchange loss	**63**	256
Fees payable to the company's auditor for the audit of the company's annual accounts	**56**	41
Fees payable to the company's auditor and its associates (2017: affiliate) for other services:		
The audit of the company's subsidiaries pursuant to legislation	**22**	10
Audit related services	**1**	1
Non-audit related services	**6**	1

The directors consider the auditors were best placed to provide the above non-audit and audit related services which refer to regulatory matters. The audit committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

6. DIRECTORS' EMOLUMENTS

Directors' emoluments are shown in the Directors' remuneration report on page 38 which is within the audited part of that report.

7. INTEREST PAYABLE

	2018 £'000	2017 £'000
On bank overdrafts and bank loans	**539**	443
Unwinding of discount	**43**	92
Other interest payable	**59**	129
Interest payable	**641**	664

8. TAXATION

	2018 £'000	2017 £'000
(a) Based on the results for the year:		
Current tax - UK	**-**	231
Current tax - Overseas	**2,026**	136
Corporation tax - adjustment in respect of prior year – UK	**(19)**	(5)
Current tax	**2,007**	362
Deferred tax	**(91)**	202
Total tax in income statement charge	**1,916**	564

8. TAXATION CONTINUED

	2018 £'000	2017 £'000
(b) Factors affecting tax charge for the year:		
The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 19.00% (2017: 19.25%).		
The differences are explained below:		
Profit on ordinary activities before taxation	**5,959**	1,485
Tax on profit on ordinary activities at 19.00% (2017: 19.25%)	**1,132**	286
Effects of:		
Expenses not deductible for tax purposes	**56**	107
Adjustment to tax rate	**623**	201
Other differences	**124**	(27)
Adjustment in respect of prior years	**(19)**	(3)
Total tax in income statement (credit) / charge	**1,916**	564
(c) Analysis of United Kingdom and overseas tax:		
United Kingdom tax included in above:		
Corporation tax	**-**	231
Adjustment in respect of prior years	**(19)**	(5)
Current tax	**(19)**	226
Deferred tax	**(175)**	(197)
	(194)	29
Overseas tax included in above:		
Current tax	**2,026**	136
Deferred tax	**84**	399
	2,110	535

Overseas tax is derived from the group's South African mining operation. Refer to note 1 for a report on the groups' mining and South African segmental reporting. The adjustment to tax rate arises due to the corporation tax rate assessed in South Africa for the year being different from that in the UK. The South African rate assessed is 28% (2017: 28%).

9. SHAREHOLDER DIVIDENDS

	2018 Per share	2018 £'000	2017 Per share	2017 £'000
Dividends paid during the year relating to the prior period	**5.00p**	**534**	4.00p	427
Dividends relating to the current period:				
Interim dividend for 2018 paid on 8 February 2019	**1.00p**	**107**	1.00p	107
Proposed final dividend for 2018	**3.00p**	**320**	3.00p	320
Proposed special dividend for 2018	**2.00p**	**214**	1.00p	107
	6.00p	**641**	5.00p	534

The dividends relating to the current period are not accounted for until they have been approved at the Annual General Meeting. The amount, in respect of 2018, will be accounted for as an appropriation of retained earnings in the year ending 31 December 2019.

10. PROFIT AND DILUTED PROFIT PER SHARE

Both the basic and diluted profit per share calculations are based on a profit after tax of £3,314,000 (2017: £749,000). The basic profit per share has been calculated on a weighted average of 10,676,839 (2017: 10,676,839) ordinary shares being in issue during the period. The diluted profit per share has been calculated on the weighted average number of shares in issue of 10,676,839 (2017: 10,676,839) plus the dilutive potential ordinary shares arising from share options of 67,350 (2017: nil) totalling 10,744,189 (2017: 10,676,839).

Share options exercisable as at 31 December 2018 do not have a dilutive effect as the average market price of ordinary shares during the period does not exceed the exercise price of the options.

11. INVESTMENT PROPERTIES

	Freehold £'000	Long Leasehold £'000	**Total £'000**
Valuation at 1 January 2018	10,550	2,695	**13,245**
Additions	15	-	**15**
Revaluation	(215)	-	**(215)**
Valuation at 31 December 2018	**10,350**	**2,695**	**13,045**
Valuation at 1 January 2017	**10,550**	**2,695**	**13,245**
Addition	13	-	**13**
Revaluation	(13)	-	**(13)**
Valuation at 31 December 2017	**10,550**	**2,695**	**13,245**
Historical cost			
At 31 December 2018	**5,851**	**728**	**6,579**
At 31 December 2017	5,836	728	**6,564**

Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years. All investment properties are held for use in operating leases and all properties generated rental income during the period.

