UNICORN CAPITAL
PARTNERS LIMITED

INTEGRATED ANNUAL REPORT

2019

CONTENTS

Integrated reporting information

This report provides stakeholders with relevant financial and non-financial information to enable them to obtain a more balanced view of the group's business. This Integrated Annual Report covers the 2019 annual financial period and has been compiled and presented in accordance with the requirements and principles of the following:

- The King Report on Governance for South Africa and the King Code of Governance Principles ("King IV");
- The International Integrated Reporting Committee's prototype of the international Integrated Reporting ("IR") framework;
- The Companies Act 2008 (Act 71 of 2008), as amended ("Companies Act");
- The Listings Requirements of the JSE;
- International Financial Reporting Standards ("IFRS"); and
- The Global Reporting Initiative's GR3.1 guidelines on reporting of non-financial information ("GRI G3.1").

The report provides material information to stakeholders. Materiality is based on objectives critical to implementing our strategy, key risks identified through our risk management process and feedback from our key stakeholders. We welcome your feedback on this report.

Forward-looking statements

This report contains forward-looking statements which are not historical facts. Forward-looking statements involve inherent risks, uncertainties and assumptions, including, without limitation, risks related to the timing or ultimate completion of any proposed transactions and, the possibility that benefits may not materialise or such assumptions prove incorrect. Actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements in this report are made as of the date of this report and Unicorn expressly disclaims any obligations to update; or correct the statements due to events occurring after issuing this report.

Definitions

"The company" refers to Unicorn Capital Partners Limited, the holding company. "The group" refers to Unicorn Capital Partners Limited and all its subsidiaries. Also, "last year", "previous year" and "previous corresponding period" refers to the prior year ended 30 June 2018, "the current year", "the current period", "the year", "the period", "this year", "this period" refers to the financial year ended 30 June 2019 and "next year" refers to the financial year ending 30 June 2020. For a full list of abbreviations used refer to page 85.

Resources and reserves

The Abridged Resources and Reserves statement has been prepared in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code, 2016 Edition).

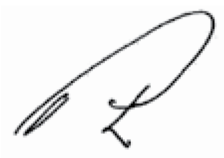
The implementation of the plan to ready the organisation for its journey to an "Investment Holding Company" continued throughout the year. The details are contained in the CEO's letter, as was the case last year.

Last year we spoke about the tough conditions that the organisation had to endure. In essence, nothing really changed this year as it remained a battle against really tough conditions. For ease of reference, the issues have merely been updated to demonstrate the progress:

- Exceptionally tight cash flows and on occasions, no cash flow for the tasks at hand, continued throughout the year under review;
- Transforming Nkomati Anthracite from a valuable deposit to a fully functional and producing mine, thus ensuring that the needs of all stakeholders are met continuously and showed substantial progress on all fronts;
- Exiting Contract Mining and disposing of the yellow metal in a depressed market was in large achieved successfully;
- Rightsizing the exploration drilling businesses was achieved, with a solid bottom line performance resulting;
- Ensuring that the Crane Hire and the Drilling and Blasting businesses were operating efficiently and sustainably which was achieved for the Crane Hire business. A number of outstanding issues still need to be rectified in the Drill and Blast business;
- Reshaping the Head Office for the future which meant a strong cost-cutting exercise was achieved;
- Finally, not losing momentum in the litigation quest to recover money allegedly stolen from Megacube during 2007 continued to show progress with pockets of success but remains a long-term battle.

The executive, again worked tirelessly and made huge strides in difficult circumstances. We look forward to a positive and lucrative future as an Investment Holding Company in the not too distant future.

Finally, we wish to thank all our stakeholders for the patience displayed during this transformation period, it is sincerely appreciated by the Board.



Ralph Patmore
Non-executive Chairman
30 September 2019

Introduction

We started with the restructuring of the former Sentula Mining in early 2016. This restructuring had taken place in a very challenging environment where capital had always been in short supply, domestic mining sentiment negative, corruption rife throughout the civil service, negative investor sentiment driving the Johannesburg Stock Exchange (JSE) sideways, fixed capital formation in a constant decline and as a result, the South African economy getting stuck in a no-growth zone ever since.

Our market capitalisation on the JSE has been too small to attract attention and as a result, our share price has not fluctuated much. This challenging environment has made it extremely difficult to raise the necessary capital to finance growth or to obtain reasonable prices when disposing of assets. This year I therefore decided to take a closer look at our track record in each of our individual operating companies over the past four years to see how much progress has been made.

As far as Nkomati Anthracite (Nkomati) is concerned, we have proved the size and quality of the resource, developed all the necessary infrastructure to extract the anthracite, achieved targeted wash plant yields, negotiated market related prices for our product and ramped-up production. What we have not yet achieved is targeted production volumes, which has been a huge disappointment.

Ritchie Crane Hire (Ritchie) has gone from strength to strength over the past four years, delivering its best performance in its history in FY2019. A critical element of its success has been ongoing investment in new cranes while consistently increasing crane utilisation rates. Management was able to successfully translate this into strong growth in revenue, while maintaining profit margins and return-on-assets. We have confidence in Ritchie’s future.

JEF Drill and Blast (JEF), has gone through a tumultuous four years since 2016. Industry disruptions, a drastic decline in drilling rates as well as significant pressure on its key clients in the coal mining industry had required a complete rethink of its business model. It required significant restructuring and repositioning, which still has some way to go. JEF has, however, sustained positive EBITDA throughout, which provides it with substantial operating leverage once drilling rates start rising again. We are confident that JEF is on the right track.

Geosearch has benefitted from a revival in the exploration drilling market over the past three years. During 2016 there was very little activity with only a hand full of short-term contracts available. With the market starting to show some direction during 2017, we made the decision to invest and grow in South Africa, Botswana and Mozambique. The decision has paid off handsomely in both South Africa and Mozambique, but Botswana has been a huge disappointment. We are in the process of fixing Botswana and are confident that South Africa and Mozambique can maintain momentum.

Below follows a detailed analysis of each of our operating companies, as well as our head office expenses.

Nkomati Anthracite – anthracite mining

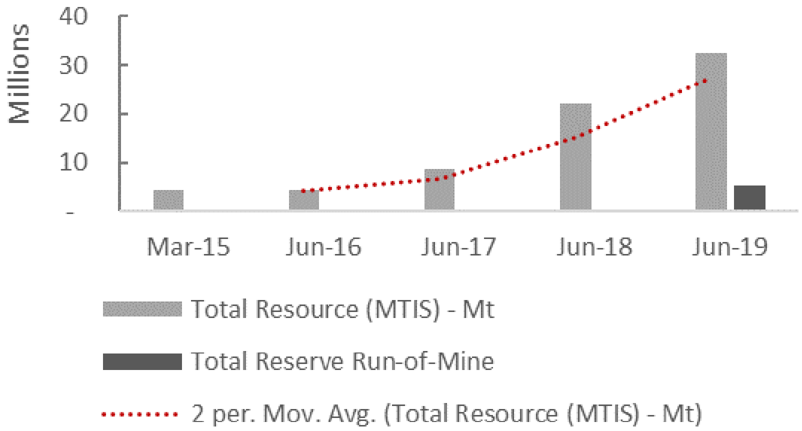
Nkomati mines high grade anthracite, which is in high demand from South Africa’s ferro alloy producers. The ferrous metals producers are dependent upon high grade anthracite with low impurities, such as low volatile matter (<9%), low sulphur (<1.0%) and low phosphorus (<0.03%) to produce quality ferro steel and ferro chrome.

Nkomati’s anthracite has the lowest sulphur impurities (<0.5%) of all anthracite producers in South Africa, while its phosphorus levels are on par (<0.03%) with the best producing mines. The combination of very low sulphur and phosphorous content of Nkomati’s deposit makes it sought after and positions the mine as a key supplier to the local market.

32.7 Million tonnes (MTIS) anthracite resource and 5.2 million (ROM) tonnes reserve

Our mining right covers an area of nine thousand hectares. During the year, a two-year exploration drilling programme covering a substantial part of the mining right continued with an expected completion date at the end of September 2019. The results were very encouraging, increasing the size of our mine to 32.6 million tonnes minable in-situ (MTIS) resource and 5.2 million run-of-mine (ROM) tonnes reserve. As is evident in Figure 1 below, the resource was less than 5 million MTIS when the mine was taken out of care and maintenance in 2015. Life-of-mine is in excess of twenty years, depending on the rate of extraction. Our most recent Competent Persons' Report (CPR) was published in May 2019.

Figure 1: Total anthracite resource (MTIS) and mining reserve (ROM)



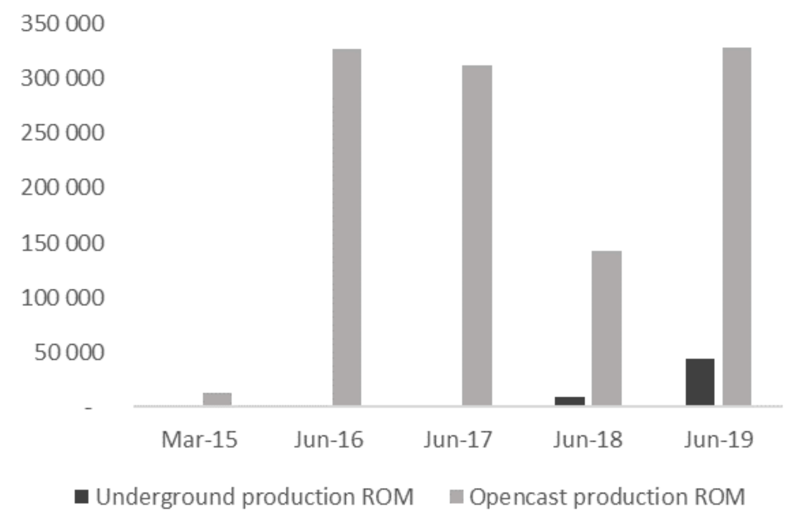
Current opencast mine can sustain at least 300,000 tons ROM production per annum

The opencast mine has proved over the past four years to be able to sustain at least 300,000 ROM tonnes production per annum. The decline in opencast production during FY2018, as is evident from Figure 2 below, was as a result of five months' unplanned loss of production due to the replacement of the opencast mining subcontractor. Production upside for the mine resides in the underground operations, as well as the development of a second opencast mine. Opencast mining is less predictable than underground mining and by running two opencast operations in conjunction with the underground mine should provide us with enough flexibility to smooth production and therefore cash flows. The second opencast mine should be in production by March 2020 and is expected to create at least another 150 job opportunities. It is important to note though that the underground mine has the potential to far exceed the opencast mines' production volumes over time.

Underground mine less capital intensive and more profitable

During 2009 the first ever underground mine was established at Nkomati. It was mined for only a short period before the mine was placed under care and maintenance in early 2011. During 2017 the decision was made to re-open the underground mine. Underground make-safe operations took almost a year to complete and by October 2018 limited underground mining activities commenced. The 2-lower *eight-meter-thick* anthracite seam enables clean underground mining, resulting in a washing yield in excess of seventy percent. Old and unreliable equipment prevented us from achieving our underground production targets during most of FY2019. As a consequence, we recently introduced a new mining method and acquired more reliable equipment, which contributed to increased production volumes. We are confident of a substantial increase in underground mining production in coming months.

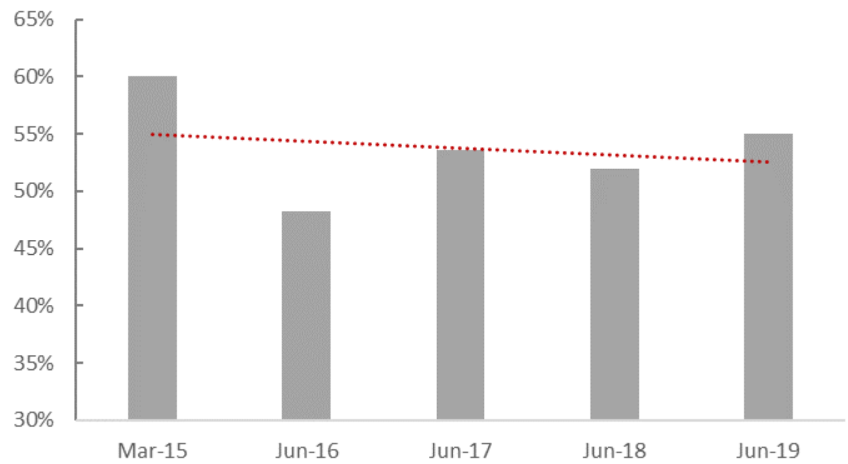
Figure 2: Run-of-Mine (ROM) production: Opencast vs Underground



Anthracite washing yields to be sustained above sixty percent

In the opencast mine we extract three different seams, each delivering a different washing yield. The best yield, in excess of seventy percent, is being achieved with the two-lower seam, which is the same seam that is mined in the underground mine. As is evident from Figure 3 below, the average yield achieved since 2015 has been around the mid-to low fifties.

Figure 3: Annual average washing yield



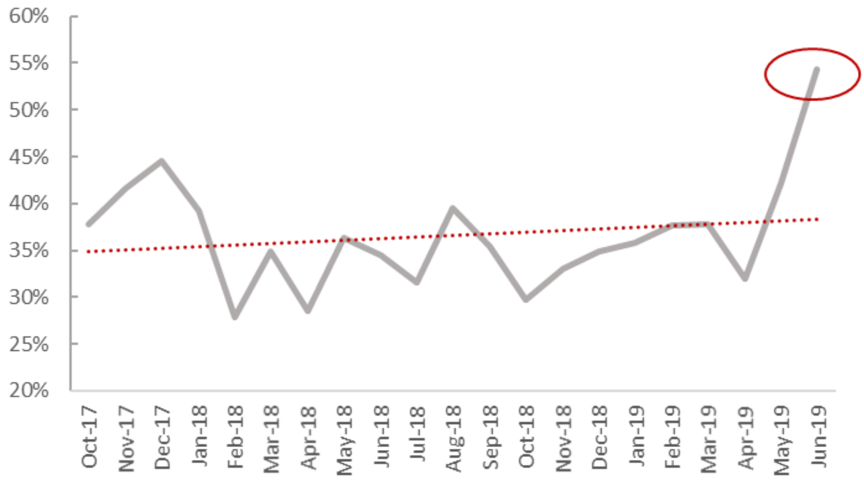
With the introduction of higher yielding product from the underground mine during FY2019, the average washing yield gradually started improving (see Figure 4). When the underground mine is in full production, the average washing yield is expected to be sustained at around sixty three percent. The higher the washing yield, the more profitable the mine.

Figure 4: FY2019 Monthly average washing yield

Anthracite nut production to be sustained above fifty percent

The most profitable product that Nkomati produces is large anthracite *nuts* while the least profitable is anthracite *fines*. The more nuts we therefore produce as a percentage of total production the more profitable the mine is. The correct mining method, limited re-handling and an efficient wash plant are all factors contributing to a process to minimise fines. For most of the past four years, nuts made up roughly a third of total production output. As is evident from Figure 5 below, during FY2019 Nkomati was able to increase nut production as a percentage of total production to above fifty percent, a level which we consider to be sustainable.

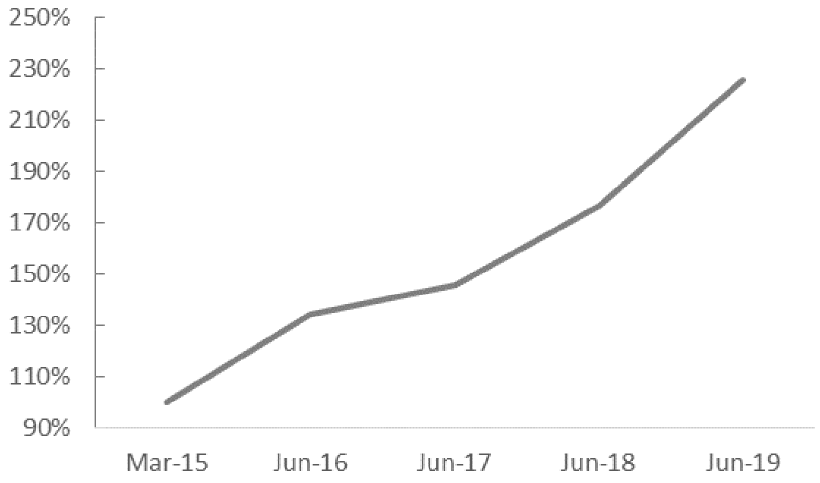
Figure 5: Anthracite nuts as % of total product



Product prices are in line with market prices for the first time

Initially when the mine was taken out of care and maintenance, the prices received for Nkomati's product were below market. Gradually over the past four years the prices were brought in line with market prices and should be kept in line in future. Figure 6 below gives an indication of the rate of increase in our product sales prices since 2015.

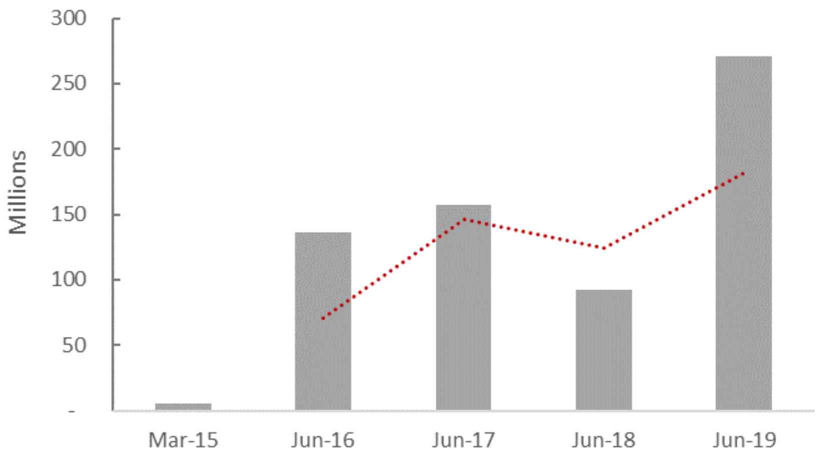
Figure 6: Average price per saleable ton of anthracite (2015 based)



Revenue has been growing steadily

Except for the mining contractor replacement setback during FY2018, revenue has been growing steadily over the past four years. Quality anthracite is a sought-after product, which should provide support for future prices. Full-scale underground production combined with sustained opencast production should ensure sustained growth in future revenue.