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

	2018 £'000	2017 £'000
Carter Towler	**13,045**	13,245

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

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

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

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

11. INVESTMENT PROPERTIES CONTINUED

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

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

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

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

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

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

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

Class of property Level 3	**Valuation technique**	**Key unobservable inputs**	**Carrying/ fair value 2018 £'000**	Carrying/ fair value 2017 £'000	**Range (weighted average) 2018**	Range (weighted average) 2017
Freehold – external valuation	Income capitalisation	Estimated rental value per sq ft p.a	**10,350**	10,550	**£7 – £28 (£20)**	£7 – £25 (£18)
		Equivalent Yield			**8.4% – 11.8% (9.3%)**	7.1% – 11.0% (8.7%)
Long leasehold – external valuation	Income capitalisation	Estimated rental value per sq ft p.a	**2,695**	2,695	**£8 – £8 (£8)**	**£8 – £8 (£8)**
		Equivalent yield			**7.9% – 7.9% (7.9%)**	**7.7% – 7.7% (7.7%)**
At 31 December 2018			**13,045**	13,245		

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

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

	Estimated rental value 10% increase or decrease 2018 £'000	2017 £'000	**Equivalent yield 25 basis point contraction or expansion 2018 £'000**	2017 £'000
Freehold – external valuation	**1,035 / (1,035)**	1,055 / (1,055)	**292 / (276)**	331 / (311)
Long Leasehold – external valuation	**270 / (270)**	270 / (270)	**88 / (83)**	90 / (85)

12. MINING RESERVES, PLANT AND EQUIPMENT

	Mining reserves £'000	Mining equipment and development costs £'000	Motor vehicles £'000	Office equipment £'000	**Total £'000**
Cost at 1 January 2018	1,367	25,902	200	158	**27,627**
Exchange adjustment	(127)	(2,531)	(22)	(9)	**(2,689)**
Additions	-	2,777	75	14	**2,866**
Disposals	-	-	-	-	**-**
Cost at 31 December 2018	**1,240**	**26,148**	**253**	**163**	**27,804**
Accumulated depreciation at 1 January 2018	1,309	17,441	135	129	**19,014**
Exchange adjustment	(122)	(1,712)	(14)	(6)	**(1,854)**
Charge for the year	26	2,048	30	9	**2,113**
Disposals	-	-	-	-	**-**
Accumulated depreciation at 31 December 2018	**1,213**	**17,777**	**151**	**132**	**19,273**
Net book value at 31 December 2018	**27**	**8,371**	**102**	**31**	**8,531**
Cost at 1 January 2017	1,345	23,724	235	146	**25,450**
Exchange adjustment	22	447	3	2	**474**
Additions	-	1,731	-	10	**1,741**
Disposals	-	-	(38)	-	**(38)**
Cost at 31 December 2017	**1,367**	**25,902**	**200**	**158**	**27,627**
Accumulated depreciation at 1 January 2017	1,287	15,370	154	119	**16,930**
Exchange adjustment	21	308	2	1	**332**
Charge for the year	1	1,763	17	9	**1,790**
Disposals	-	-	(38)	-	**(38)**
Accumulated depreciation at 31 December 2017	**1,309**	**17,441**	**135**	**129**	**19,014**
Net book value at 31 December 2017	**58**	**8,461**	**65**	**29**	**8,613**

13. INVESTMENTS HELD AS NON-CURRENT ASSETS

	2018 Net investment in joint ventures assets £'000	**2018 Other £'000**	2017 Net investment in joint ventures assets £'000	2017 Other £'000
At 1 January	**874**	**55**	1,321	36
Reclassification IFRS 9	**-**	**(4)**	-	-
Share of (loss)/gain in investment	**-**	**(15)**	-	19
Additions	**500**	**-**		
Exchange adjustment	**-**	**(1)**	(8)	-
Share of (loss)/gain in joint ventures	**(52)**	**-**	8	-
Write-off of investment	**-**	**-**	(447)	-
Net assets at 31 December	**1,322**	**35**	874	55
Loan to joint venture (Ezimbokodweni):				
At 1 January	**-**	**-**	1,350	-
Exchange adjustments	**-**	**-**	(16)	-
Additions - interest	**-**	**-**	46	-
Write-off of loan	**-**	**-**	(1,380)	-
At 31 December	**-**	**-**	-	-
At 31 December	**1,322**	**35**	874	55
Provision for diminution in value:				
At 1 January	**-**	**(4)**	-	(4)
Reclassification IFRS 9	**-**	**4**	-	-
At 31 December	**-**	**-**	-	(4)
Net book value at 31 December	**1,322**	**35**	874	51

	2018 £'000	2017 £'000
Net book value of unquoted investments	**-**	-
Net book and market value of investments listed on overseas stock exchanges	**35**	51
	35	51

The adoption of IFRS 9 has resulted in the reclassification of the group's non-current other investments. In the prior year the investments were classified as available for sale investments measured at fair value with movements taken through other comprehensive income and available for sale reserves. In the current year the investments were reclassified as non-current other investments held at fair value with movements taken through profit and loss and retained earnings. The Group has not restated prior periods as allowed by the transition provisions of IFRS 9.

14. JOINT VENTURES

Dragon Retail Properties Limited

The company owns 50% of the issued share capital of Dragon Retail Properties Limited, an unlisted property investment company. At year end, the carrying value of the investment held by the group was £815,000 (2017: £874,000). The remaining 50% is held by London & Associated Properties PLC. Dragon Retail Properties Limited is incorporated in England and Wales and its registered address is 24 Bruton Place, London, W1J 6NE. It has issued share capital of 500,000 (2017: 500,000) ordinary shares of £1 each. No dividends were received during the period.