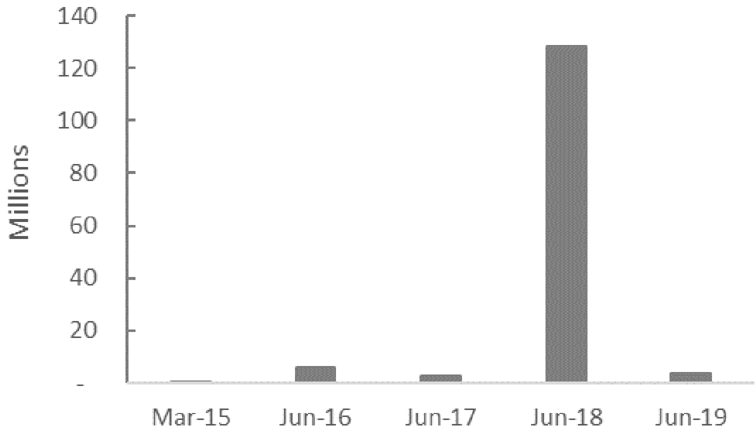
Figure 7: Total annual revenue



Capital expenditure peaked in FY2018

Capital invested since 2016 has been spent on making-safe and reopening of the underground mine, building a 90,000 ROM tonne capacity wash plant as well as the widening of the open pit (Figure 8). Future fixed capital requirements are likely to be limited to the ongoing replacement of old underground mining equipment, as well as the refurbishment of the old wash plant for the export of discard material.

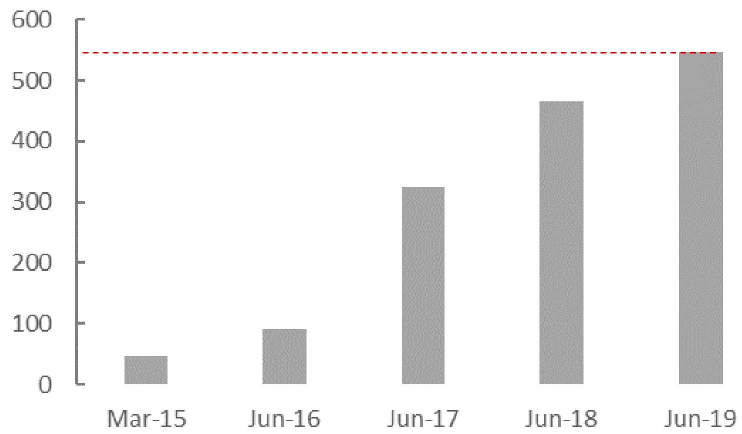
Figure 8: Annual capital expenditure



Nkomati has created 547 permanent jobs since 2015

Nkomati currently makes use of a subcontractor to mine the open pit, but all underground mining and wash plant activities are performed by the mine itself. The mine currently employs 242 people directly and 305 indirectly (Figure 9). Roughly ninety five percent of the total staff complement of 547 people are living in the three communities directly affected by the mine. As the only large employer in the Nkomazi district, the economic multiplier effect of the mine on these three local communities over the past four years has been substantial. Further planned mine expansion is expected to create an additional 150 to 200 job opportunities in the next twenty-four months.

Figure 9: Total staff complement: Direct and indirect



Outlook

To establish Nkomati's open-pit mine and achieve sustainable production has come with many surprises and curve balls over the past four years. Likewise, the underground mine has taken almost 12 months longer than initially planned to achieve steady state production. The new wash plant also brought about its own challenges and took more than a year to reach production volumes in line with design capacity. For the past four years, the mine has stubbornly refused to exit the bottom of the J-curve. As is evident from the charts, we believe that all the key levers are now properly aligned to enable the mine to breakout and deliver the returns that we have been pursuing from the start.

We also believe that it would be in the best interests of the mine for it to pursue an independent path, potentially through its own listing to unlock value, allowing for improved transparency and governance and access to a broader pool of capital, which is expected to facilitate the acceleration of the mine's expansion strategy.

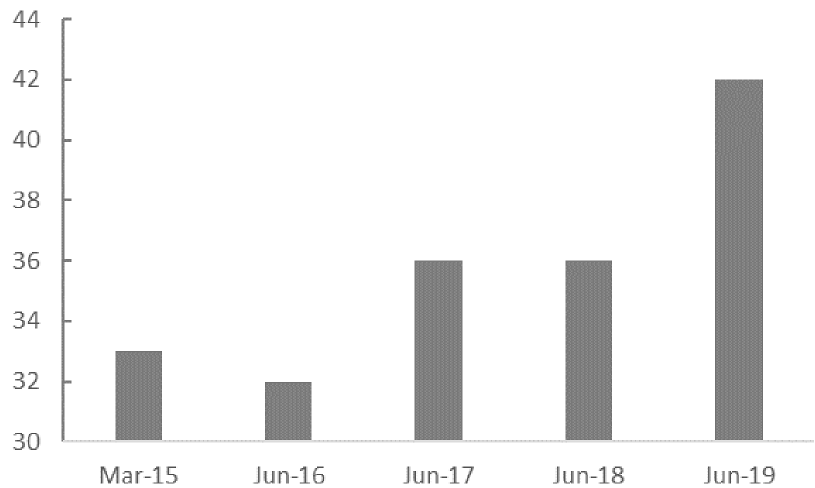
The Board continues to explore its options in this regard, and is working in partnership with Nkomati's funders, including the IDC, to conclude on an optimal plan to meet various stakeholders' objectives, which may include the injection of additional capital from Unicorn shareholders.

Nkomati's key risks are community action, compliance with the Department of Mineral Resources requirements and reliance on sub-contractor equipment availability. Our current investment in the mine is a R486 million shareholders' loan. For a detailed independent valuation of the mine, refer to the Nkomati Anthracite Competent Person's Report published in May 2019.

Ritchie Crane Hire – heavy mobile crane lifting

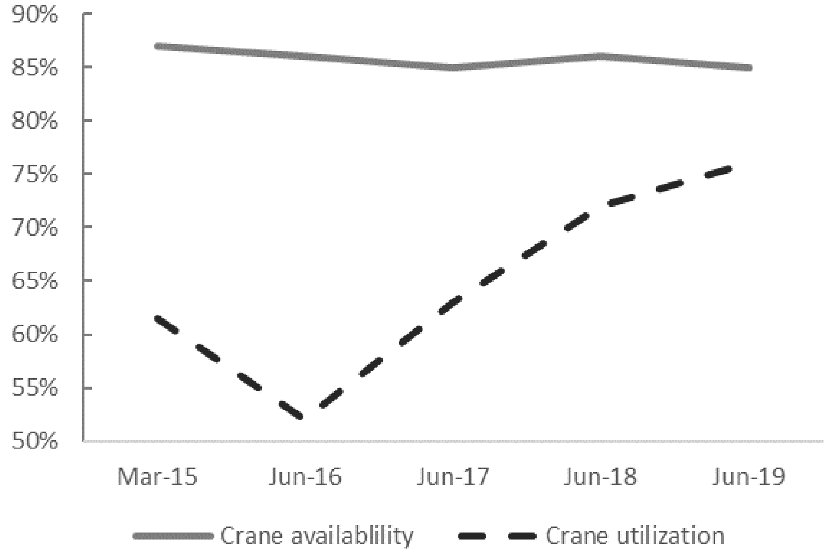
Ritchie has been the most consistent and predictable performer in our portfolio. It's a very simple business merely requiring a relentless focus on customer service, safety and fixed costs. Once you successfully deliver on those three, the rest easily fall into place. For a capital-intensive business, the return on assets is very high, which means that every additional rand invested generates an equally high return. We therefore have a strong incentive to consistently invest in additional cranes and grow our customer base. There is, however, a saturation point where it will become increasingly difficult to consistently deliver on the three key ingredients and hence, sustain high returns. Ritchie, in our opinion, has not yet reached that point but it is something that keeps us alert.

Figure 1: Number of mobile cranes in fleet



In heavy machinery businesses, preventative maintenance is a key requirement to ensure high availability. When combined with relatively high utilisation rates, a high return on assets can be sustained.

Figure 2: Crane availability and utilization



A growing fleet of cranes, combined with high utilisation and productive deployment of the cranes, has delivered a consistent growth in total crane hours billed, as is evident from Figure 3 and 4 below.

Figure 3: Total crane hours billed

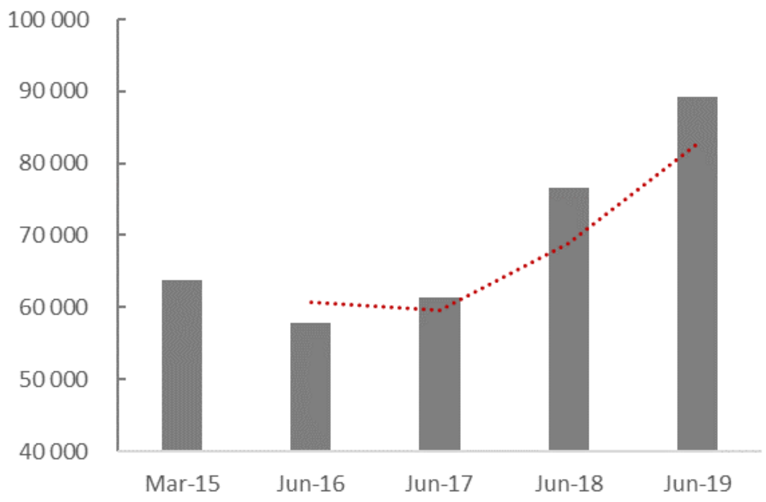
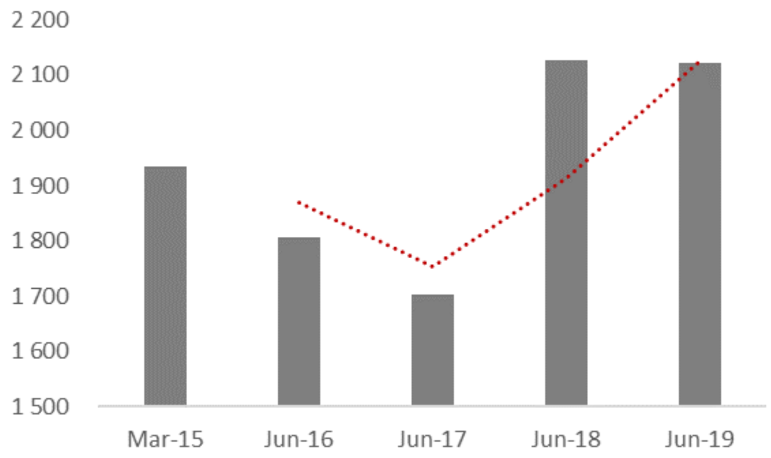
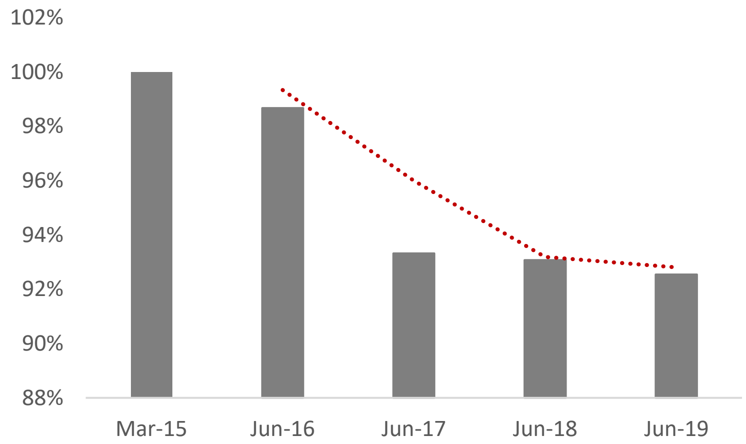


Figure 4: Hours billed per crane



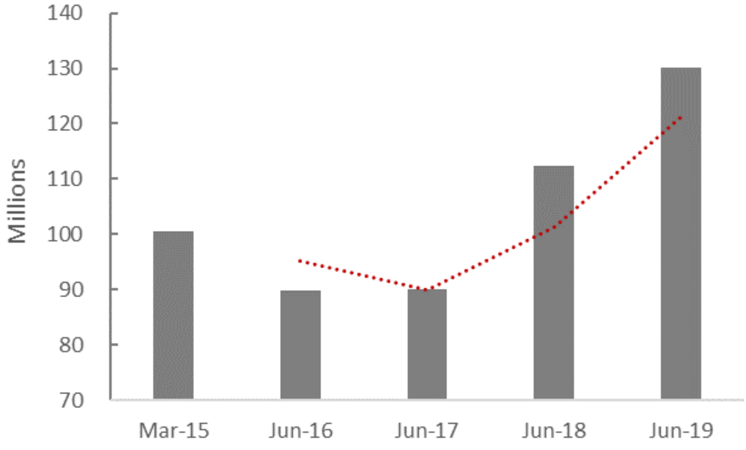
As in all other mining services businesses, rates have been under pressure over the past four years (Figure 5). The decline in rates was, however, not nearly as severe as in other segments of the mining industry. Further downward pressure on rates cannot be excluded but we are not expecting any significant changes in the foreseeable future. In addition, roughly sixty percent of Ritchie's business is based on long-term contracts, which contributes to long-term rate certainty.

Figure 5: Change in rates per hour (2015 based)



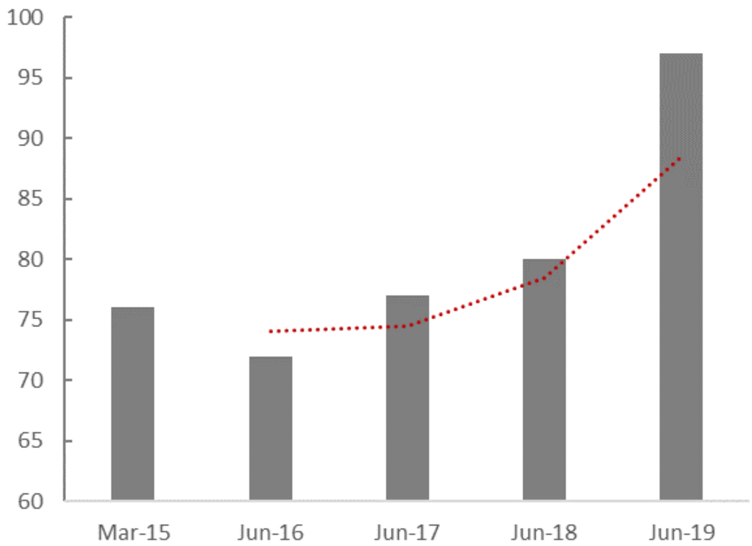
Despite the decline in hourly rates, the combination of a growing crane fleet and increased productivity have contributed to a substantial increase in total revenue.

Figure 6: Total annual revenue



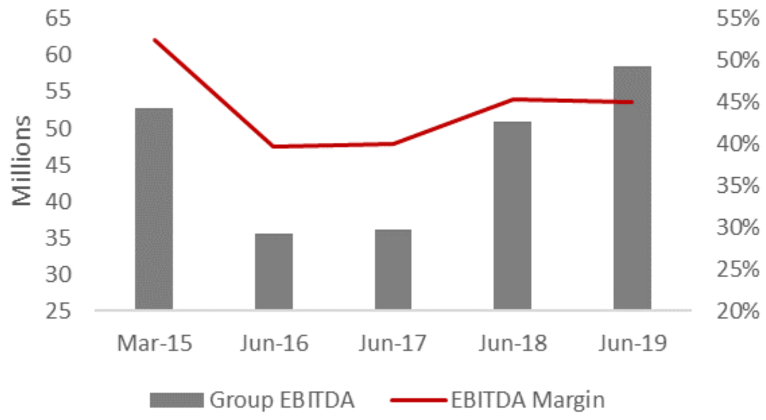
More cranes require more operators, mechanics, support staff and administration. Since 2015, the total number of employees has increased from 76 to 97. We are, however, confident that fixed overheads are well under control.

Figure 7: Number of employees



Apart from an exceptional 2015, Ritchie has to consistently grow its EBITDA and EBITDA margin. The growth in revenue has been successfully converted into profits over the past four years. We consider the current yield as very high and although all efforts are aimed at sustaining it at this level, it might be a challenge.

Figure 8: EBITDA and margin



Outlook

Ritchie is a stable business with a strong and competent management team. It is well entrenched in the two geographical regions where it operates and has been following a successful recipe, which we will not fiddle with. We will continue to invest in the business as long as we are confident that we can sustain the three key ingredients at current levels and, by doing so, sustain returns.

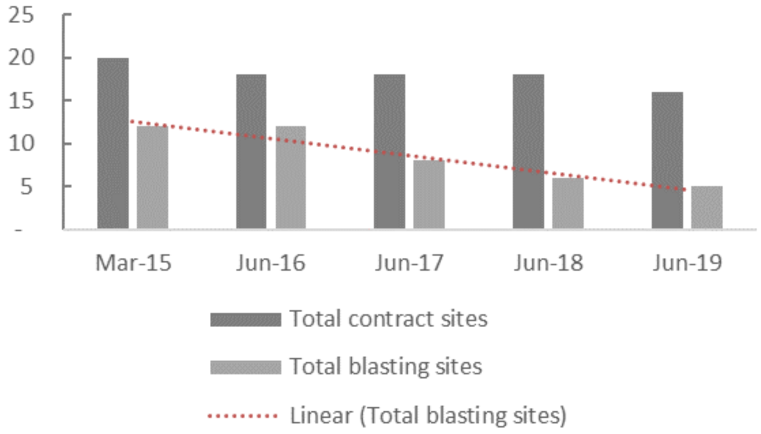
Ritchie's key risks are maintaining a clean safety record, keeping customers service levels up and its' mining client's exposure to the coal industry. Our current valuation for Ritchie is R190 million.

JEF Drill & Blast – overburden drilling and blasting services

JEF's business and operating environment have gone through significant changes during the past five years. Historically, JEF performed drilling and blasting services on an exclusive basis for the former Sentula contract mining businesses namely Megacube, Benicon and CCT. The decision in 2016 to completely exit contract mining by closing the companies and disposing of all related equipment had a significant impact on JEF's customer base and revenue certainty. In addition, JEF's most profitable business segment, which is business explosives and blasting services, declined drastically during this period.

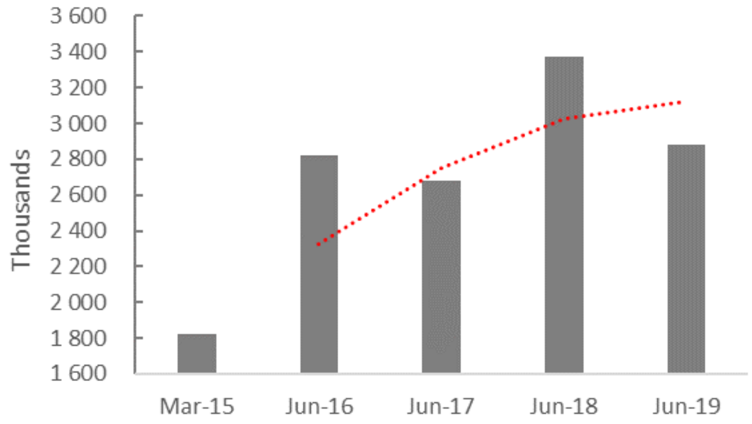
As a result of depressed coal and chrome prices in 2016 and 2017, the major mining houses made the decision to strip explosives and blasting services from the drilling and blasting contracts and perform the blasting services themselves. In a short space of time, JEF therefore not only lost a significant portion of its most profitable business segment but it also had to establish itself as a company providing mainly drilling services directly to the major mines. During this period, its contract sites reduced from twenty to sixteen and its explosives and blasting contracts from twelve to four.

Figure 1: Number of contract and blasting sites



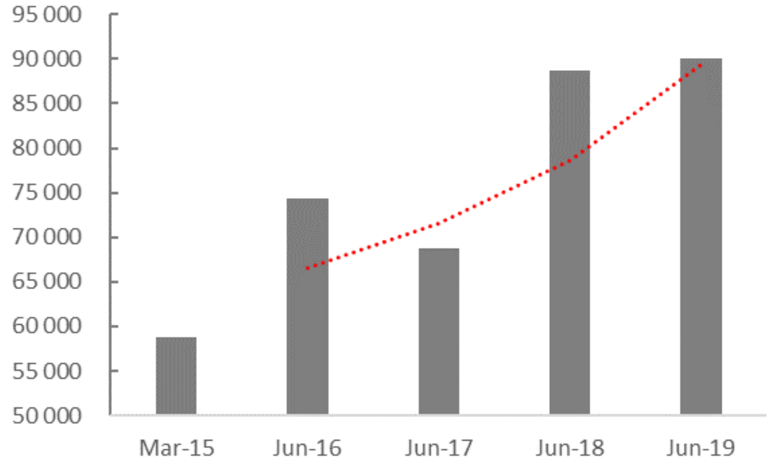
JEF was left in an undesirable position where drilling was its primary source of income. Consequently, JEF was forced to change its business model. At the same time, drilling margins came under severe pressure (Figure 4) because all the drilling companies started competing on price per meter to stay afloat. As is evident from Figure 2 below, JEF was fairly successful in making this transition in a relatively short space of time. Total meters drilled increased by 55% over a four-year period.

Figure 2: Total meters drilled



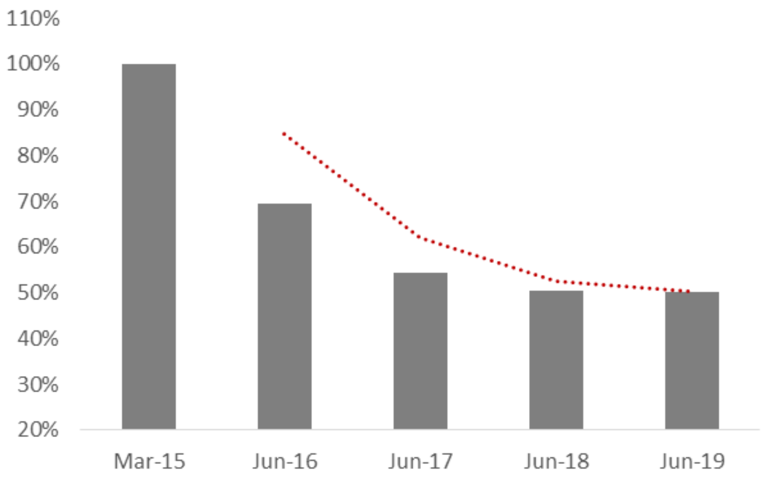
JEF was also successful in drastically increasing the productivity of its drill rig fleet (Figure 3). Working the drill rigs harder unfortunately, also brought about its own challenges in the form of more regular breakdowns, as well as a substantial increase in maintenance costs. This in-turn added further pressure to profit margins.

Figure 3: Monthly meters drilled per drill rig



The pressure on drill rates has been relentless during the past four years, with rates effectively halving over this period (Figure 4). Rates, however, appear to have stabilised at current levels. From this point forward we would expect drilling rates to increase at a rate above inflation.

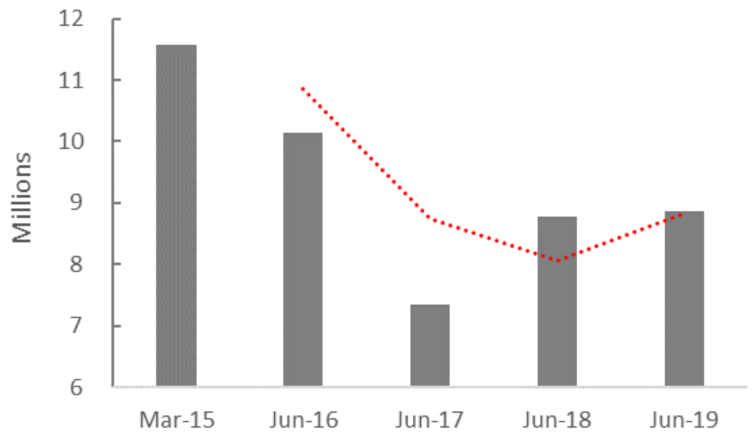
Figure 4: Average drill rate per meter (2015 based)



Increased drill rig productivity could unfortunately not offset the decline in drill rates.

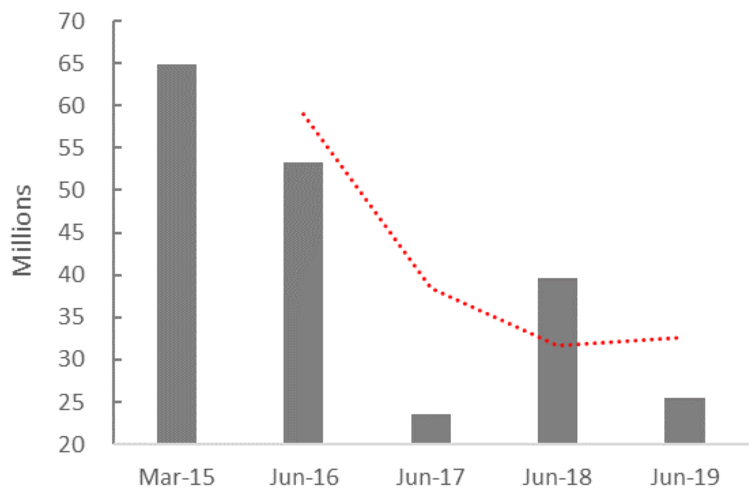
We have, however, been able to increase revenue per drill rig as per Figure 5 below.

Figure 5: Average annual revenue per drill rig



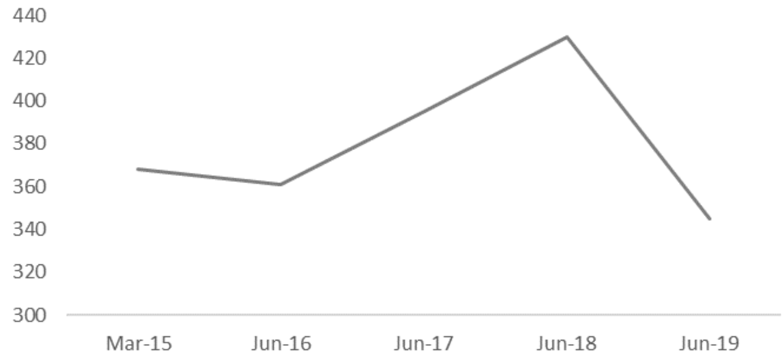
The combination of the loss of a significant part of the explosives and blasting business, a halving of drill rates and the loss of the contract mining companies as new contract originators, had a significant impact on JEF's profitability over the past four years. It puts JEF's decline in EBITDA since 2015 in perspective.

Figure 6: Earnings before interest tax and depreciation (EBITDA)



Our initial response in 2017 to grow our fleet of drill rigs and aggressively pursue new contracts to improve economies of scale was unsuccessful. It simply contributed to a substantial increase in the number of employees without a sustainable increase in profitability. As a result, JEF went through an aggressive reduction in staff numbers during 2018, which has been successfully bedded down during the first half of 2019.

Figure 7: Total number of employees



Outlook

It does therefore beg the question: Where to from here? To simply continue to compete on rates in a capital-intensive business where most of your equipment is priced in US dollars does not give us confidence in future growth prospects. Due to the changing market conditions and decline in profitability, we have started looking at alternative ways to reduce the capital required to replace and renew the drill rig fleet to ensure we remain competitive. At current industry rates per meter you simply cannot replace old drill rigs with new ones and achieve an acceptable return on capital.

In response, JEF has started to design and rebuild its own drill rigs. The first drill rig took three months to complete, cost a fraction of the price of a new drill rig and was deployed on a contract in July 2019. The results to date have been very promising with the rig drilling twenty percent more meters on average per month and breakdowns at half the rate of the rest of the fleet. We believe that this could be a game changer for JEF. Time will tell.

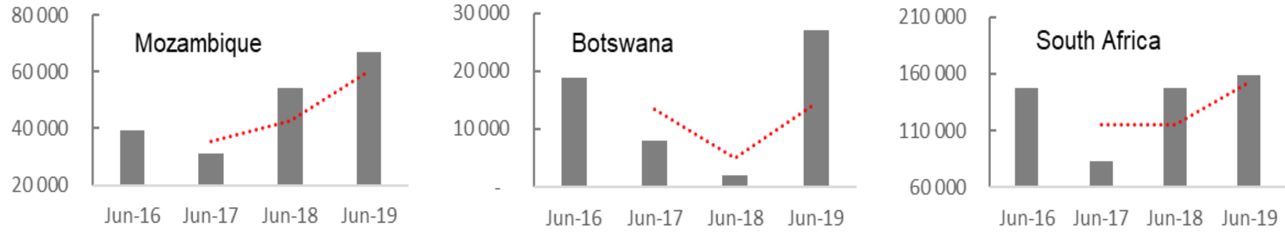
JEF's key risks are a commoditised service offering, being contracted to contract miners on most of its drilling sites as well as key equipment being priced in hard currency. Our current valuation for JEF is R100 million.

Geosearch Group – exploration drilling

Geosearch performs exploration drilling services in South Africa, Mozambique and Botswana. The industry was under severe pressure three years ago due to depressed global commodity prices and an uncertain global growth outlook. There were very few long-term contracts available and drill rates were under significant pressure. In Mozambique we had no drilling contracts and kept the business going through a bush-clearing contract. In South Africa we only had a single grade-control contract and in Botswana drilling activity was limited to a couple of small short-term jobs. Since then, however, things have improved notably.

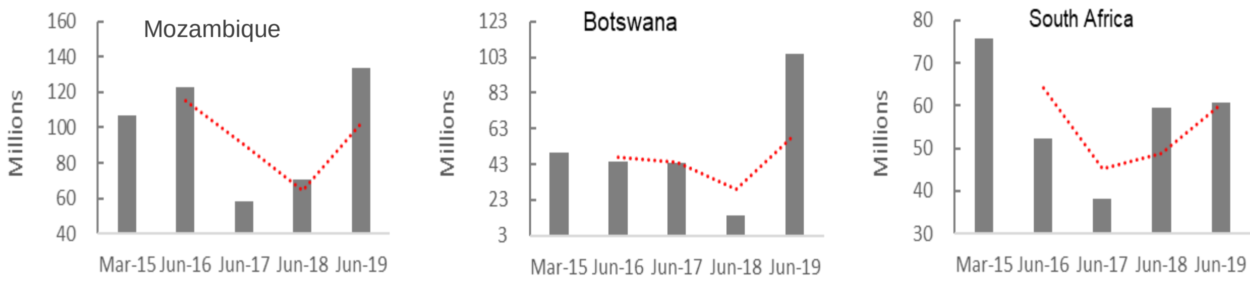
The number of new contracts has increased markedly in all three countries over the past three years as confidence returned to mining company boardrooms. Mozambique is maintaining good momentum and drilled the most meters ever during FY2019. South Africa was able to sustain operations while activity in Botswana exploded.

Figure 1: Total meters drilled - Geosearch Mozambique, South Africa and Botswana



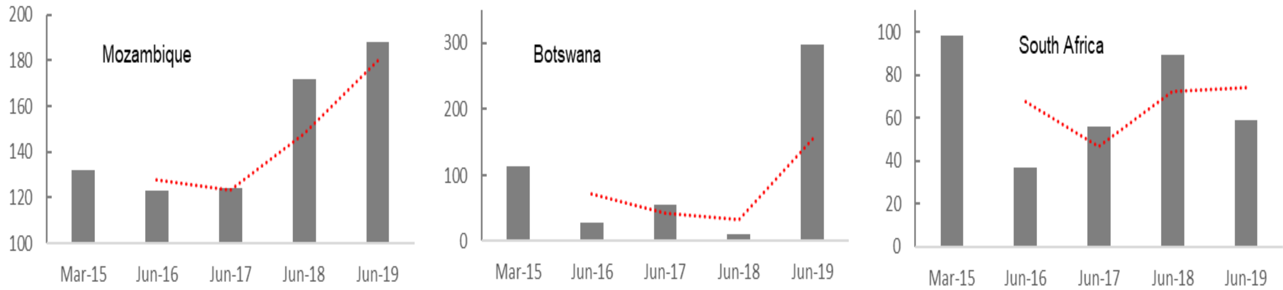
The increase in meters drilled translated directly into a substantial increase in revenue in Mozambique and Botswana (Figure 2). Botswana's revenue growth, despite looking impressive on the chart, should have been substantially higher for FY2019 though. We were awarded three major drilling contracts with a large client requiring a substantial ramp-up in infrastructure, personnel and investment in working capital.

Figure 2: Total revenue (rand) - Geosearch Mozambique, South Africa and Botswana



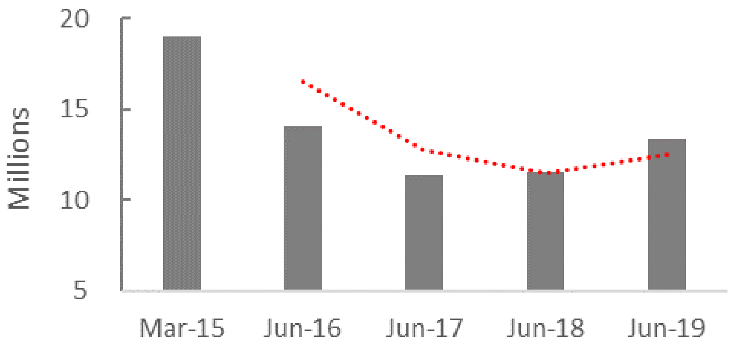
Botswana's staff complement increased from 11 in June 2018 to 298 employees in January 2019 (Figure 3). At the half-year stage, we were confident that everything was on track but by February 2019 it became clear that the wheels were coming off fast. Lack of leadership, poor execution, ill-discipline, scope creep and a substantial shortage of skilled labor cost us dearly in the second half.

Figure 3: Number of employees - Geosearch Mozambique, South Africa and Botswana



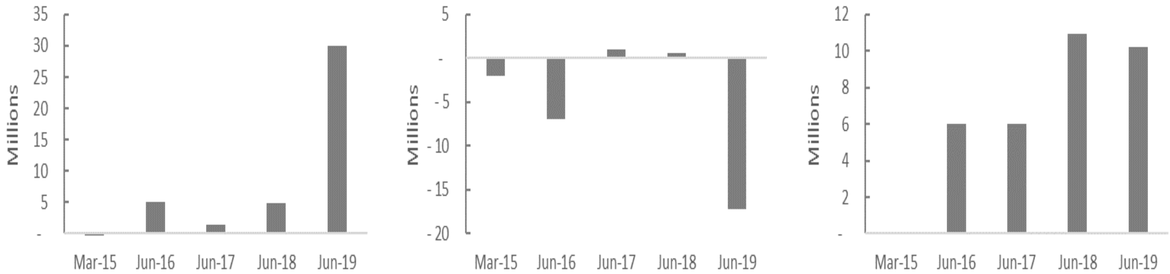
Geosearch's operations in the three countries are all ring-fenced, standalone legal entities supported by a head office in Centurion. Head office is responsible for accounting, general administration, tender submissions, contract monitoring and most importantly procurement and logistics. Drilling sites are usually in remote rural areas, far removed from basic infrastructure. The country operations are charged a margin for all procurement and logistics services and pay an administration fee for other services. As can be seen in Figure 4 below, we managed to bring the fixed overhead costs down substantially from FY2015 but the recent ramp-up in Botswana has pushed these costs up again. We do, however, not foresee the fixed overhead costs increasing much from current levels.

Figure 4: Group fixed overheads – Geosearch head office



Had it not been for the disastrous second half in Botswana, Geosearch would have had its best performing year ever (Figure 5). Mozambique delivered EBIT of R30 million, South Africa R10 million and Botswana a loss of R17 million compared to a budgeted profit of R16 million. As a consequence, we are scaling down operations in Botswana and exiting the loss-making contracts. Equipment will be redeployed to growth opportunities in South Africa.

Figure 5: EBIT - Geosearch Mozambique, South Africa and Botswana



Thebe Turnstone Drilling

During March 2019, we announced that we had entered into an agreement to acquire 100% of Thebe Turnstone Drilling. The transaction became effective on 26 June 2019 and as a result should contribute a full 12 months in FY2020. The company has two long-term contracts in the Northern Cape and is expected to make a positive contribution during the next financial year. In addition to the contracts, the acquisition also provided us with desperately needed additional drill rigs and general mining equipment.