West Ealing Projects Limited

The company owns 50% of the issued share capital of West Ealing Projects Limited, an unlisted property development company. At year end, the carrying value of the investment held by the group was £507,000 (2017: £nil). The remaining 50% is held by London & Associated Properties PLC. West Ealing Projects Limited is incorporated in England and Wales and its registered address is 24 Bruton Place, London, W1J 6NE. It has issued share capital of 1,000,000 (2017: £nil) ordinary shares of £1 each. No dividends were received during the period.

	Dragon 50% £'000	West Ealing 50% £'000	**2018 £'000**	2017 £'000
Turnover	**83**	**12**	**95**	**83**
Profit and loss:				
(Loss)/Profit before depreciation, interest and taxation	(53)	8	**(45)**	26
Depreciation and amortisation	(6)	-	**(6)**	(6)
(Loss)/Profit before interest and taxation	(59)	8	**(51)**	20
Interest Income	51	-	**51**	68
Interest expense	(68)	-	**(68)**	(83)
(Loss)/Profit before taxation	(76)	8	**(68)**	5
Taxation	17	(1)	**16**	3
(Loss)/Profit after taxation	**(59)**	**7**	**(52)**	8
Balance sheet				
Non-current assets	**1,235**	**-**	**1,235**	1,317
Cash and cash equivalents	45	22	**67**	46
Property inventory	-	3,099	**3,099**	-
Other current assets	207	39	**246**	1,218
Current borrowings	-	-	**-**	-
Other current liabilities	(73)	(951)	**(1,024)**	(1,062)
Net current assets	**179**	**2,209**	**2,388**	202
Non-current borrowings	(582)	(1,702)	**(2,284)**	(609)
Other non-current liabilities	(17)	-	**(17)**	(36)
Share of net assets at 31 December	**815**	**507**	**1,322**	874

15. SUBSIDIARY COMPANIES

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

	Activity	Percentage of share capital	Registered address	Country of incorporation
Mineral Products Limited	Share dealing	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi (Properties) Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Northampton Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Trustee Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Urban First (Northampton) Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Mining (Exploration) Limited	Holding company	100%	24 Bruton Place, London, W1J6NE	England and Wales
Ninghi Marketing Limited	Dormant	90.1%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Mining Managements Services Limited	Dormant	100%	24 Bruton Place, London, W1J6NE	England and Wales
Black Wattle Colliery (Pty) Limited	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Bisichi Coal Mining (Pty) Limited	Coal mining	100%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Sisonke Coal Processing (Pty) Limited	Coal processing	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Black Wattle Klipfontein (Pty) Limited	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Amandla Ehtu Mineral Resource Development (Pty) Limited	Dormant	70%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa

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

16. INVENTORIES

	2018 £'000	2017 £'000
Coal		
Washed	**777**	301
Mining Production	**316**	286
Work in progress	**378**	227
Other	**40**	14
	1,511	828

17. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Financial assets falling due within one year:		
Trade receivables	**5,311**	3,908
Amount owed by joint venture	**752**	2,000
Other receivables	**337**	415
Non-financial instruments falling due within one year:		
Prepayments and accrued income	**437**	94
	6,837	6,417

Financial assets falling due within one year are held at amortised cost. The fair value of trade and other receivables approximates their carrying amounts. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. At year end, the group allowance for doubtful debts provided against trade receivables was £12,000 (2017: £19,000). There was no additional loss allowance or impairment required during the year as a result of the implementation of IFRS 9.

18. INVESTMENTS IN LISTED SECURITIES HELD AT FVPL (PREVIOUSLY CLASSIFIED AS AVAILABLE FOR SALE INVESTMENTS)

	2018 £'000	2017 £'000
Market value of listed Investments:		
Listed in Great Britain	**847**	1,003
Listed outside Great Britain	**40**	47
	887	1,050
Original cost of listed investments	**916**	922
Unrealised surplus / deficit of market value versus cost	**(29)**	128

The adoption of IFRS 9 has resulted in the reclassification of the groups Investments in listed securities. In the prior year the investments were classified as available for sale investments measured at fair value with movements taken through other comprehensive income and available for sale reserves. In the current year the investments were reclassified as Investments in listed securities held at fair value with movements taken through profit and loss and retained earnings. The Group has not restated prior periods as allowed by the transition provisions of IFRS 9.

19. TRADE AND OTHER PAYABLES

	2018 £'000	2017 £'000
Trade payables	**3,949**	3,771
Amounts owed to joint ventures	**192**	192
Other payables	**1,791**	1,402
Accruals	**1,089**	1,787
Deferred Income	**236**	229
	7,257	7,381

20. FINANCIAL LIABILITIES – BORROWINGS

	Current		Non-current	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Bank overdraft (secured)	**3,535**	1,262	**-**	-
Bank loan (secured)	**6,045**	26	**547**	5,872
	9,580	1,288	**547**	5,872

	2018	2017
	£'000	£'000
Bank overdraft and loan instalments by reference to the balance sheet date:		
Within one year	**9,580**	1,288
From one to two years	**223**	17
From two to five years	**324**	5,855
	10,127	7,160
Bank overdraft and loan analysis by origin:		
United Kingdom	**5,840**	5,832
Southern Africa	**4,287**	1,328
	10,127	7,160

In South Africa, as part of a restructuring and sale of the washing plant facilities from Black Wattle Colliery (Pty) Limited ("Black Wattle") to its wholly owned subsidiary Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing"), the R100million bank overdraft facility held by Black Wattle with Absa Bank Limited at year end ("old trade facility") was replaced in January 2019 by a new structured trade finance facility for R100million held by Sisonke Coal Processing ("new trade facility"). The South African bank loans are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan which are included in the financial statements at a value of £8,640,000.