Outlook

We had high hopes in the beginning of FY2019 that Geosearch would have a good year, but things turned out differently because of Botswana. Looking forward, we are cautiously optimistic that we can resolve the problems in Botswana; that Mozambique will maintain momentum and that South Africa, with the inclusion of Thebe Turnstone Drilling, will deliver on expectations.

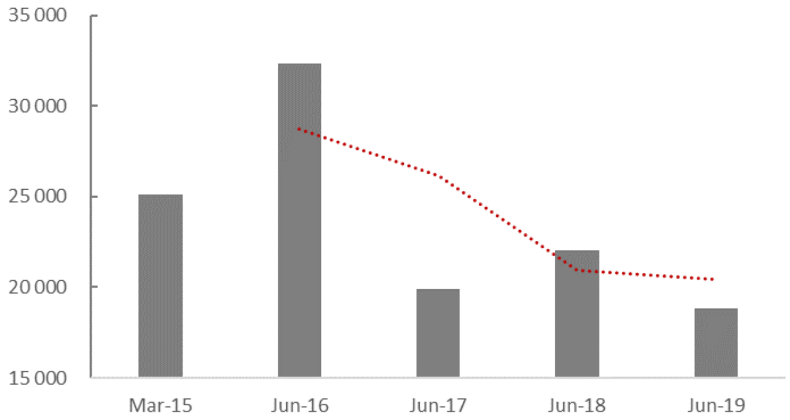
Geosearch's key risks are unscheduled client stoppages, widely dispersed drilling sites, as well as an industry wide skills shortage. We value the Geosearch group of companies at R85 million after having extracted cash and property to the value of R43 million during the year.

Unicorn head office, group operating expenses and debt

From an investment perspective, each of the CEO's of the operating companies is entrusted with a portfolio of assets to manage. Their single most important task is to maximise the return on the assets under their control, which we measure as EBIT over average assets deployed. From a group perspective, we then have the final word on financial leverage, capital structure, capital allocation and long-term strategy. It is a structure which we believe gives management enough autonomy to take full ownership while at the same time ensures that nobody gets carried away when times are good. This is the model we will apply to all future investments as well.

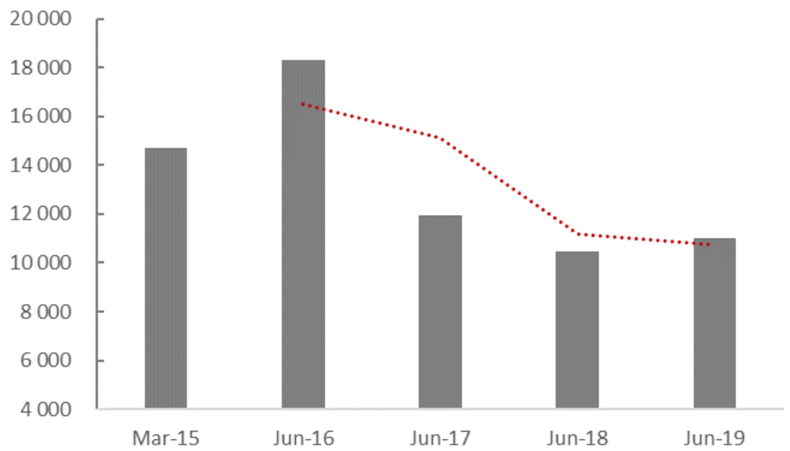
Under the former Sentula Mining, various group functions were centralised, which resulted in a bloated and inefficient head office. Since 2016, we have restructured the head office by pushing group functions down into the operating entities, including the group overdraft and treasury function. This has resulted in substantial cost savings (Figure 1) and properly ring-fenced operating subsidiaries.

Figure 1: Group total corporate and other services costs



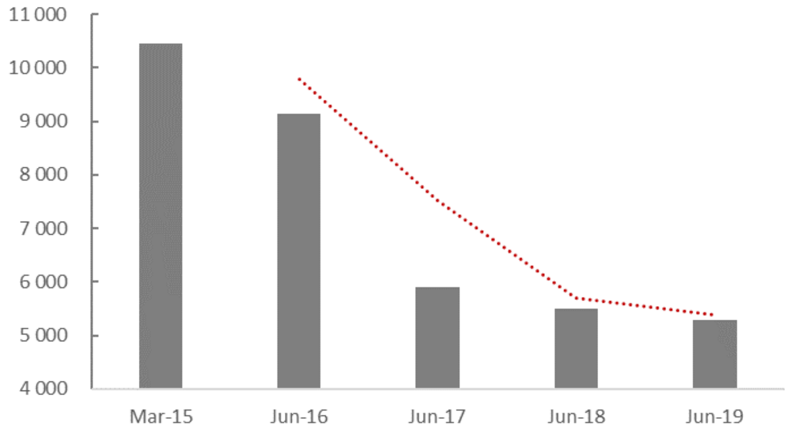
Administration costs consist of salaries, bonuses and office related costs (Figure 2).

Figure 2: Group administration costs



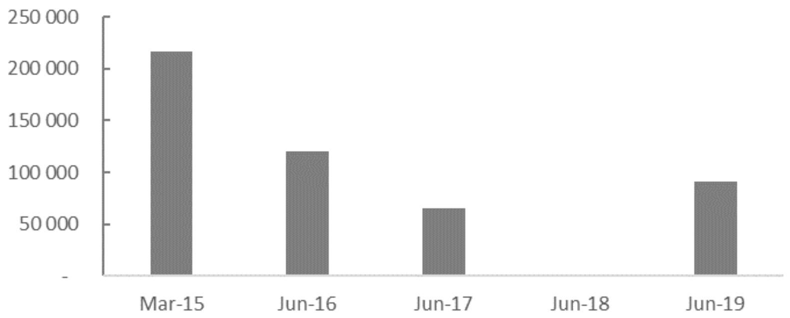
Listing and related costs consist of non-executive directors' fees, advisory, legal and audit fees (Figure 3). We think that head office expenses are under control and would not expect to see much of a variance, either way, from current levels.

Figure 3: Group listing and related costs



In FY2015, the group external debt consisted of a centralised group overdraft facility as well as a long-term loan secured against plant and equipment. The long-term loan was settled in early 2018 and the overdraft reduced substantially before being allocated to the individual operating subsidiaries. The debt raised during FY2019 was mostly invested in Nkomati Anthracite.

Figure 4: Group external interest-bearing debt



Matters of litigation

Unicorn continues to be involved in various litigation matters. We have had some success during the past financial year.

Argent Industrial

Argent Industrial Group settled a long standing matter with Megacube for an amount of R14.5 million which was received during December 2018 into the account of the Golden Autumn Trust. Megacube received an amount of R11 million from the Trust in December 2018 and the remaining balance was distributed to Megacube on the finalisation and winding up of the estate of the Golden Autumn Trust subsequent to year end.

Scharrighuisen

On 7 June 2019, the Cassation court handed down judgment in favour of the Trustees of the Insolvent Estate of Scharrighuisen ("Trustees") in the appeal launched by Corporate Agents N.V. and Covenant Managers N.V. (Corpag) against an earlier order of the Curacao High Court. As a result of the appeal won, Anticus Limited is in the process of disposing the 2 properties owned by it and collecting a mortgage bond.

An insolvency enquiry into Scharrighuisen's insolvent estate in terms of section 152 of the Insolvency Act, 24 of 1936 remains ongoing. Any recoveries that the Trustees may make are contingent on a number of uncertain factors. Shareholders are advised further that the identification of significant further assets and claims is required in order to extinguish Megacube's significant claims against Scharrighuisen.

Strategic review

Our strategic objectives for the 2019 financial year that were set in July 2018 are listed below:

- put JEF on a sustainable growth trajectory;
- accelerate growth in Geosearch; and
- achieve Nkomati Anthracite steady state performance.

We are satisfied that JEF's restructuring has been bedded down successfully, but we are not yet satisfied that it is on a sustainable growth trajectory. Recent changes include the appointment of a new CEO, who is making good progress in turning the business around.

Geosearch's South African and Mozambican operations delivered on expectations but Botswana was a big disappointment and is currently receiving attention.

As is evident from Nkomati's individual review, all the key levers are lined up to ensure sustainable operations. The mine has been profitable for the past four months and steady state underground operations should make a substantial contribution.

Our strategic objectives for financial year 2020 are:

- put JEF on a sustainable growth trajectory;
- turn Geosearch Botswana around; and
- achieve independence for Nkomati.

Outlook

Our focus will continue to be on each business' individual requirements, drivers and dynamics to determine what is required in each to remain competitive and be profitable. Our sole aim remains to deliver attractive returns on capital to our shareholders over time and by doing so, outperform the market.

Jacques Badenhorst
Chief Executive Officer
30 September 2019

OVERVIEW

Unicorn continues to implement its strategy of becoming an Investment Holding company investing in quality businesses across the market, that have good investment characteristics and yield attractive returns on capital. Unicorn's role is to provide support to these businesses through access to capital, capital allocation and strategy development.

Unicorn deploys funds in its portfolio of investment companies targeting capital appreciation and investment income. Unicorn's Board measures and evaluates the performance of these investments by the cash extracted from these investments to Unicorn over the past year and fair valuing them.

In execution of this strategy, the focus over the past year was the investment in Nkomati Anthracite Mine. An Independent Competent Persons' Report ("CPR") was published during May 2019. The CPR was requested by management in order to demonstrate the value proposition of the mine. The report indicated a preferred 100% equity value of Nkomati in the range of R238m - R659m after repayment of shareholder loans owing to Unicorn as at 30 June 2019, amounting to R486 million. The CPR effectively placed a value on Unicorn's total investment in Nkomati, including shareholder loans of R629 million – R881 million. Refer to the CPR published on Unicorn's website for the assumptions in determining the valuation. Unicorn remains focused on unlocking shareholder value in Nkomati.

Capital invested in our investment companies net of impairments amounted to R823 million as at 30 June 2019 (2018: R600 million). Unicorn takes a conservative approach when evaluating the fair value of capital deployed in investment companies for impairments. The increase in capital invested in our investment companies was mainly as a result of a change in the value of Unicorn's investment in Nkomati. An impairment reversal of R105 million, supported by the CPR and an additional investment of R106 million during the year resulted in the reported increase in capital deployed. In order to fund the investment in Nkomati, Unicorn raised additional debt of R70 million (2018: R10 million). Unicorn has in excess of R1 billion realised and unrealised tax losses available to offset future investment gains, which puts it in a unique investment holding company position.

Unicorn administration costs

Head office costs are a burden on any JSE-listed company and at Unicorn we will always endeavour to keep these costs at a minimum. The following is a summary of significant costs at Unicorn head office.

R '000	Jun 19	Jun 18	Jun 17	15 months - June 2016	Mar 15
Staff costs	**9 674**	8 709	10 250	15 561	12 057
Office costs	**1 328**	1 737	1 699	2 745	2 628
Non-executive fees	**1 804**	1 722	1 707	2 047	1 490
Corporate advisors	**1 424**	1 293	1 388	1 533	2 581
Audit fees	**1 310**	1 704	1 502	2 155	2 403
Executive bonus schemes	**1 709**	5 162	6 298	-	-
Total cost	**18 816**	22 015	19 899	32 360	22 283
Average monthly cost	**1 568**	1 835	1 658	2 157	1 857

Unicorn's head office consists of four staff members. Services provided to investment companies are limited to the provision of management oversight services, strategic advice, financial support and certain administrative services. Each investment company has its own Chief Executive and Chief Financial Officer and significant services are neither performed by, nor shared between these companies. Investment companies do not derive significant revenue from each other.

OUR INVESTMENT PERFORMANCE

Unicorn Mining Services Investments ("UMSI")

Unicorn holds a 52% shareholding in UMSI as well as preference shares amounting to R400 million. The remaining 48% is held by a Black Economic Empowerment company. The preference shares and accrued interest amounting to R122 million (2018: R160 million) are repayable before any dividends can be declared to minorities.

JEF, Ritchie and our discontinued opencast mining operations are wholly-owned subsidiaries of UMSI. The carrying book value of Unicorn's investment in these companies, including loans, amounts to R290 million (June 2018: R255 million). Of this amount, R190 million (June 2018: R140 million) is attributable to Ritchie and R100million (June 2018: R123 million) to JEF.

The directors are of the opinion that the book value of Unicorn's investments in JEF and Ritchie approximate the fair value. The fair value of Ritchie is calculated based on a historical three-year weighted EBIT of 5.7 less external debt and JEF's value is based on the net carrying value of the company's assets.

Ritchie Crane Hire (mobile crane hire)

R '000	Jun 19	Jun 18	Jun 17	15 months - June 2016	Mar 15
Revenue	**132 477**	114 691	91 131	89 852	100 620
Operating results	**47 570**	41 172	30 430	28 281	47 433
Total assets	**201 274**	192 603	189 090	156 445	165 243
Total liabilities	**77 053**	75 639	68 687	11 152	15 521
Shareholder investment	**124 221**	116 964	120 403	145 293	149 722
Capital expenditure	**16 127**	3 632	33 459	2 031	24 455
External interest-bearing debt	**34 879**	36 074	31 994	7 365	9 900

Ritchie's strategy of ensuring crane availability while maintaining customer service standards and preserving its impeccable safety record continues to prove successful, evident in its high crane utilisation ratio converting to greater revenue. During the year three new cranes were acquired to support Ritchie's growth. Together with investment in support vehicles, total capital expenditure amounted to R16 million (R2018: R3.6 million). Ritchie increased revenue by 16% (2018: 26%) and achieved a 16% (2018: 35%) growth in operating results during the year. Ritchie's external-debt-to-assets ratio amounts to 17% (2018: 19%), which is below our self-imposed maximum debt level of 25% - 30%. The current earnings trend combined with the low debt level, provides capacity for further investment.

JEF Drill and Blast (overburden drilling and blasting)

R '000	Jun 19	Jun 18	Jun 17	15 months - June 2016	Mar 15
Revenue	**283 465**	333 782	286 532	385 414	358 549
Operating results	**3 123**	18 425	4 465	28 061	41 782
Total assets	**211 210**	229 678	232 550	195 696	208 922
Total liabilities	**102 470**	123 623	95 882	75 054	71 551
Shareholder investment	**108 740**	106 055	136 668	120 642	137 371
Capital expenditure	**8 148**	17 447	56 216	9 231	5 585
External interest-bearing debt	**39 785**	64 937	44 167	3 555	6 311

JEF successfully exited two loss-making contracts during September and October 2018 and retrenched ninety-one contract related staff members and twenty-two head office personnel. The salaries and wages bill was reduced by R2.1 million per month. During the year, retrenchment costs of R3.5 million and a R7.5 million bad debt adjustment were accounted for.

Cash generated was mainly used to reduce JEF's external debt resulting in a decrease in the external-debt-to-assets ratio to 19% (2018:28%). Even though the debt level is below the targeted level of 30%, capital expenditure will be limited to the rebuilding of existing drill rigs during the next financial year. JEF needs to demonstrate profitability before additional debt will be incurred.

JEF has a very good track record with its clients, strong brand and a portfolio of blue-chip customers. It currently has twelve contracted sites that are all profitable and performing well. The implementation of the drill rig rebuild program should enable JEF to achieve targeted returns.

Geosearch (exploration drilling)

The Geosearch group of companies consists of a number of companies in South Africa, Botswana and Mozambique and is wholly-owned by Unicorn. Unicorn's total investment, net of previous impairments, for Geosearch and its subsidiaries amounts to R85 million (2018: R96 million).

The Geosearch group's performance over the past five years can be summarised as follows:

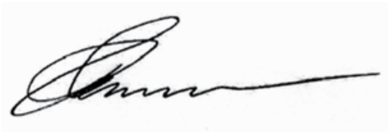
R '000	Jun-19	Jun-18	Jun-17	15 months - June 2016	Mar-15
Revenue	**301 323**	148 319	144 677	223 269	269 170
Operating results	**9 776**	10 693	(545)	(14 046)	(58 927)
Total assets	**148 287**	100 853	89 597	133 965	187 915
Total liabilities	**84 365**	28 974	20 399	53 081	71 687
Shareholder investment	**63 932**	71 879	69 198	80 884	116 228
Capital expenditure excluding business combinations	**14 103**	17 147	6 348	22 684	911
External interest-bearing debt	**23 257**	2 151	-	-	1 625

Geosearch was unable to convert additional revenue into profits mainly as a result of a R17 million loss incurred on contracts with Debswana Diamond Company. Geosearch is in the process of recovering breach of contract claims and exiting the loss-making contracts. The acquisition of Turnstone Drilling at the end of the financial year for a purchase price of R18 million, resulted in additional external debt of R18 million. Notwithstanding the increase in debt the external-debt-to-assets ratio is still within reasonable levels at 16% (2018:2%). The acquisition of Turnstone Drilling provided Geosearch with access to 17 surface exploration drill rigs, eight underground drill rigs and two long-term contracts for exploration drilling in the Northern Cape.

Nkomati Anthracite (anthracite mining)

R '000	Jun 19	Jun 18	Jun 17	15 months - June 2016	Mar 15
Revenue	**271 274**	91 761	157 259	169 017	6 111
Operating results	**(54 660)**	(78 467)	(44 221)	(24 930)	(14 648)
Total assets	**774 466**	394 580	241 201	208 998	214 016
Total liabilities	**381 559**	331 527	138 800	90 209	69 067
Shareholder investment	**392 907**	63 053	102 401	118 789	144 949
Capital and development expenditure	**40 005**	156 183	25 259	6 199	-
External debt	**205 812**	194 255	22 484	-	-

Through Unicorn's wholly-owned subsidiary, Benicon Coal, Unicorn holds a 60% equity interest in Nkomati Anthracite. Nkomati Anthracite has been capitalised with a R486 million (June 2018: R381 million) loan from Unicorn and Benicon Coal (Nkomati's holding company). The expansion program that was started during 2017 was completed during the year after investing an additional R40 million (2018: R156 million) of capital. The capital was mainly invested in upgrading the front-end of the crushing plant, exploration drilling to increase the resource and expansion of the open-pit. The current exploration drilling program will be completed by the end of September 2019. The losses incurred during the year are mainly attributable to development of the underground mine. The opencast operations were marginally profitable during the year. With an increase in the sale prices of Nkomati's product during March 2019 and the underground mining pathways now adequately developed for steady state production, the year ahead is critical to demonstrate the profitability of the mine.