The United Kingdom bank loans and overdraft are secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £13,045,000. During the year the group reduced its UK loan by £14,000 in order to rectify a breach of one of its UK loan banking covenants. No other banking covenants were breached by the group during the year.

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

	2018	2017
	£'000	£'000
Total bank loans and overdraft	**10,127**	7,160
Less cash and cash equivalents (excluding overdraft)	**(9,221)**	(5,327)
Net debt	**906**	1,833
Total equity attributable to shareholders of the parent	**19,569**	17,142
Gearing	**4.6%**	10.7%

Analysis of the changes in liabilities arising from financing activities:

	Bank borrowings (including overdraft)	Finance leases	**2018**	2017
	£'000	£'000	**£'000**	£'000
Balance at 1 January	7,160	152	**7,312**	9,415
Exchange adjustments	(273)	-	**(273)**	(4)
Cash movements excluding exchange adjustments	3,240	-	**3,240**	(2,070)
Valuation movements	-	33	**33**	(29)
Balance at 31 December	10,127	185	**10,312**	7,312

21. PROVISION FOR REHABILITATION

	2018 £'000	2017 £'000
As at 1 January	**1,349**	1,236
Exchange adjustment	**(150)**	21
Increase in provision	**329**	-
Unwinding of discount	**43**	92
As at 31 December	**1,571**	1,349

22. FINANCIAL INSTRUMENTS

Total financial assets and liabilities

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

	Financial Assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Investments held at FVPL £'000	**2018 £'000**	2017 £'000
Cash and cash equivalents	9,221	-	-	**9,221**	5,327
Non-current other investments held at FVPL (previously classified as other investments available for sale)	-	-	35	**35**	51
Investments in listed securities held at FVPL (previously classified as Available for sale investments)	-	-	887	**887**	1,050
Trade and other receivables	6,400	-	-	**6,400**	6,323
Bank borrowings and overdraft	-	(10,127)	-	**(10,127)**	(7,160)
Finance leases	-	(185)	-	**(185)**	(152)
Other liabilities	-	(7,113)	-	**(7,113)**	(7,152)
	15,621	17,425	922	**(882)**	(1,713)

Investments in listed securities held at fair value through profit and loss (previously classified as Available for sale investments) fall under level 1 of the fair value hierarchy into which fair value measurements are recognised in accordance with the levels set out in IFRS 7. The comparative figures for 2017 fall under the same category of financial instrument as 2018.

The carrying amount of short term (less than 12 months) trade receivable and other liabilities approximate their fair values. The fair value of non-current borrowings in note 20 approximates its carrying value and was determined under level 2 of the fair value hierarchy and is estimated by discounting the future contractual cash flows at the current market interest rates for UK borrowings and for the South African overdraft facility. The fair value of the finance lease liabilities in note 31 approximates its carrying value and was determined under level 2 of the fair value hierarchy and is estimated by discounting the future contractual cash flows at the current market interest rates.

22. FINANCIAL INSTRUMENTS CONTINUED

Treasury policy

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

Interest rate risk

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

As at 31 December 2018, with other variables unchanged, a 1% increase or decrease in interest rates, on investments and borrowings whose interest rates are not fixed, would respectively change the profit/loss for the year by £101,000 (2017: £82,000). The effect on equity of this change would be an equivalent decrease or increase for the year of £101,000 (2017: £82,000).

Liquidity risk

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

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

	2018 £'000	2017 £'000
Within one year	**17,329**	9,110
From one to two years	**290**	198
From two to five years	**392**	6,054
Beyond five years	**127**	105
	18,138	15,467

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

	2018 £'000	2017 £'000
Within one month	**3,627**	3,824
From one to three months	**3,117**	2,278
From four to twelve months	**10,585**	3,008
	17,329	9,110

22. FINANCIAL INSTRUMENTS CONTINUED

In South Africa, as part of the restructuring and sale of the washing plant facilities from Black Wattle Colliery (Pty) Limited ("Black Wattle") to its wholly owned subsidiary Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing"), the R100million facility held by Black Wattle with Absa Bank Limited at year end ("old trade facility") was replaced in January 2019 by a new structured trade finance facility for R100million held by Sisonke Coal Processing ("new trade facility").

The new trade facility comprises of a R100million revolving facility to cover the working capital requirements of the group's South African operations. The interest cost of the loan is at the South African prime lending rate. The new trade facility is renewable annually each January, is repayable on demand and is secured against inventory, debtors and cash that are held by Sisonke Coal Processing (Pty) Limited.

The old trade facility, which was also repayable on demand, is included in cash and cash equivalents within the cashflow statement.

In December 2014, the group signed a £6 million term loan facility with Santander. The loan is secured against the group's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term in December 2019. The interest cost of the loan is 2.35% above LIBOR. The group's intention is to enter into a new facility agreement prior to the termination of the existing facility agreement. Nonetheless the group has adequate financial resources to repay the existing facility should a new facility not be finalised prior to December 2019.

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

Credit risk

The group is mainly exposed to credit risk on its cash and cash equivalents, trade and other receivables and amounts owed by joint ventures as per the balance sheet. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet which at year end amounted to £15,621,000 (2017: £11,650,000).

To mitigate risk on its cash and cash equivalents, the group only deposits surplus cash with well-established financial institutions of high quality credit standing.

The group's credit risk is primarily attributable to its trade receivables. Trade debtor's credit ratings are reviewed regularly. The Group's review includes measures such as the use of external ratings and establishing purchase limits for each customer. The group had amounts due from its significant revenue customers at the year end that represented 92% (2017: 93%) of the trade receivables balance. These amounts have been subsequently settled. The Group approach to measure the credit loss allowance for trade receivables is outlined in note 17. At year end, the group allowance for doubtful debts provided against trade receivables was £12,000 (2017: £19,000). As at year end the amount of trade receivables held past due date less credit loss allowances was £17,000 (2017: £24,000). To date, the amount of trade receivables held past due date less credit loss allowances that has not subsequently been settled is £14,000 (2017: £18,000). Management have no reason to believe that this amount will not be settled.

The Group exposure to credit risk on its loans to joint ventures and other receivables is mitigated through ongoing review of the underlying performance and resources of the counterparty including evaluation of different scenarios of probability of default and expected loss applicable to each of the underlying balances

Financial assets maturity

On 31 December 2018, cash at bank and in hand amounted to £9,221,000 (2017: £5,327,000) which is invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates. Cash and cash equivalents all have a maturity of less than 3 months.

Foreign exchange risk

All trading is undertaken in the local currencies except for certain export sales which are invoiced in dollars. It is not the group's policy to obtain forward contracts to mitigate foreign exchange risk on these contracts as payment terms are within 15 days of invoice or earlier. Funding is also in local currencies other than inter-company investments and loans and it is also not the group's policy to obtain forward contracts to mitigate foreign exchange risk on these amounts. During 2018 and 2017 the group did not hedge its exposure of foreign investments held in foreign currencies.

The principle currency risk to which the group is exposed in regard to inter-company balances is the exchange rate between Pounds sterling and South African Rand. It arises as a result of the retranslation of Rand denominated inter-company trade receivable balances held within the UK which are payable by South African Rand functional currency subsidiaries.

Based on the group's net financial assets and liabilities as at 31 December 2018, a 25% strengthening of Sterling against the South African Rand, with all other variables held constant, would decrease the group's profit after taxation by £130,000 (2017: £34,000). A 25% weakening of Sterling against the South African Rand, with all other variables held constant would increase the group's profit after taxation by £216,000 (2017: £56,000).

The 25% sensitivity has been determined based on the average historic volatility of the exchange rate for 2017 and 2018.

22. FINANCIAL INSTRUMENTS CONTINUED

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

	2018 £'000	2017 £'000
Sterling	**6,897**	3,402
South African Rand	**2,322**	1,923
US Dollar	**2**	2
	9,221	5,327

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

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

2018:	**Sterling £'000**	**South African Rands £'000**
Sterling	**1,042**	**-**
South African Rand	**37**	**(1,974)**
US Dollar	**13**	**-**
	1,092	**(1,974)**

2017:	Sterling £'000	South African Rands £'000
Sterling	(832)	-
South African Rand	54	(1,304)
US Dollar	13	-
	(765)	(1,304)

23. DEFERRED TAXATION

	2018 £'000	2017 £'000
As at 1 January	**2,485**	2,248
Recognised in income	**(91)**	202
Exchange adjustment	**(168)**	35
As at 31 December	**2,226**	2,485
The deferred tax balance comprises the following:		
Revaluation of properties	**636**	691
Capital allowances	**2,369**	2,389
Short term timing difference	**(662)**	(513)
Unredeemed capital deductions	**-**	(80)
Losses and other deductions	**(117)**	(2)
	2,226	2,485

Refer to note 8 for details of deferred tax recognised in income in the current year. Tax rates of 17% (2017: 17%) in the UK and 28% (2017: 28%) in South Africa were utilised to calculate year end deferred tax balances.

24. SHARE CAPITAL

	2018 £'000	2017 £'000
Authorised: 13,000,000 ordinary shares of 10p each	**1,300**	1,300

Allotted and fully paid:

	2018 Number of ordinary shares	2017 Number of ordinary shares	2018 £'000	2017 £'000
At 1 January and outstanding at 31 December	**10,676,839**	10,676,839	**1,068**	1,068

25. OTHER RESERVES

	2018 £'000	2017 £'000
Equity share options	**621**	597
Net investment premium on share capital in joint venture	**86**	86
	707	683

26. SHARE BASED PAYMENTS

Details of the share option scheme are shown in the Directors' remuneration report on page 39 under the heading Share option schemes which is within the audited part of this report. Further details of the share option schemes are set out below.

The Bisichi Mining PLC Unapproved Option Schemes:

Year of grant	Subscription price per share	Period within which options exercisable	Number of share for which options outstanding at 31 December 2017	Number of share options lapsed/ surrendered/ awarded during year	Number of share for which options outstanding at 31 December 2018
2010	**202.5p**	**Aug 2013 – Aug 2020**	80,000	(80,000)	**-**
2015	**87.0p**	**Sep 2015 – Sep 2025**	300,000	-	**300,000**
2018	**73.50p**	**Feb 2018 – Feb 2028**	-	380,000	**380,000**

On the 5 February 2018 the company entered into an agreement with G. Casey to surrender the 80,000 options which were granted in 2010. The aggregate consideration paid by the group to effect the cancellation was £1.