Johann Lemmer
Chief Financial Officer
30 September 2019

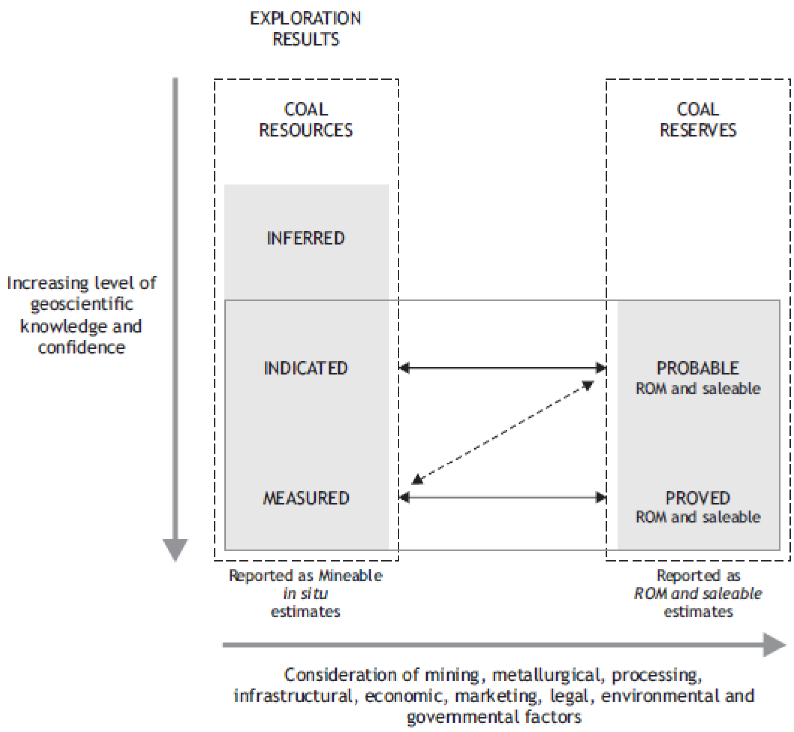
The information is extracted from the report entitled "INDEPENDENT COMPETENT PERSONS' REPORT ON UNICORN CAPITAL PARTNERS LIMITED'S NKOMATI ANTHRACITE MINE, SOUTH AFRICA" dated 31 December 2018 by Tenement Mining (Pty) Limited (Tenement) and is available to view on www.unicorncapital.co.za/Investor-Relations/ as per the Mineral and Reserve Statements tab. From January 2019 to June 2019, an extensive drilling program continued at Nkomati Anthracite (Pty) Limited (Nkomati or the mine). A total of forty-seven additional holes were drilled during this period and the programme is continuing. The additional drilling warranted the updating of the geological model and the previous Coal Resource estimate dated 31 December 2018.

The company confirms that, in the case of estimates of Coal Resources or Coal Reserves that all assumptions and technical parameters underpinning the estimates in the relevant market announcement dated 23 May 2019, continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented, have not been materially modified from the original market announcement.

Compliance and reporting basis

The Competent Persons (CPs) responsible for the preparation of this public report are independent of UCP and Nkomati. The current Nkomati Coal Resource estimate, dated 30 June 2019, has been prepared and signed off by Mrs Karin van Deventer as CP. The CP has provided written confirmation that the information disclosed in this report has been prepared in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves Code (SAMREC 2016), as well as considering the South African Guide to the Systematic Evaluation of Coal Resources and Coal Reserves (SANS 10320:2004) and the applicable requirements of Section 12.13 and Table 1 of the JSE Listings Requirements. These documents provide a detailed framework for public reporting on Coal Resources and Coal Reserves and define common terminology (Figure 1) to be used.

Figure 1: Framework for public reporting of Coal Resources and Coal Reserves



Competent Person

The Coal Resource estimates for Nkomati were prepared by Karin van Deventer, MSc Geochemistry; Pr. Sci. Nat. (400705/15); GSSA (965295); who is a consulting geologist at Sugar Bush Consultancy, 76 Eeufees Street, Clubville, Middelburg, Mpumalanga. Ms Van Deventer has extensive experience in the field of coal geology including managing exploration projects, operational opencast and underground mine geological services and the associated geological data management and modelling of coal resources and reserves reporting in several Southern African Coal Fields (Highveld, Witbank, Waterberg, Free State and KwaZulu Natal Coal Fields).

Ms Van Deventer is a Member of the Recognised Professional Organisation: South African Council for Natural Scientific Professions, Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, a Member of the Geological Society of South Africa, CSIR Building, Cor Carlow and Rustenburg Streets, Melville, Gauteng. Ms. van Deventer, the sole competent person, consents to the inclusion in the report of matter based upon her information in the form and context to which it appears.

The CP employed in the preparation of this report has no beneficial interest in the assets of Nkomati or any of its holding companies or parent companies. The person responsible for estimating the Coal Resources is satisfied that, based on the information made available, the estimates presented in this report are reasonable and are appropriate for the type of deposit, its location and the current and proposed methods of exploitation.

Risks

The businesses of mineral exploration, mining development and production by their nature contain significant operational risks. The businesses depend upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.

The list below summarises the corporate risks to which anthracite mining operations may be exposed, in particular Nkomati during its operational phase:-

- anthracite supply and demand fundamentals have a significant impact on future prices. Although UCP is not a price-maker, market conditions are continually monitored to identify current trends that may pose a threat or create an opportunity for Nkomati and/or UCP;
- from a Coal Resource perspective, risk relates principally to the presence of dolerites and associated structural complexity. This has been mitigated with drill hole spacings where Nkomati's drilling has exceeded the recommended density. In addition, the CP has also applied relatively high geological losses to mitigate for structures and dolerites which have not yet been identified;
- encroaching community settlements. Although there are defined settlement areas adjacent to the mine's operating areas, these are continuously being encroached upon. The most significant issue relates to the blasting limit of the opencast operation at Madadeni. However, the future of Madadeni lies within an underground operation which would mitigate this risk;
- major production interruption including delays to the mine's development programme, in particular maintaining consistent production from underground. Nkomati may experience material mine and/or plant shutdowns or periods of decreased production or development due to a number of different events. Any such events could negatively affect operations and impact timelines, profitability and cashflows
- regulatory licencing issues which may result in Section 54 closures; and
- social and community disruptions due to the mine's location adjacent to settlements and the general poverty of the local population.

Locality

Nkomati is located within the Mpumalanga province around the latitude 25.76ºS and the longitude 31.80ºE. The location of the project is illustrated in Figure 2 and Figure 4. The underground operation and nearby processing plant is approximately 46km from the town of Komatipoort. The underground area at Mangweni is 3km north of the processing plant. The existing opencast area at Madadeni is 9km south of the processing plant.

The mine can be accessed via the R571 road which originates from the Crocodile Bridge gate of the Kruger National Park and heads south to Komatipoort where it crosses the N4. The national N4 highway between Nelspruit and Maputo runs north of Nkomati. The mine is also traversed by numerous main and tarred roads that provide easy access from Komatipoort and Malelane, with reasonable gravel roads to the mine.

Nkomati can be divided into two mining areas namely, Madadeni and Mangweni, south and north respectively (illustrated in Figure 4.)

Legal considerations

Nkomati has the legal right to the mineral being mined and reported on and there are no known impediments to these rights. There are no legal proceedings or other material conditions that may impact on the Company's ability to continue mining or exploration activities.

Environmental and Social considerations

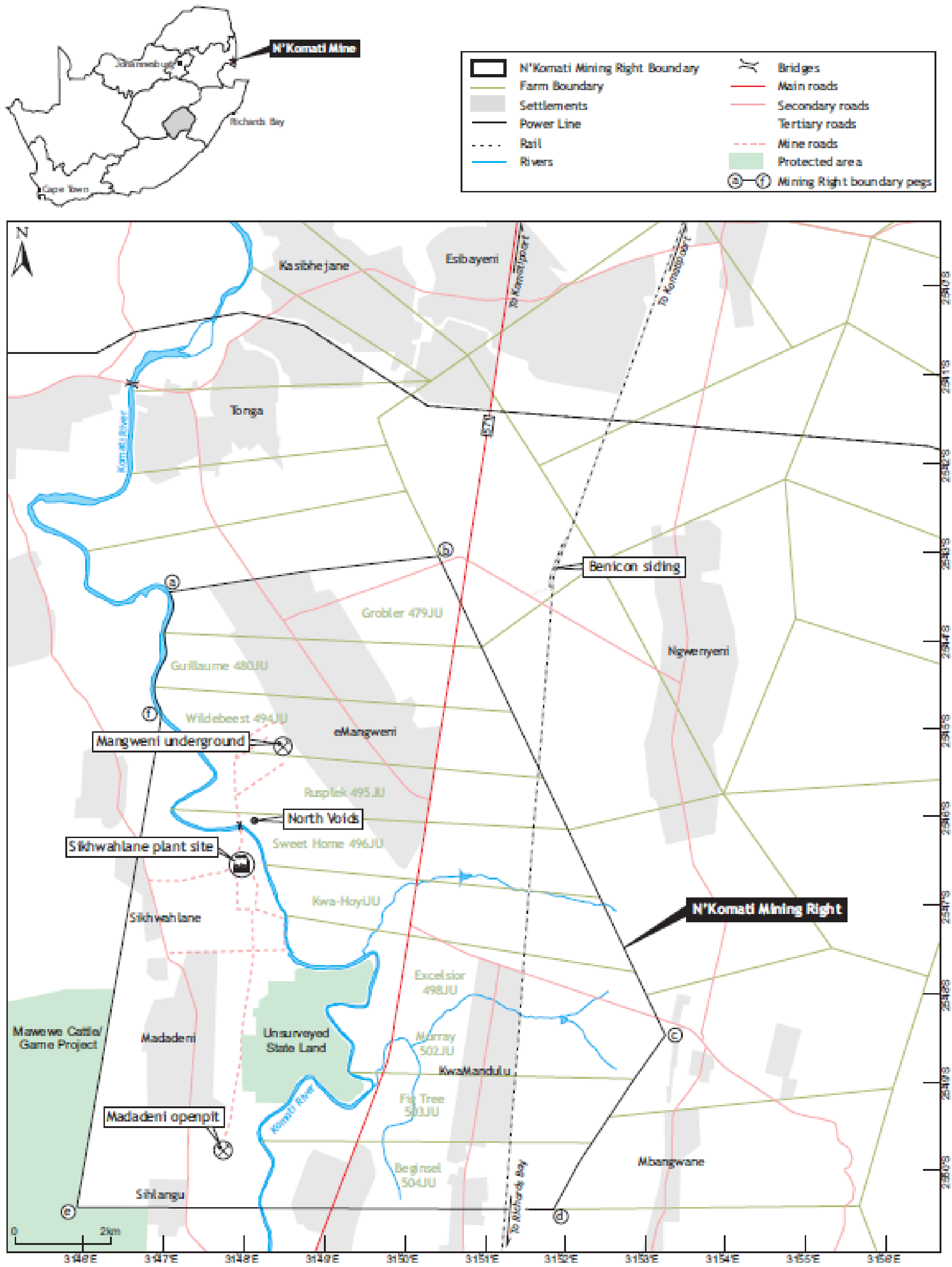
Nkomati has the required environmental permits in place for the current mining operation. In accordance with the requirements of the MPRDA and the mine's WUL, Nkomati is subjected to regular audits on their performance with regards to their EMP, SLP and WUL.

Financial provision for the environmental rehabilitation and closure of a mine and its associated mining operations forms an integral part of the MPRDA under sections 41(1), 41(3) and 45. A mine is required to annually assess the total quantum of its environmental liability and ensure that its financial provision is sufficient to cover the current liability (in the event of premature closure) as well as the end-of-mine closure liability.

The financial provision for unplanned closure was estimated at R56.059 milliom (August 2018). This included the rehabilitation costs plus preliminary and general (P&G) costs of 12%, contingency of 10% and value added tax (VAT) of 15%.

Nkomati has a policy for the environmental rehabilitation with Guardrisk Insurance Company Limited (Guardrisk). Tenement has viewed the Guardrisk statement as at 30 June 2018 and notes that the closing value is R8.1 million. Nkomati is fully funded for their environmental liability.

Figure 2: Location of Nkomati Anthracite Mine



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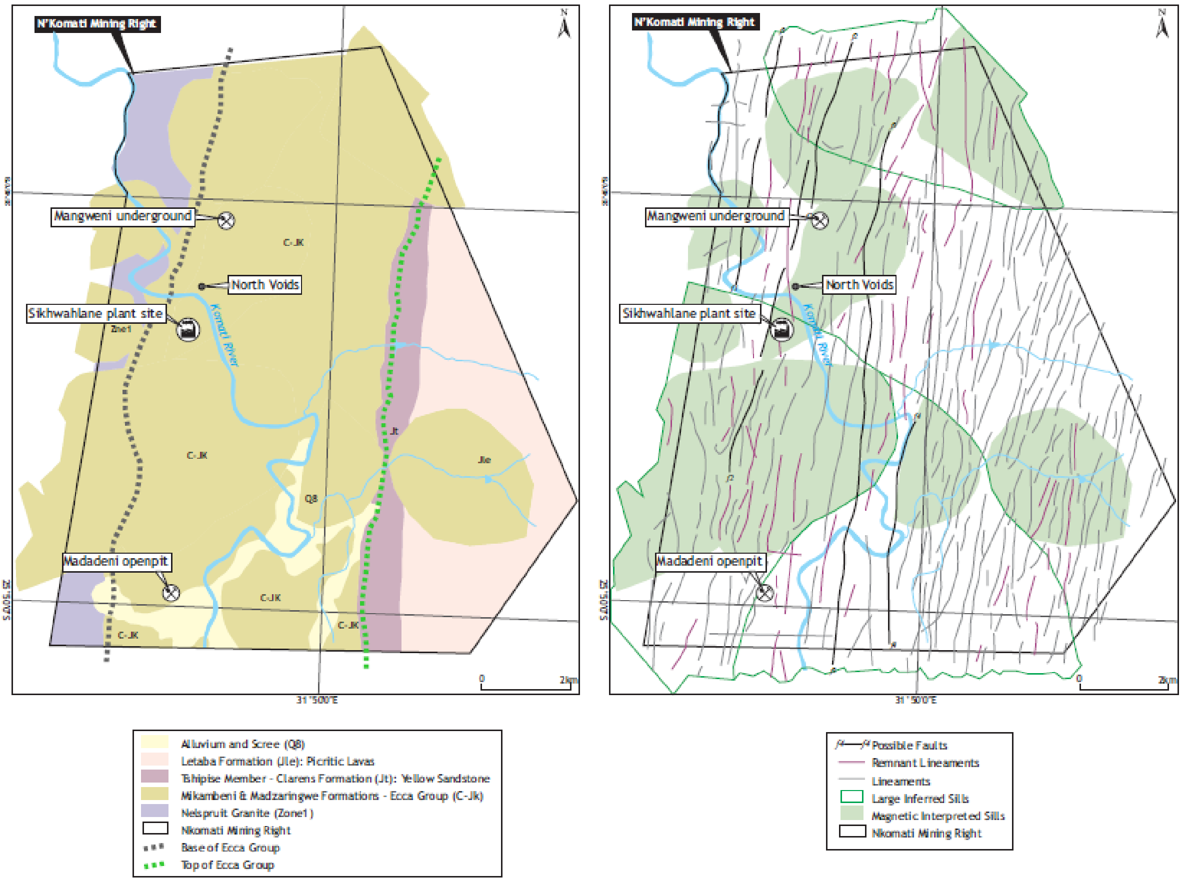
Geological setting

The local geology of the project is illustrated in Figure 3. Within the project area there are generally four to five discrete coal seams present within the Vryheid Formation sediments, dipping approximately 10°E. The Number 2 Lower Seam is the main seam mined within the Project Area, and is the seam targeted for underground mining. The Number 2 Lower Seam ranges in thickness from 1,9 m to 6,3 m at Mangweni and 1,2 m to 3,8 m at Madadeni. All seams greater than 0,5m thick are extracted within the opencast mining area.

Figure 3: Local geology of Nkomati and associated structural interpretations from aeromagnetic survey.



Coal Resource classification

The previously defined Coal Resource areas were reviewed taking into account the new drilling information and interpretation and likely mining methods to be applied. Coal Resources and their classification, in order of increasing confidence, are defined according to the SAMREC Code as follows: (Figure 1):

An 'Inferred Coal Resource' is that part of a Coal Resource for which quantity and coal quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Coal Resource has a lower level of confidence than that applying to an Indicated Coal Resource and must not be converted to a Coal Reserve. It is reasonably expected that the majority of Inferred Coal Resources could be upgraded to Indicated Coal Resources with continued exploration.

An 'Inferred Coal Resource' for the multiple seam coal deposit-type is quantified by an industry guideline of one (1) cored drill hole with coal quality data per 100ha (approximately 1km spacing) (SANS 10320).

An 'Indicated Coal Resource' is that part of a Coal Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Coal Resource has a lower level of confidence than that applying to a Measured Coal Resource and may only be converted to a Probable Coal Reserve.

An Indicated Coal Resource for the multiple seam coal deposit-type is quantified by an industry guideline of four (4) cored drill holes with coal quality data per 100ha (approximately 500m spacing) (SANS 10320).

A 'Measured Coal Resource' is that part of a Coal Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

A Measured Coal Resource has a higher level of confidence than that applying to either an Indicated Coal Resource or an Inferred Coal Resource. It may be converted to a Proved Coal Reserve or to a Probable Coal Reserve.

A Measured Coal Resource for the multiple seam coal deposit-type is quantified by an industry guideline of eight (8) cored drill holes with coal quality data per 100ha (approximately 350m spacing) (SANS 10320).

The Competent Person used these definitions as the basis for the classification of the resource categories with modifications reducing the extent of each as required due to faulting or other constraints.

The areas with classified Coal Resources are considered to have a realistic and reasonable potential for eventual economic extraction based on the fact that they have similar structural and quality characteristics to the areas providing Coal Resources that are currently sold in terms of the offtake agreement in place with Glencore.

Resources are estimated separately for the Mangweni and Madadeni resource areas using only the drill hole information relevant to each.

Future Exploration

Nkomati planned an exploration drilling programme comprising of 30 diamond core drill holes, commencing in 2018. The aim of the drilling programme was to:

- conduct exploration in the area between Mangweni and Madadeni, more specifically between the plant and Madadeni on the west of the Komati River, to identify any potential new areas of mineable coal; and
- to upgrade the existing Inferred Coal Resources to Measured Coal Resources.

A budget of R6.36 million was planned for the drilling.

This drilling programme is expected to be completed by December 2019. Future exploration programmes will focus on continuing to upgrade the different Coal Resource categories, improving the geoscientific confidence levels for each category. An annual capital expenditure of ZAR2.8m for ongoing Coal Resource and Coal Reserve drilling was recommended. However, no detailed budget has been prepared for drilling post December 2019.

Geological Data Verification and Laboratory Quality Assurance and Quality Control

The analysis of coal samples from the various exploration campaigns was undertaken by independent commercial laboratories that were SANAS accredited at the time the analyses were undertaken. An additional forty-seven drill holes were drilled at Nkomati since the last published Coal Resource estimate in December 2018. An ongoing drilling programme is underway to further explore and confirm the Coal Resources of the Nkomati Anthracite deposit. The samples from these campaigns were submitted to Bureau Veritas Inspectorate Laboratories which have been widely used in the industry. Data checks and statistics were conducted in Excel to check on quality assurance of historical information. Analytical results received during 2019 were validated against these before adding into the database.

All quality data is presented on an air-dry basis.

The Competent Person considers that the analyses are suitable for quality estimation purposes. The Coal Resource estimate presented is a true reflection of the professional opinion and experience of the competent person.

Coal Resource estimation process

A database of drill hole collars, lithologies, strata correlation and qualities (raw coal and washabilities) were prepared and validated. Dassault Systèmes GEOVIA Minex™ Version 6.5.5 (Minex), Golden Software Surfer® Version 14 and Model Maker® Version 12.02 were used for the structural, physical and quality modelling of the coal resource. Seam volumes were calculated in Minex™ and utilised to calculate coal tonnages. All available drill hole information was used in order to determine seam structure and extents, except for some MCL-series holes, which collar coordinates could not be verified as being surveyed. The RC drilling BHOH- and MBOH-series drill holes for which grid surfaces were developed for the roof and floor of each of the correlated seams, where only used as structural control holes. The Minex growth algorithm was used to interpolate coal qualities and physical parameters. A minimum of 95% sample quality coverage was required for quality modelling. Grid cell size was set to 25m x 25m.

It is noted that fault displacements of less than 5m are beneath the resolution of the drill hole grid. Quality modelling and the classification of Coal Resources into Measured, Indicated and Inferred categories was done using only drill holes which have coal quality data and reliable collar coordinate information.

All seams were modelled for completeness, but only those that are considered to have reasonable and realistic prospects for eventual economic extraction are presented in the resource statement. Average coal qualities for each seam are composites weighted by seam thickness and relative density. All coal qualities are expressed on an air-dry and uncontaminated basis and no special assumptions were made regarding estimation of the sulphur and phosphorous contents.

The quality models were validated by visual comparison between the drill holes and blocks. These were comparable in all cases and no evidence of bias was noted. Resource blocks were defined based on structural and coal quality (burnt coal) parameters and therefore no specific coal quality limit was applied to determine Gross Tonnes In Situ. GTIS were discounted by a variable geological discount factor, determined by each block's potential risk exposure to unforeseen geological losses.

Total Tons In Situ (TTIS) were determined on the basis of the equation:

TTIS = area(m2) x thickness (m) x bulk density

The following loss factors were applied to yield Total Tonnes In Situ (TTIS):

- Madadeni open cast resource blocks: Measured 15%; Inferred 40%
- Madadeni underground resource blocks: Measured 15%; Indicated 40%; Inferred 50%
- Mangweni underground resource blocks: Measured 17%; Inferred 50%

No mining losses were applied, and the TTIS was converted to Mineable Tonnes In Situ (MTIS).

Coal Resource estimate

Coal Resource area delineation was based on the SAMREC Code (2016 Edition) guideline in respect of reasonable and realistic prospects for eventual economic extraction (RRPEEE) and tailored to discrete mining areas. The Coal Resource blocks were clipped by servitudes, adjacent rivers and residential areas and were cut by the limit of weathering. Minimum seam thicknesses of 0.5m and 1.2m for opencast and underground mining areas, respectively, were applied as thickness cut offs for the Coal Resource estimates. A maximum in-situ stripping ratio of 7:1 limits the extent of opencast Coal Resources.

The Coal Resources are quoted inclusive of Coal Reserves. The Coal Resource is reported on an air dried basis, rounding down of tonnages to 1 000t. The table reflects 100% of the Coal Resource of which 60% of the Coal Resource is attributable to the Group.

Nkomati has two areas of current focus with respect to the development of Coal Resources and mining of coal on the property, these being the Mangweni area in the north and Madadeni area in the south (Figure 4). The Number 2 Lower Coal Seam is the primary economic seam and is present in all the defined Coal Resource areas. It is the only seam amenable to underground mining methods and is the only seam whose Coal Resources are reported in the underground areas. At Madadeni, in the open cast area, Number 2 Upper 1 Coal Seam, Number 2 Lower Coal Seam and Number 1 Coal Seam are present and can be extracted economically and are included in the Coal Resource estimate.

The Mangweni Coal Resource was re-evaluated after adding operational as well as exploration drill holes, and an additional 4,475 Mt coal resource were identified to be included into the Measured Coal Resource status. The Measured Coal Resource category increased to almost 7,46 Mt and the Inferred Coal Resource category increased to 14,52 Mt. A total of 35 176 tonnes have been mined since the re-opening of the underground shaft, with steady production as from October 2018. Figure 5 (A and B) show the changes in defined Coal Resource blocks and the status of the Mangweni Coal Resource Classification.

The changes in defined Coal Resource blocks and status of the Madadeni Coal Resource classification is seen in Figure 6 (A and B). The Madadeni Coal Resource was re-evaluated after adding operational as well as exploration drill holes, and an additional 4,187 Mt of Coal Resource were identified to be included into the Measured Coal Resource category. The Measured Coal Resource category increased to almost 5,04 Mt while the Indicated Coal Resource category decreased to 1,36 Mt. The Inferred Coal Resource category increased to 3,82 Mt. A total of 336 538 tonnes have been mined during the previous year.

In summary, a total of 4,19 Mt increase is seen in the Measured Coal Resource category with an overall increase of 10,6 Mt for Nkomati. This is due to the execution of a targeted exploration programme along the strike of the coal bearing strata, connecting the northern and southern coal resource areas. The summary Coal Resource estimate, net of depletion, is presented in Table 1 below which should be read with in conjunction with Figure 1.

Figure 4: Location of Coal Resources in relation to Mining Right and drill holes

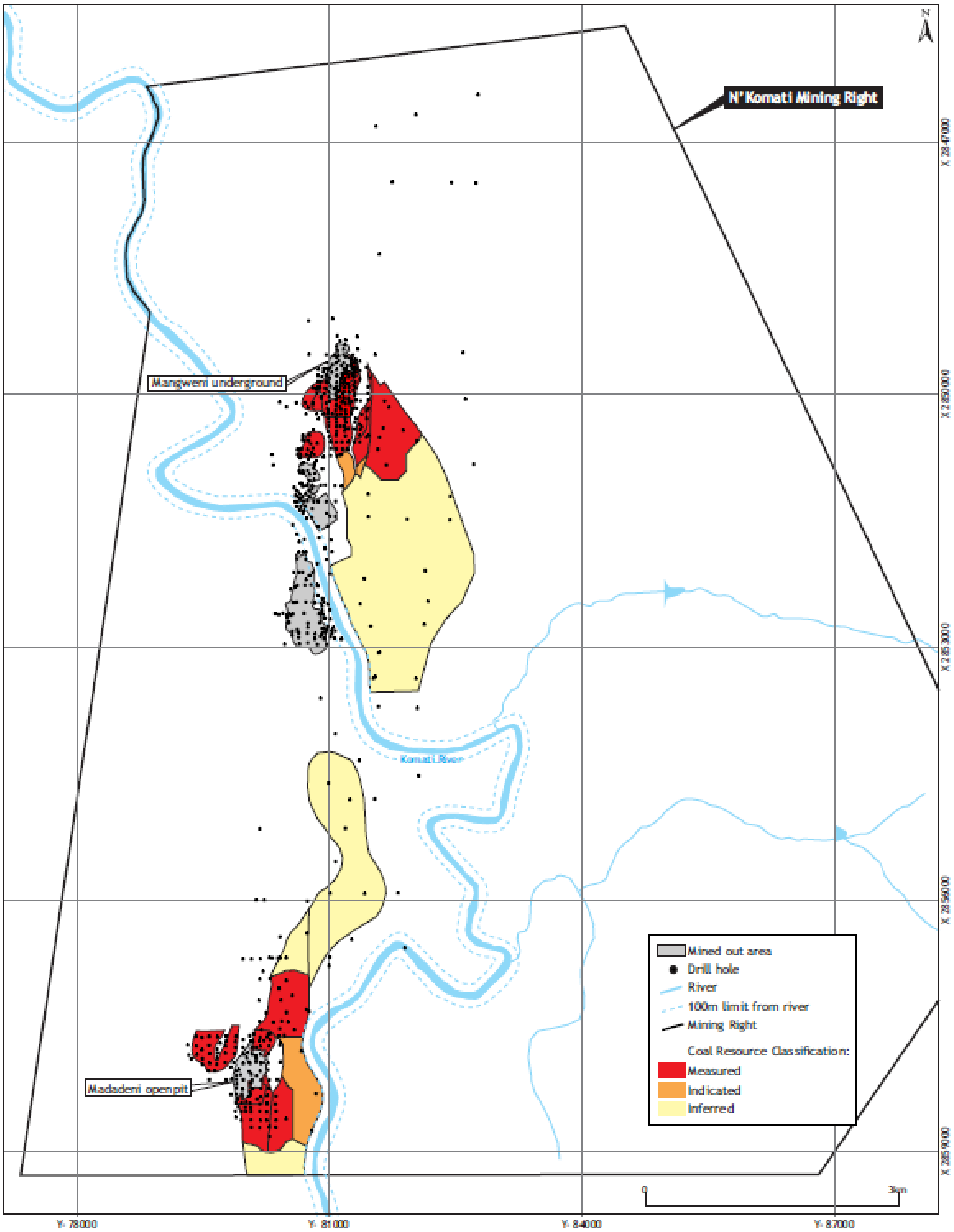


Figure 5 A and B: Mangweni Coal Resource Classification June 2018 and June 2019

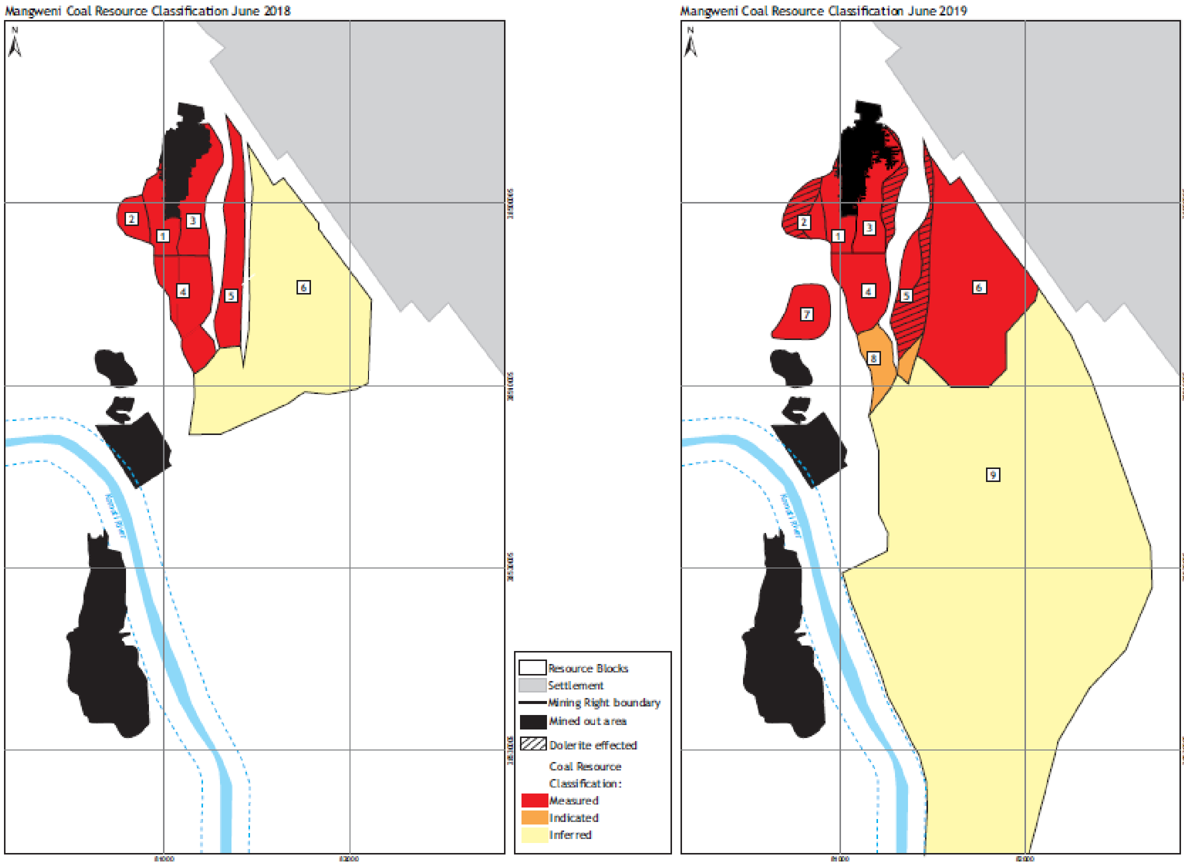


Figure 6 A and B: Madadeni Coal Resource Classification June 2018 and June 2019

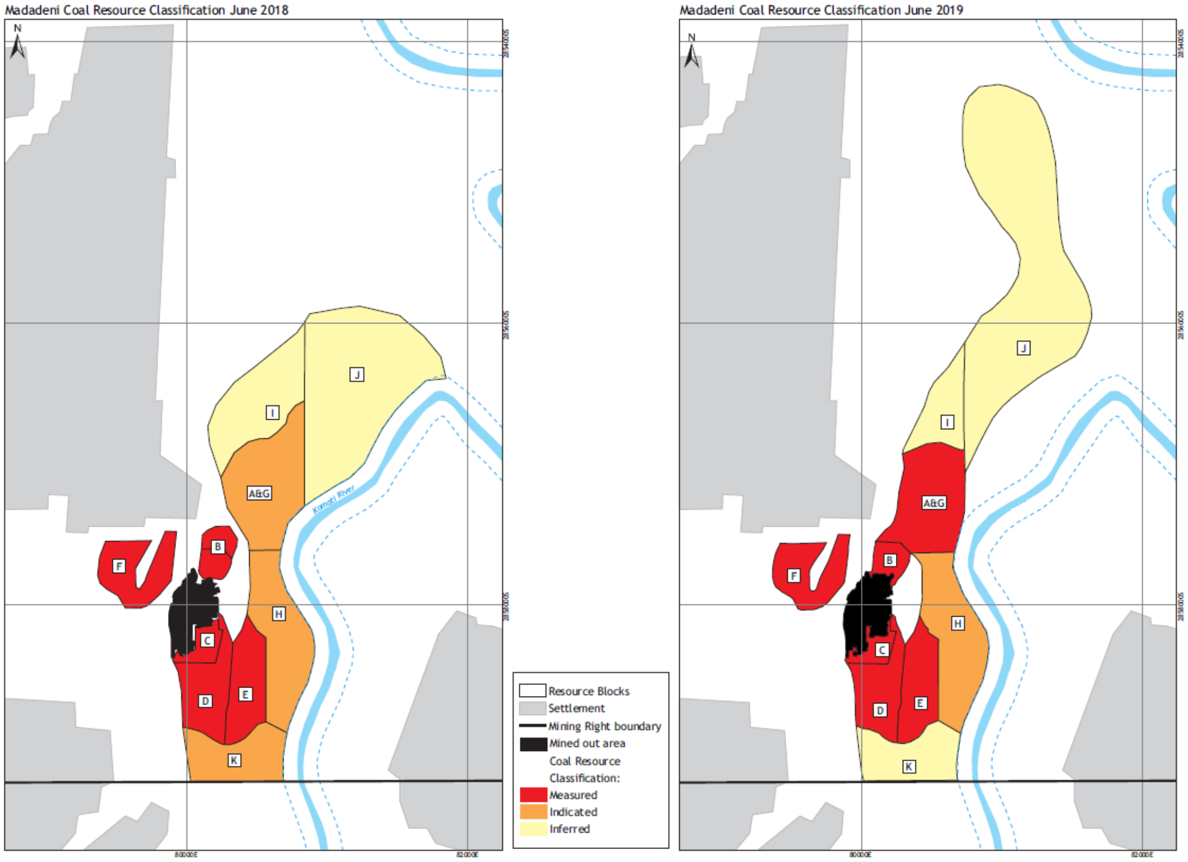


Table 1: Summary of Nkomati Anthracite Mine's Coal Resources as at 30 June 2019 (inclusive of Coal Reserves) and differences from 30 June 2018

					30 JUN 2018					30 JUN 2019	DIFFERENCE (t) (Jun18-Jun19)
MINING AREA	BLOCK	RESOURCE CATEGORY	MINING METHOD (UG/OC)	SEAM	MTIS (t)	BLOCK	RESOURCE CATEGORY	MINING METHOD (UG/OC)	SEAM	MTIS (t)	MTIS (t)
Mangweni	1	Measured	UG	2L	336 000	1	Measured	UG	2L	360 000	24 000
	2	Measured	UG	2L	215 000	2	Measured	UG	2L	390 000	175 000
	3	Measured	UG	2L	658 000	3	Measured	UG	2L	833 000	175 000
	4	Measured	UG	2L	1 053 000	4	Measured	UG	2L	817 000	(236 000)
	5	Measured	UG	2L	723 000	5	Measured	UG	2L	732 000	9 000
	6	Inferred	UG	2L	3 592 000	6	Measured	UG	2L	3 719 000	127 000
					0	7	Measured	OC	2L	609 000	609 000
					0	8	Indicated	UG	2L	378 000	378 000
					0	9	Inferred	UG	2L	14 517 000	14 517 000
	TOTAL MANGWENI MEASURED				2 985 000	TOTAL MANGWENI MEASURED				7 460 000	4 475 000
	TOTAL MANGWENI INDICATED				0	TOTAL MANGWENI INDICATED				378 000	378 000
	TOTAL MANGWENI INFERRED				3 592 000	TOTAL MANGWENI INFERRED				14 517 000	10 925 000
	TOTAL / AVE MANGWENI				6 577 000	TOTAL / AVE MANGWENI				22 355 000	15 778 000