There are no performance or service conditions attached to 2015 options which are outstanding at 31 December 2018 which vested in 2015.

On 6 February 2018 the company granted additional options to the following directors of the company:

- A. Heller 150,000 options at an exercise price of 73.50p per share.
- G. Casey 230,000 options at an exercise price of 73.50p per share.

The above options vest on date of grant and are exercisable within a period of 10 years from date of grant. There are no performance or service conditions attached to the options. The options were valued at £24,000 at date of grant using the Black-Scholes-Merton model with the following assumptions:

Expected volatility	23.90%
Expected life	4 years
Risk free rate	0.785%
Expected dividends	6.71%

26. SHARE BASED PAYMENTS CONTINUED

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

	2018 Number	**2018 Weighted average exercise price**	2017 Number	2017 Weighted average exercise price
Outstanding at 1 January	**380,000**	**111.3p**	380,000	111.3p
Lapsed/Surrendered during the year	**(80,000)**	**202.5p**	-	-
Issued during the year	**380,000**	**73.5p**	-	-
Outstanding at 31 December	**680,000**	**79.46p**	380,000	111.3p
Exercisable at 31 December	**680,000**	**79.46p**	380,000	111.3p

27. NON-CONTROLLING INTEREST

	2018 £'000	2017 £'000
As at 1 January	**532**	349
Share of profit/(loss) for the year	**729**	172
Dividends received	**(641)**	-
Exchange adjustment	**(54)**	11
As at 31 December	**566**	532

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

	2018 £'000	2017 £'000 Restated
Revenue	**48,666**	39,191
Expenses	**(43,801)**	(38,041)
Profit/(loss) for the year	**4,865**	1,150
Other comprehensive Income	**-**	-
Total comprehensive income for the year	**4,865**	1,150
Balance sheet		
Non-current assets	**8,532**	8,613
Current assets	**9,587**	6,747
Current liabilities	**(10,540)**	(8,652)
Non-current liabilities	**(3,800)**	(3,155)
Net assets at 31 December	**3,779**	3,553

27. NON-CONTROLLING INTEREST CONTINUED

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

- a subscription for 489 ordinary shares at par by Bisichi Mining (Exploration) Limited increasing the number of shares held from 136 ordinary shares to a total of 625 ordinary shares;
- a subscription for 110 ordinary shares at par by Vunani Mining (Pty) Ltd;
- a subscription for 265 “A” shares at par by Vunani Mining (Pty) Ltd

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

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

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

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

28. RELATED PARTY TRANSACTIONS

	At 31 December		**During the year**	
	Amounts owed to related party £’000	Amounts owed by related party £’000	Costs recharged (to)/by related party £’000	Cash paid (to)/by related party £’000
Related party:				
London & Associated Properties PLC (note (a))	3	-	153	(183)
West Ealing Projects Limited (note (b))	-	(752)	-	(752)
Dragon Retail Properties Limited (note (c))	193	-	-	2,046
Ezimbokodweni Mining (Pty) Limited (note (d))	-	-	-	-
As at 31 December 2018	**196**	**(752)**	**153**	**1,111**
London & Associated Properties PLC (note (a))	33	-	138	(140)
Langney Shopping Centre Unit Trust (note (b))	-	-	-	-
Dragon Retail Properties Limited (note (c))	147	(2,000)	(180)	204
Ezimbokodweni Mining (Pty) Limited (note (d))	-	-	(46)	-
As at 31 December 2017	**180**	**(2,000)**	**(88)**	**64**

28. RELATED PARTY TRANSACTIONS CONTINUED

(a) **London & Associated Properties PLC** – London & Associated Properties PLC is a substantial shareholder and parent company of Bisichi Mining PLC. Property management, office premises, general management, accounting and administration services are provided for Bisichi Mining PLC and its UK subsidiaries.

(b) **West Ealing Projects Limited** – West Ealing Projects Limited ("West Ealing") is an unlisted property company incorporated in England and Wales. West Ealing is owned equally by the company and London & Associated Properties PLC and is accounted as a joint venture and treated as a non-current asset investment.

(c) **Dragon Retail Properties Limited** – ("Dragon") is owned equally by the company and London & Associated Properties PLC. Dragon is accounted as a joint venture and is treated as a non-current asset investment.

(d) **Ezimbokodweni Mining (Pty) Limited** – Ezimbokodweni Mining is a dormant prospective coal production company based in South Africa and is accounted as a joint venture.

Details of key management personnel compensation and interest in share options are shown in the Directors' Remuneration Report on pages 38 and 39 under the headings Directors' remuneration, Pension schemes and incentives and Share option schemes which is within the audited part of this report. Refer also to note 26 for details of IFRS 2 charges. The total employers' national insurance paid in relation to the remuneration of key management was £225,000 (2017: 156,000). In 2012 a loan was made to one of the directors, Mr A R Heller, for £116,000. Interest is payable on the Director's Loan at a rate of 6.14 per cent. There is no fixed repayment date for the Director's Loan. The loan amount outstanding at year end was £41,000 (2017: £56,000) and a repayment of £15,000 (2017: £15,000) was made during the year.

The non-controlling interest to Vunani Limited is shown in note 27. In addition, the group holds an investment in Vunani Limited classified as non-current available for sale investments with a fair value of £35,000 (2017: £51,000).

29. EMPLOYEES

	2018 £'000	2017 £'000
The average weekly numbers of employees of the group during the year were as follows:		
Production	**231**	192
Administration	**15**	15
	246	207
Staff costs during the year were as follows:		
Salaries	**6,809**	5,993
Social security costs	**231**	161
Pension costs	**271**	242
Share based payments	**24**	-
	7,335	6,396

30. CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Commitments for capital expenditure approved and contracted for at the year end	**751**	-

31. HEAD LEASE COMMITMENTS AND FUTURE PROPERTY LEASE RENTALS

Present value of head leases on properties

	Minimum lease payments		Present value of minimum lease payments	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Within one year	**12**	10	**12**	10
Second to fifth year	**46**	38	**37**	30
After five years	**1,443**	1,199	**136**	112
	1,501	1,247	**185**	152
Discounting adjustment	**(1,316)**	(1,095)	**-**	-
Present value	**185**	152	**185**	152

The Company has one finance lease contract for an investment property. The remaining term for the leased investment property is 130 years. The annual rent payable is the higher of £7,500 or 6.25% of the revenue derived from the leased assets.

The group has entered into operating leases on its investment property portfolio consisting mainly of commercial properties. These leases have terms of between 1 and 109 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Within one year	**919**	914
Second to fifth year	**2,456**	2,460
After five years	**9,765**	9,327
	13,140	12,701

32. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

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

	2018 £'000	2017 £'000
Rail siding	**54**	64
Rehabilitation of mining land	**1,259**	1,387
Water & electricity	**52**	58

Company balance sheet

at 31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	35	**47**	48
Investment in joint ventures	36	**665**	165
Other investments	36	**6,391**	7,395
		7,103	7,608
Current assets			
Debtors – amounts due within one year	37	**3,028**	3,471
Bank balances		**5,132**	2,129
		8,160	5,600
Creditors – amounts falling due within one year	38	**(1,575)**	(1,406)
Net current assets		**6,585**	4,194
Total assets less current liabilities		**13,688**	11,802
Provision for liabilities and charges	39	**-**	(18)
Net assets		**13,688**	11,784
Capital and reserves			
Called up share capital	24	**1,068**	1,068
Share premium account		**258**	258
Available for sale reserve		**-**	25
Other reserves		**622**	598
Retained earnings	33	**11,740**	9,835
Shareholders' funds		**13,688**	11,784

The profit for the financial year, before dividends, was £2,414,000 (2017: loss of £173,000)

The company financial statements were approved and authorised for issue by the board of directors on 25 April 2019 and signed on its behalf by:

A R Heller
Director

G J Casey
Director

Company Registration No. 112155

Company statement of changes in equity

for the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Available for sale reserve £'000	Other reserve £'000	Retained earnings £'000	**Shareholders funds £'000**
Balance at 1 January 2017	1,068	258	6	598	10,435	**12,365**
Dividend paid	-	-	-	-	(427)	**(427)**
Loss and total comprehensive income for the year	-	-	19	-	(173)	**(154)**
Balance at 1 January 2018	**1,068**	**258**	**25**	**598**	**9,835**	**11,784**
IFRS 9 Reclassification	-	-	(25)	-	25	**-**
Dividend paid	-	-	-	-	(534)	**(534)**
Share option charge	-	-	-	24	-	**24**
Profit and total comprehensive income for the year	-	-	-	-	2,414	**2,414**
Balance at 31 December 2018	**1,068**	**258**	**-**	**622**	**11,740**	**13,688**

Company accounting policies

for the year ended 31 December 2018

The following are the main accounting policies of the company:

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements have been prepared on a historical cost basis, except for the revaluation of investment property and certain financial instruments.

The adoption of IFRS 9 has resulted in changes in the company's accounting policies for the recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. The only material impact of IFRS 9 on the Company financial statements related to the movement in fair value of other investments comprising of shares in listed companies. Under IAS 39 the movement in the investments was measured at fair value through other comprehensive income and taken to an available for sale reserve. Under IFRS 9 the movements are measured at fair value through profit and loss and taken to retained earnings. The Group has not restated prior periods as allowed by the transition provisions of IFRS 9. In order to reclassify the impact of historic movements on the other investments, an adjustment of £25,000 has been made to the Group statement of changes in equity at 1 January 2018 transferring the historical fair value movements of the investments from the available for sale reserve to retained earnings.

Disclosure exemptions adopted
In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101 as well as disclosure exemptions conferred by IFRS 2, 7 and 13.

Therefore these financial statements do not include:

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

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the company's Consolidated Financial Statements.

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

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

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

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

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

The adoption of IFRS 9 has resulted in changes in the recognition, classification and measurement of other investments. Other investments comprising of shares in listed companies are classified in the current year at fair value through profit and loss. In the previous year other investments are classified as non-current available for sale investments carried at fair value. In the prior year any changes in fair value above cost were recognised in other comprehensive income and accumulated in the available-for-sale reserve and any changes in fair value below cost a provision for impairment were recognised in the profit or loss account.