ABRIDGED RESOURCE AND RESERVE ESTIMATE

					30 JUN 2018					30 JUN 2019	DIFFERENCE (t) (Jun18-Jun19)
MINING AREA	BLOCK	RESOURCE CATEGORY	MINING METHOD (UG/OP)	SEAM	MTIS (t)	BLOCK	RESOURCE CATEGORY	MINING METHOD (UG/OP)	SEAM	MTIS (t)	MTIS (t)
Madadeni	A	Measured	OP	1, 2L, 2U	1 139 000	A & G	Measured	UG	2L	1 597 000	458 000
	B	Measured	OP	1, 2L, 2U	1 354 000	B	Measured	OC	1, 2L, 2U	500 000	(854 000)
	C	Measured	OP	1, 2L, 2U	821 000	C	Measured	OC	1, 2L, 2U	391 000	(430 000)
	D	Measured	UG	2L	791 000	D	Measured	UG	2L	811 000	20 000
	E	Measured	UG	2L	796 000	E	Measured	UG	2L	826 000	30 000
	F	Measured	UG	2L	425 000	F	Measured	UG	2L	913 000	488 000
	G	Indicated	UG	2L	1 544 000						(1 544 000)
	H	Indicated	UG	2L	932 000	H	Indicated	UG	2L	1 364 000	432 000
	I	Inferred	OP	1, 2L, 2U	4 603 000	I	Inferred	UG	2L	359 000	(4 244 000)
	J	Inferred	UG	2L	2 496 000	J	Inferred	UG	2L	2 872 000	376 000
	K	Indicated	UG	2L	499 000	K	Inferred	UG	2L	590 000	91 000
	TOTAL MADADENI MEASURED				5 326 000	TOTAL MADADENI MEASURED				5 038 000	(288 000)
	TOTAL MADADENI INDICATED				2 975 000	TOTAL MADADENI INDICATED				1 364 000	(1 611 000)
	TOTAL MADADENI INFERRED				7 099 000	TOTAL MADADENI INFERRED				3 821 000	(3 278 000)
	TOTAL / AVE MADADENI				15 400 000	TOTAL / AVE MADADENI				10 223 000	(5 177 000)
	TOTAL / AVE N'KOMATI MEASURED				8 311 000	TOTAL / AVE N'KOMATI MEASURED				12 498 000	4 187 000
	TOTAL / AVE N'KOMATI INDICATED				2 975 000	TOTAL / AVE N'KOMATI INDICATED				1 742 000	(1 233 000)
	TOTAL / AVE N'KOMATI INFERRED				10 691 000	TOTAL / AVE N'KOMATI INFERRED				18 338 000	7 647 000
	TOTAL / AVE N'KOMATI				21 977 000	TOTAL / AVE N'KOMATI				32 578 000	10 601 000

Mining Production

Unicorn acquired Nkomati during 2007. Operations ceased in 2011 when the mine went on to care and maintenance. Mining recommenced at the Matadeni open cut in February 2015. A summary of coal production for 2016 to June 2019 from the Matadeni open cut is presented in Table 2.

Table 2: Summary of Nkomati Anthracite Mine's Coal Production from April 2016 to June 2019

Production Period	Production (Run of Mine Tonnes)
For the 15 months ended June 2016	219 800
For the year ended June 2017	312 317
For the year ended June 2018	164 980
For the year ended June 2019	371 714

Safe-making of the Mangweni Shaft commenced in September 2018, and about 19 000t were mined during this process. Steady state mining is has commenced as from October 2018.

Mining Methods

Two mining methods are in use at Nkomati:

- Opencast mining at the Madadeni opencast site; and
- Underground bord and pillar mining at Mangweni.

At the Madedeni opencast site there are conventional truck and shovel operations where the overburden and coal horizon is alternatively drilled, blasted and removed with diesel shovels and hauler trucks. After drilling and blasting, the rock is loaded by diesel shovels and transported out of the pit and placed in the previous strip where the coal has already been removed. The coal seam is then cleaned, drilled and blasted before it is loaded with front end loaders and transported to the beneficiation plant in tipper trucks – this surface mining method is commonly known as Strip Mining by truck and shovel.

At the Mangweni underground mine, conventional bord and pillar mining is taking place. Geotechnical analysis of exploration bore holes showed that in some areas the floor is undulating, and the floor of the development will follow the contour of the natural floor, while the anthracite will be mined to the natural roof. Where the coal seam is in excess of about 5m, the seam will be removed in two stages and this mining method is commonly known as Top and Bottom Coaling.

Coal Reserve estimate

Coal Reserves were declared in the report entitled "INDEPENDENT COMPETENT PERSONS' REPORT ON UNICORN CAPITAL PARTNERS LIMITED'S NKOMATI ANTHRACITE MINE, SOUTH AFRICA" dated 31 December 2018, by Tenement. Table 3 is a summary of these Coal Reserves, depleted by mining from January 2019 to June 2019. The Coal Reserve estimate has not yet been updated to reflect the new mining assumption for the underground coal at Mangweni, whereby roof coal is no longer left in the roof. The Coal Reserve estimate will be updated on completion of the drilling programme. It is expected that the Coal Reserves for Mangweni underground will increase due to this change in mining methodology.

Table 3: Summary of Nkomati Anthracite Mine's Resources as at 30 June 2019

			31 DEC 2018 ROM COAL RESERVE TONNES (As						31 DEC 2018 SALEABLE COAL TONNES (AIR			MINED JAN 19 - JUN 19	30 JUNE 2019	
MINING AREA	MINING METHOD	SEAM	PROBABLE (t)	PROVED (t)	TOTAL (t)	WASTE (bcm)	ROM STRIP RATIO (bcm/t)	AVE PRAC. YIELD (%)	PROBABLE (t)	PROVED (t)	TOTAL (t)	TONNES (t)	ROM TOTAL (t)	SALEABLE TONNES (t)
Mangweni	OC	2L	0	577 580	577 580	3 157 170	5.47	56.0	0	323 300	323 300	0	577 580	323 300
	UG	2L	107 720	2 077 810	2 185 530	N/A	N/A	66.0	70 040	1 351 130	1 421 170	18 132	2 167 398	1 403 038
TOTAL MANGWENI			**107 720**	**2 655 390**	**2 763 110**	**3 157 170**	**5.47**		**70 040**	**1 674 430**	**1 744 470**	**18 132**	**2 744 978**	**1 726 338**
Madadeni	OC	2U	0	249 310	780 230	4 206 550	5.39	67.4	0	168 020	525 830	203 635	780 230	388 586
		2L	0	388 380					0	261 750				
		1	0	142 540					0	96 060				
	UG	2L	384 340	1 295 060	1 679 400	N/A	N/A	62.1	224 430	756 257	980 687	0	1 679 400	980 687
TOTAL MADADENI			**384 340**	**2 075 290**	**2 459 630**	**4 206 550**	**5.39**		**224 430**	**1 282 087**	**1 506 517**	**203 635**	**2 459 630**	**1 369 273**
TOTAL N'KOMATI			**492 060**	**4 730 680**	**5 222 740**	**7 363 720**	**5.42**	**62.3**	**294 470**	**2 956 517**	**3 250 987**	**221 768**	**5 204 608**	**3 095 610**

Notes:

Rounding down of tonnages to 10t.

Executive directors

Jacques (JC) Badenhorst (49)

CA (SA)
Executive director: Chief Executive Officer
Appointed: 7 October 2015

Board committee membership

Member of the Social and Ethics Committee and also attends various Board committee meetings ex officio.

Skills, expertise and experience

Jacques joined the company as a non-executive director on 8 May 2015 and was appointed acting Chief Executive Officer on 7 October 2015 and appointed as permanent CEO on 1 March 2016. Jacques was formerly Vice President at JP Morgan and subsequently Group Executive for Strategy and Planning at Absa Group Limited. Thereafter, he was a director of various entities where he provided advice to key clients on corporate finance, mergers and acquisitions, strategy and debt capital. Jacques also served as an independent, non-executive director of Dorbyl Limited.

Johann (JC) Lemmer (41)

CA (SA)
Executive director: Financial Director
Appointed: 27 May 2014

Board committee membership

Member of the Board and also attends various Board committee meetings ex officio.

Skills, expertise and experience

Johann has extensive finance and business experience which includes, advisory and business administration in the finance and mining sectors. He has fulfilled the roles of an audit partner at BDO and Group Financial Director of Geosearch. Johann was appointed as Financial Director in May 2014.

Independent non-executive directors

Ralph (RB) Patmore (67) (Chairman)

BCom (Wits), MBL (SBL) (UNISA), Stanford Executive Programme (Stanford University, USA), Accredited Associate of the Institute for Independent Business International
Independent non-executive director
Appointed: 25 January 2012

Board committee membership

Chairman of the Board, Chairman of the Nomination Committee, member of the Remuneration Committee and a member of the Social and Ethics Committee.

Skills, expertise and experience

Ralph obtained his BCom and MBL from the University of the Witwatersrand and Unisa Graduate School of Business Leadership respectively, and was the co-founder of Iliad Africa Limited, a listed company focused on building materials, where he served as Chief Executive Officer for 10 years. He has also served as Managing Director to various companies and held the position of director on the board of Group Five Limited, a listed company operating in the integrated construction services and materials sector. Currently Ralph is also a non-executive director of various other listed entities.

Stephen (Steve) Naudé (68)

BCom (Wits), CA (SA), MBA (Chicago Booth)
Independent non-executive director
Appointed: 27 May 2014

Board committee membership

Chairman of the Audit and Risk Committee and Chairman of the Remuneration Committee and member of the Nomination Committee.

Skills, expertise and experience

Steve is a chartered accountant and obtained his MBA from the University of Chicago Graduate School of Business. Steve has more than 35 years' experience in corporate finance and investment banking in both the domestic and cross-border markets. Currently, Steve is Lead Independent Non-Executive director of a private insurance related company. He is also a member of the Institute of Directors South Africa.

Mdu Gama (50)

BCom (Accounting) (University of Lesotho), MBA (University of Durban – Westville), PhD (University of Johannesburg)
Independent non-executive director
Appointed: 1 February 2015

Board committee membership

Member of the Audit and Risk Committee and Chairman of the Social and Ethics Committee.

Skills, expertise and experience

Mdu is the first recipient of a PhD (Finance) degree awarded by the University of Johannesburg (UJ) and its predecessor Rand Afrikaans Universiteit (RAU). He is also an alumni of Cornell University (USA) and Henley University (UK). He has been a founder and director of various companies for more than 20 years.

He is a lead independent director at Mustek Limited, serves on its Audit and Risk Committee and also chairs the Mustek Employment Equity Committee. He is also a non-executive director of Calgro M3 Holdings Limited. Mdu is the co-founder and CEO of Resultant Finance Proprietary Limited, an asset rental company operating in the public and private sectors. He is also a trustee of the UJ Trust.

Dalikhaya (Rain) Zihlangu (53)

BSc (Mining) Engineering, MBA
Independent non-executive director
Appointed: 1 July 2010

Board committee membership

Member of the Audit and Risk Committee, member of the Remuneration Committee and member of the Nomination Committee.

Skills, expertise and experience

Rain obtained his first degree in Mining Engineering through the University of the Witwatersrand in 1989 to become the second black mining engineer in South Africa. He joined the Anglo American Corporation graduate training programme at Vaal Reefs Exploration and Mining Company and obtained his mine manager's government certificate of competence.

Non-executive directors

Theunis de Bruyn (51)

CA (SA)
Non-executive director
Appointed: 15 June 2016

Board committee membership

Member of the Board.

Skills, expertise and experience

Theunis is a chartered accountant with more than 20 years' experience in the investment and financial services sectors. Theunis serves on the board of various listed entities.

Corporate governance report

Application of King IV Principles

The Board of Unicorn and senior management are committed to the highest standards of corporate governance and take pride in their high moral and ethical business standards, accompanied by sound and transparent business practices.

As corporate governance is constantly evolving, Unicorn continually focuses on seeking ways to improve on its corporate governance standards and in doing so, the Board continuously strives to achieve corporate governance best practice.

The Board, assisted by the Audit and Risk Committee, the Social and Ethics Committee, and the Remuneration Committee is responsible for overall corporate governance and monitors compliance with all applicable laws, rules, codes, standards and the JSE Listings Requirements and ensures ongoing improvement in the adherence to these laws, guidelines and principles. The company Secretary is responsible for assisting the Board in monitoring compliance and the day-to-day management of corporate governance.

Unicorn endorses the governance outcomes, principles and recommended practices contained in the King Report on Corporate Governance 2016 ("**King IV**" or "**King Code**"), which was published on 1 November 2016 and came into effect for companies listed on the JSE Limited ("**JSE**") on 1 October 2017.

The Board, which constitutes the governing body of the company, satisfied itself that Unicorn has substantially applied the applicable principles set out in King IV, together with the mandatory corporate governance requirements set out in 3.84 of the JSE Listings Requirements, for the year ended 30 June 2019.

King IV advocates an outcomes-based approach towards the achievement of four governance outcomes. A summary of the King IV principles implemented by the company in meeting those outcomes is set out below:

Governance outcome: Ethical culture	
Part 1: Leadership, ethics and corporate citizenship	
Principle 1	Leadership
The Board should lead ethically and effectively	The Board is committed to the highest standards of corporate governance. The responsibilities of the Board include providing effective leadership based on an ethical foundation. To this end, the Board has adopted a Code of Conduct which is designed to ensure the effective management of ethics and is applicable to all directors and employees across the company. The Board and its committees monitor compliance with the Code of Conduct. Directors have a legal obligation to prevent conflicts of interest with the company and are obliged to disclose any potential conflicts prior to any consideration or discussion by the Board of such items and are required to recuse themselves from any meetings while such discussions are in progress. Disclosures of other directorships are disclosed on appointment and changes tabled at the start of each Board meeting and this is a standard agenda item. Practices implemented with regards to the appointment of new directors are included under Principle 7 below. A performance and effectiveness assessment of the Board, the Audit and Risk Committee and the Social and Ethics Committee are performed every two years, and the results of these assessments are communicated to the Board and its committees.
Principle 2	Organisational ethics
The Board should govern the ethics of the organisation in a way	In accordance with the Board Charter (which is reviewed every two years), the Board is the guardian of the values and ethics of the company and sets the tone for an ethical organisational culture. The Board has a

that supports the establishment of an ethical culture	fiduciary duty to act in good faith, with due care and diligence and in the best interests of the company and its stakeholders and is therefore the primary body responsible for the corporate governance values of the company. While control is delegated to management in the day-to-day management of the company, the Board retains full and effective control over the company. The Code of Conduct adopted by the Board commits the company and its employees to the highest ethical standards of conduct and amongst others regulates aspects of confidentiality, non-discrimination, the acceptance of gifts, bribes and political contributions. Procedures exist in terms of which unethical business practices can be brought to the attention of the Board. The Board has adopted a zero-tolerance approach to fraud and the appropriate remedial action is taken should any substance be found to the matter reported.
Principle 3	Responsible corporate citizenship
The Board should ensure that the organisation is and is seen to be a responsible corporate citizen	The Social and Ethics Committee, which reports to the Board and shareholders, reflects and effects the company's commitment to responsible corporate citizenship. Unicorn subscribes to the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act. The company's good corporate citizenship is further evidenced by its promotion of the reduction of corruption as outlined in the Code of Conduct.
Governance outcome: Good performance	
Part 2: Strategy, performance and reporting	
Principle 4	Strategy and performance
The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	The Board, as a whole and through its committees, approves and monitors the implementation of the strategy and business plan of the company, sets objectives, reviews key risks and opportunities that could threaten or enhance the company's ability to provide sustainable long-term growth to stakeholders, and evaluates performance against the background of economic, environmental and social issues relevant to the company and global economic conditions. The sustainability of the company's businesses is a key consideration in the development and implementation of the company's business model, supported by formal policies governing environmental, corporate social investment, ethical and remuneration matters, all of which form key components of the value-creation process and are effective in ensuring the long-term sustainability of the company. Risk disclosures, together with the steps to mitigate the same, are made annually in the Integrated Report. The Board discloses the top risks faced by the company and confirms its satisfaction with the management of the risk management processes. The Audit and Risk Committee actively monitors the company's key risks as part of its standard agenda.
Principle 5	Reporting
The Board should ensure that reports issued by the organisation enable stakeholders to make	The Board is responsible for the integrity and transparency of the company's reporting and, assisted by the Audit and Risk Committee and

informed assessments of the organisation's performance and its short, medium and long-term prospects	the external auditors, oversees the issue of the company's annual financial statements and integrated reports. The Board oversees the sustainability reporting process, which is not independently assured by a sustainability assurer. The Board is committed to a communication policy to ensure that timely, relevant, accurate and honest information is provided to all stakeholders to enable them to make informed assessments of the company's performance and its short, medium and long-term prospects. The company has adopted policies governing the dissemination of price-sensitive information and insider trading. The publication of external reports and press releases, including releases on the JSE's electronic news service (SENS), requires the prior approval of the Board, or as may be otherwise instructed.
Governance outcome: Effective control	
Part 3: Governing structures and delegation	
Principle 6	Primary role and responsibilities of the Board
The Board should serve as the focal point and custodian of corporate governance in the organisation	The Board ensures that the company applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices through the company's governance structures, systems, processes and procedures. The Board's governance role and responsibilities are set out in the Board Charter and includes the focal role of setting the strategic direction of the company. The Board meets once every quarter; however, should an important matter arise between scheduled meetings, additional meetings may be convened. The Board may obtain independent, external professional advice at the company's expense concerning matters within the scope of their duties and the directors may request documentation from and set up meetings with management as and when required. An appropriate governance framework and the necessary policies and processes are in place to ensure the company adhere to requirements and minimum governance standards. While it may delegate to its committees and management where appropriate, the Board remains ultimately accountable for corporate governance in the company and for the appropriate and transparent reporting of corporate governance.
Principle 7	Composition of the Board
The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	The Board is comprised of two executive directors, four independent non-executive directors and one non-executive director. All members of the Board have the requisite skills and knowledge from diverse industry backgrounds. The *curricula vitae* of the directors are included in the Integrated Report. The Board is chaired by an independent non-executive director ("Chairman") and the roles of the Chairman and the Chief Executive Officer are separate and clearly defined to ensure a balance of power and effective discharge of duties.