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

Financial instruments
Details on the group's accounting policy for financial instruments can be found on page 67.

Deferred taxation
Details on the group's accounting policy for deferred taxation can be found on page 68.

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

Pensions
Details on the group's accounting policy for pensions can be found on page 67.

Share based remuneration
Details on the group's accounting policy for share based remuneration can be found on page 67. Details of the share options in issue are disclosed in the directors' remuneration report on page 39 under the heading share option schemes which is within the audited part of this report.

33. PROFIT & LOSS ACCOUNT

A separate profit and loss account for Bisichi Mining PLC has not been presented as permitted by Section 408(2) of the Companies Act 2006. The profit for the financial year, before dividends paid, was £2,414,000 (2017: loss of £173,000)

Details of share capital are set out in note 24 of the group financial statements and details of the share options are shown in the Directors' Remuneration Report on page 39 under the heading Share option schemes which is within the audited part of this report and note 26 of the group financial statements.

34. DIVIDENDS

Details on dividends can be found in note 9 in the group financial statements.

35. TANGIBLE FIXED ASSETS

	Leasehold Property £'000	Motor vehicles £'000	Office equipment £'000	**Total £'000**
Cost at 1 January 2018	45	-	67	**112**
Revaluation	-	-	2	**2**
Cost at 31 December 2018	45	-	69	**114**
Accumulated depreciation at 1 January 2018	-	-	64	**64**
Charge for the year	-	-	3	**3**
Accumulated depreciation at 31 December 2018	-	-	67	**67**
Net book value at 31 December 2018	45	-	2	**47**
Net book value at 31 December 2017	45	-	3	**48**

Leasehold property consists of a single unit with a long leasehold tenant. The term remaining on the lease is 41 years.

36. INVESTMENTS

	Joint ventures shares £'000	Shares in subsidiaries £'000	Loans £'000	Other investments £'000	**Total £'000**
Net book value at 1 January 2018	**165**	6,356	988	51	**7,395**
Invested during the year	**500**	-	-	-	**-**
Exchange loss	**-**	-	(52)	-	**(52)**
Repayment	**-**	-	(94)	-	**(94)**
Transfer	**-**	-	(842)	-	**(842)**
Unrealised surplus over cost	**-**	-	-	(16)	**(16)**
Net book value at 31 December 2018	**665**	**6,356**	**-**	**35**	**6,391**

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

Other investments comprise £35,000 (2017: £51,000) shares.

37. DEBTORS

	2018 £'000	2017 £'000
Amounts due within one year:		
Amounts due from subsidiary undertakings	**2,140**	1,289
Trade receivables	**6**	16
Other debtors	**58**	78
Joint venture	**752**	2,000
Prepayments and accrued income	**72**	88
	3,028	3,471

Amounts due within one year are held at amortised cost. The Group applies a simplified approach to measure the loss allowance for trade receivables using the lifetime expected loss provision. The group applies a general approach on all other receivables. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. The company has reviewed and assessed the underlying performance and resources of its counterparties including its subsidiary undertakings and joint ventures. There was no additional loss allowance or impairment required during the year as a result of the implementation of IFRS 9.

38. CREDITORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts due to subsidiary undertakings	**138**	279
Joint venture	**192**	192
Current taxation	**-**	123
Other taxation and social security	**6**	38
Other creditors	**1,162**	659
Accruals and deferred income	**77**	115
	1,575	1,406

39. PROVISIONS FOR LIABILITIES

	2018 £'000	2017 £'000
Deferred taxation:		
Balance at 1 January	**18**	18
Provision	**-**	-
Transfer	**(18)**	-
	-	18

40. RELATED PARTY TRANSACTIONS

At 31 December	At 31 December Amounts owed by related party £'000	During the year Costs recharged/ accrued (to)/ by related party £'000	During the year Cash paid (to)/by related party £'000
Related party:			
Black Wattle Colliery (Pty) Ltd (note (a))	(134)	(1,093)	1,125
Ninghi Marketing Limited (note (b))	(102)	-	-
As at 31 December 2018	(236)	(1,093)	1,125
Black Wattle Colliery (Pty) Ltd (note (a))	(165)	(999)	2,768
Ninghi Marketing Limited (note (b))	(102)	-	-
As at 31 December 2017	**(267)**	**(999)**	**2,768**

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

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

Black Wattle Colliery (Pty) Ltd and NInghi Marketing Limited are subsidiaries of the company.

In addition to the above, the company has issued a company guarantee of R20,061,917 (2017: R17,000,000) (South African Rand) to the bankers of Black Wattle Colliery (Pty) Ltd in order to cover bank guarantees issued to third parties in respect of the rehabilitation of mining land.

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

In 2012 a loan was made to one of the directors, Mr A R Heller, for £116,000. Further details on the loan can be found in Note 28 of the group financial statements.

Under FRS 101, the company has taken advantage of the exemption from disclosing transactions with other wholly owned group companies. Details of other related party transactions are given in note 28 of the group financial statements.

41. EMPLOYEES

	2018 **£'000**	2017 £'000
The average weekly numbers of employees of the company during the year were as follows:		
Directors & administration	**5**	5
Staff costs during the year were as follows:		
Salaries	**1,752**	1,227
Social security costs	**231**	161
Pension costs	**38**	62
Share based payments	**24**	-
	2,045	1,450

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