	The independence of the non-executive directors is reviewed on an annual basis by the Board against the criteria stipulated by the JSE Listings Requirements and King IV. The arrangements for the periodic, staggered rotation of Board members are included in the company's Memorandum of Incorporation and are duly applied. To ensure a formal and transparent appointment process, any new appointment of a director is considered by the Board as a whole. The selection process involves considering the existing balance of knowledge, skills and experience on the Board and a continual process of assessing the needs of the company and the Board's effectiveness and ability for it to discharge its governance role and responsibilities objectively and effectively. Directors are appointed in terms of the company's Memorandum of Incorporation. New directors appointed to the Board are provided with an induction pack, including background material on the company's business and Board matters, guidance on directors' duties and responsibilities, and meetings with senior executives. Directors receive regular briefings on legal and other developments, including changes in the business and the business environment. The Board has adopted a policy on the promotion of gender diversity and inclusion at Board level, and reports in the Integrated Report on how it has made progress towards the targets established in the policy. The Board is mindful and supportive of the need for, and importance of, gender diversity and will be considering this when making new appointments to the Board. The Board carries out a formal self-evaluation every two years and is satisfied that the composition of the Board reflects the appropriate mix of knowledge, skills, experience, diversity and independence.
Principle 8	Committees of the Board
The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	Details regarding the Board's delegation of authority framework are included under Principle 10 below. The Board has delegated certain functions, without abdicating its own responsibilities, to the following committees ("Committees"), all of which has been established pursuant to written Terms of Reference: • Audit and Risk Committee • Social and Ethics Committee • Remuneration Committee • Nomination Committee The Committees are appropriately constituted and members are appointed by the Board, with the exception of the Audit and Risk Committee, whose members are nominated by the Board and elected by shareholders of the company. Meetings of the Committees are formally minuted. The Committees assist the Board to effectively discharge its duties. The composition and mandates of the Committees, as detailed in the Corporate Governance Report, ensure that there is an appropriate balance of power and that an independent perspective is brought to Board deliberations and that no single director has unfettered powers.

Principle 9	Evaluations of the performance of the Board
The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	The performance and effectiveness of the Board, the Audit and Risk Committee, the Social and Ethics Committee and the Remuneration Committee are evaluated every two years. The Chairman of the Board, assisted by the company Secretary, leads the Board's evaluation process. Items identified for improvement are discussed and followed up to ensure the implementation of recommended actions and the continued improvement in performance and effectiveness. An assessment of the suitability and effectiveness of the Chief Financial Officer and the finance team, is conducted annually by the Audit and Risk Committee and is confirmed in the Audit and Risk Committee's report in the annual financial statements. The appointment of the Chairman is reviewed by the Board on an annual basis.
Principle 10	Appointment and delegation to management
The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to the Chief Executive Officer and Chief Financial Officer to run the day-to-day affairs of the company, subject to a delegation of authority framework which contributes to the effective exercise of responsibilities. The Board approves and regularly reviews the delegation of authority framework. In instances where delegation has taken place to management or committees, pre-approved materiality levels and terms of references apply, prospectively. The Chief Executive Officer is accountable to the Board for the successful implementation of its strategy and the overall management and performance of the company. The role and responsibilities of the Chief Executive Officer, who was appointed by the Board, are set out in the Board Charter. The Board has satisfied itself that key management functions are fulfilled by competent and appropriately authorised individuals and are adequately resourced. The company has appointed Arbor Capital Corporate Services Proprietary Limited as Company Secretary, which reports to the Board on all statutory, regulatory and governance matters concerning the company. The performance and independence of the Company Secretary is evaluated by the Board annually and the Board has satisfied itself as to the appropriateness of this appointment and as to the arms-length nature of this appointment.
Part 4: Governance functional areas	
Principle 11	Risk governance
The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	In terms of the Board Charter, the Board is responsible for the governance of risk and the Audit and Risk Committee assists the Board with this responsibility. The Audit and Risk Committee sets the approach for risk governance in a manner that ensures adequate evaluation of opportunity and risk and supports the company in setting and achieving its strategic objectives. The Board receives regular risk reports from management, which considers the risks that could impact the company. The risk reports,

	which are updated on a regular basis, categorise the estimated impact and likelihood of the risks identified, and advise the Board of the controls established/remedial action taken to mitigate the risks identified.
Principle 12	Technology and information governance
The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	The Board recognises the importance of technology and information in relation to the company's strategy. The Board has adopted an IT Governance Framework, which delegates implementation to management, and includes the information technology strategy, structure and procedures, to ensure alignment with the performance and sustainability of the company, bearing in mind that the company is not technology intensive. In terms of the Board Charter and the Audit and Risk Committee Terms of Reference, the Board, together with the Audit and Risk Committee, oversee the governance of information technology.
Principle 13	Compliance governance
The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	The Board delegates its responsibility for the implementation and execution of effective compliance management to management; however, the Board retains overall accountability for compliance with applicable laws, adopted non-binding rules, codes and standards. The Audit and Risk Committee, together with the Social and Ethics Committee and the company's legal counsel, review the adequacy and effectiveness of the company's procedures to ensure compliance with legal and regulatory responsibilities. Any material incidences of non-compliance and/or significant fines or penalties incurred are reported to the Board and/or the Audit and Risk Committee to ensure that appropriate remedial action is taken. The Board is apprised of relevant new legislation or regulations introduced from time to time to ensure that compliance requirements are kept up to date. Details of any material regulatory penalties, sanctions or fines for non-compliance with the company's statutory obligations incurred will be disclosed in the Integrated Report. During the year under review, there were no material findings of non-compliance with applicable legislation or regulations.
Principle 14	Remuneration governance
The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long term	The Board oversees the governance of remuneration and sets the direction for remuneration across the company, taking into account market conditions, expert advice from remuneration specialists and the company's remuneration policy. The company's remuneration policy and the implementation thereof, as approved by the Board, is tabled for non-binding advisory votes at each Annual General Meeting of shareholders. Non-executive directors' fees are submitted annually to shareholders for approval at the Annual General Meeting. The remuneration policy ensures that the company remunerates fairly, responsibly and transparently in the context of overall remuneration in the company to enable the company to achieve its strategic objectives and to secure positive outcomes in the short, medium- and long-term. A summary of the provisions of the remuneration policy is included in the Integrated Report.
Principle 15	Assurance
The Board should ensure that assurance services and functions enable an effective control environment, and that these	The company is committed to appointing service providers to provide independent assurance on both the financial and non-financial aspects of the business based upon their specific expertise and experience. The Board sets the direction for assurance services and functions but the

support the integrity of information for internal decision-making and of the organisation's external reports	responsibility for overseeing such arrangements is delegated to the Audit and Risk Committee, which is charged with supporting the integrity of information for internal decision-making use and for external reports. A combined assurance model has been developed and formally implemented across the company to effectively cover the company's significant risks and material matters. The model includes, but is not limited to, the company's risk management and compliance functions, the external auditors and regulatory inspectors, together with such other external assurance providers, as may be appropriate or deemed necessary, from time to time. The Audit and Risk Committee has satisfied itself as to the independence of the external auditor. With regards to an internal audit function, the nature and size of the company does not warrant such a function. However, the Audit and Risk Committee will continue to be guided by management regarding the requirement for the same, which is reviewed from time to time. During the year under review an internal control review was performed by an external service provider at significant operating investments held by Unicorn. The scope of the review performed was established by and the findings presented to the Audit and Risk Committee.
Governance outcome: Legitimacy	
Part 5: Stakeholder relationships	
Principle 16	Stakeholders
In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	The Board as a whole act as a steward of the company and each director acts with independence of mind in the best interests of the company and its stakeholders. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the company's stakeholders. Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Records of directors' financial interests are kept and updated on an on-going basis. The company engages its stakeholders on multiple levels and this allows the company to manage issues effectively and timeously. The appropriate balance between the company's various stakeholders and the best interests of the company is assessed on a continuous basis. The company acts in accordance with the requirements of the Companies Act and the JSE Listings Requirements regarding the equitable treatment of shareholders. Stakeholders are kept apprised of the company's performance by publication of the Integrated Report, the interim and year-end results announcements and, where required, trading updates. Management is responsible for maintaining stakeholder relationships.
Principle 17	Responsibilities of institutional investors
The Board of an institutional investor organisation should ensure that responsible investment is practiced by the	The Board considers material environmental, social and governance issues and compliance ("ESG") when making investment decisions. The function is performed by the Executive Directors monitoring and reviewing compliance with the company's philosophy surrounding ESG.

company to promote the good governance and the creation of value by the companies which it serves	When significant exceptions to the company's philosophy are identified in existing investments, these are communicated to the board who considers the appropriate action to take. New investments are recommended by the Executive Directors and approved by the board who considers ESG matters before approving new investments. It also means being responsible stewards of investors' money, which means actively engaging with management of investments around ESG issues. This is performed on a monthly basis by the Executive Directors. This helps to ensure that invested companies have sound governance practices, good labour practices and manage their impact on the environment and local communities.

Board of directors

Structure and role of the Board

The Board has a unitary structure which comprises seven members, four of whom are independent non-executive directors. Determination of independence is guided by King VI, the Companies Act, the JSE Listings Requirements and corporate best practice. The profiles of the members of the Board are set out on pages 41 to 42 of this Integrated Annual Report.

The roles of the non-executive Chairman and the Chief Executive Officer are separated in accordance with the Board's policy of division of responsibilities. This ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making.

The directors have a fiduciary duty to act in good faith, with due diligence and care and in the best interests of the company and all stakeholders. The Board of Directors accepts these duties and responsibilities.

A Board Charter, which is reviewed every two years, has been adopted to guide the Board in governance issues and sets a framework within which the Board functions. The Board Charter sets out the Board's duties and obligations, which include, *inter alia*, to:

- act as the focal point for, and custodian of, corporate governance by arranging its relationship with management, shareholders and other stakeholders of the company along sound corporate governance principles;
- appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this.

Executive directors are appointed by the Board to oversee the day-to-day running of the company. Executive directors are held accountable through regular reporting to the Board, and their performance is measured against predetermined criteria.

Non-executive directors provide the Board with advice and experience that is independent of management and the executives. The presence of independent non-executive directors on the Board, and the critical role they play as Board representatives on key committees, ensures that the company's interests are served by impartial views that are separate from those of management and shareholders.

As at financial year end, the Board composition was as follows:

Director	Appointed
Ralph Patmore (independent non-executive Chairman)	25/01/2012
Stephen Naudé (independent non-executive)	27/05/2014
Mdu Gama (independent non-executive)	01/02/2015
Rain Zihlangu (independent non-executive)	01/07/2010
Theunis de Bruyn (non-executive)	15/06/2016
Jacques Badenhorst (Chief Executive Officer)	07/10/2015
Johann Lemmer (Financial Director)	27/05/2014

Executive directors have contracts of employment with the company. No contracts between the executive directors and the company, or any of its subsidiaries, are terminable at periods of notice exceeding six months or require payment of compensation on termination above labour law requirements.

Non-executive directors have service contracts with the company, and retire annually by rotation in accordance with the company's MoI.

Details on the remuneration of executive and non-executive directors are provided on pages 164- 165 of the Integrated Annual Report.

Changes to the Board

There were no director appointments or resignations during the year under review.

Director appointment and retirement policies

The non-executive directors and Chairman are subject to retirement by rotation and re-election in accordance with the company's MoI. At each annual general meeting, one-third of the non-executive directors, or if their number is not a multiple of three, then the number nearest to, but not less than, one-third shall retire from office.

New appointments to the Board are made through a formal and transparent process and the Nomination Committee assists with the process of identifying suitable candidates to be proposed to the Board and to shareholders.

Board appointments are made with a view to ensuring an appropriate blend of skills and experience is maintained. All Board appointments are ratified by Unicorn shareholders.

Promotion of gender and race diversity

In terms of paragraph 3.84(i) and 3.84(k) of the JSE Listings Requirements, the Board is required to have a policy on the promotion of gender diversity and race diversity at Board level. The Board recognises the need for gender and race diversification and has embraced race diversification. Currently two of its seven directors are HDSA's.

The target would be to appoint a female to the Board during 2020 and in the event of the resignation of a board member, every attempt will be made to ensure compliance with the policy.

Board meetings

The Board meets at least four times a year with additional meetings held when necessary. The attendance at Board meetings held during this period is set out below:

Four Board meetings were held during the year.

Director	Attendance
Ralph Patmore (Chairman)	4
Rain Zihlangu	4
Stephen Naudé	4
Mdu Gama	4
Theunis de Bruyn	3
Jacques Badenhorst	4
Johann Lemmer	4

Board sub-committees

To enable the Board to properly discharge its duties and responsibilities, the Board is assisted by an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Social and Ethics Committee.

Directors play a critical role as Board representatives on the various Board committees and ensure that the company's interests are served by impartial, objective and independent views that are separate from those of management and shareholders.

Each committee has a charter to guide the members in performing their duties and the members of the committees have access to management.

Audit and Risk Committee

The Audit and Risk Committee is constituted as a statutory committee of Unicorn in respect of its statutory duties in terms of section 94(7) of the Companies Act, and a committee of the Board in respect of all other duties assigned to it by the Board. The duties and responsibilities of the committee members are in addition to those duties and responsibilities that they have as members of the Board.

The committee has an independent role with accountability to both the Board and shareholders. It does not, however, assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management.

A detailed report by the Audit and Risk Committee is set out on pages 94 – 96.

Remuneration Committee

The committee is responsible for ensuring that the directors and executive management are appropriately remunerated. The committee is also responsible for the formulation of proposals of the fees paid to the non-executive directors for the Board's consideration and shareholder approval.

During the year under review, the committee was chaired by independent non-executive director, Stephen Naudé, and comprised two additional non-executive directors, Ralph Patmore and Rain Zihlangu.

The Chief Executive Officer and Financial Director attend meetings by invitation, and are obliged to recuse themselves from discussions with regard to their own remuneration.

Two remuneration committee meetings were held during the year.

Director	Attendance
Stephen Naudé (Chairman)	2
Ralph Patmore	2
Rain Zihlangu	2

Nomination Committee

The committee ensures a formal and transparent procedure for appointments to the Board. Although the appointment of directors is a matter to be deliberated upon by the Board as a whole, the committee assists the Board by identifying and recommending suitable candidates for appointment as well as establishing a succession plan for Board members.

During the year under review, the committee was chaired by an independent non-executive Chairman, Ralph Patmore, and other members are Rain Zihlangu and Stephen Naudé. There were no nomination committee meetings required during the year.

Social and Ethics Committee

The purpose of this committee is to recognise the responsibility for the company's actions and the encouragement of a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public. The ultimate objective of managing organisational integrity is to build an ethical corporate culture. The committee has adopted a charter which is reviewed every two years, setting out its duties and obligations in line with its responsibilities.

The committee reports to shareholders that the directors have considered their individual and collective ethical performance and are satisfied that they have acted in an appropriate manner in regard to the business of Unicorn. No independent assurance as to ethical performance has been undertaken and no independent opinion in this regard has been expressed. The committee is satisfied that the company considers the relevant social and ethical matters in its initial and ongoing evaluation of its investee companies. The committee exercises oversight of the social and ethical matters as may be relevant to the activities of subsidiaries.

The committee members are appointed by the Board and it consists of not less than three members, at least one of whom is an independent non-executive director. The Board appoints the Chairman from the members of the committee and determines the period for which he/she shall hold office. The Board, from time-to-time, reviews and revises the composition of the committee, taking into account the need for an adequate combination of skills and knowledge.

Board members may attend committee meetings by invitation. Suitably qualified persons may be co-opted onto the committee when necessary to render such specialist services, as may be necessary, to assist the committee in its deliberations on any particular matter, but shall have no voting rights.

The committee is chaired by Mdu Gama. The appointed members are Jacques Badenhorst and Ralph Patmore.

Senior members of Unicorn management attend meetings by invitation.

Two Social and Ethics Committee meetings were held during the year.

Director	Attendance
Mdu Gama (Chairman)	2
Jacques Badenhorst	2
Ralph Patmore	2

Investment management

Unicorn manages its investments on a standalone ring-fenced basis. Each significant operating subsidiary has an appointed Chief Executive Officer and Chief Financial Officer who is responsible for the day to day management of the Subsidiary. The CEO and CFO of each subsidiary reports to the board of the subsidiary.

Subsidiary board compositions depend on the size and nature of the subsidiary. Unicorn has at least one Executive Director of Unicorn representing Unicorn on the individual boards of all its investments.

Unicorn representatives on the individual investment board monitors the investments performance through weekly reportable operational measures and through a monthly reporting and monitoring process.

Monthly meetings are held with the executives of investments to review performance, health and safety, commercial, social and ethics and strategic issues.

Unicorn's executive directors report to the Board on the performance and management of Unicorn's investments.

Unicorn's major investments are listed on page 145 of this Integrated Annual Report.

Code of Ethics and Business Conduct

Unicorn is committed to a policy of fair dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally. The company expects all employees to share its commitment to high moral, ethical and legal standards.

The executive management is responsible to the Board for the development and maintenance of the ethical culture within Unicorn and its investments.

Unicorn established a Code of Ethics and Business Conduct that incorporates the ten principals outlined in the United Nations Global Compact Guide to Corporate sustainability.

Executive directors are responsible to ensure and uphold a high standard of business conduct at Unicorn's investments and must take all reasonable steps to ensure that the operations of all investments are conducted within the Code of Ethics and Business Conduct.

Stakeholder engagement

Unicorn remains committed to providing all stakeholders with relevant, transparent and timely communication through the most appropriate medium and in the most appropriate manner.

The executive directors interact regularly with key shareholders on the performance and strategy of Unicorn. From time to time shareholders contact non-executive directors on specific issues. Communication channels include SENS, the press, corporate reports and publications, Unicorn's website, formal meetings and forums, informal information sharing and other marketing channels.

Company Secretary

All directors have unrestricted access to the advice and services of the Company Secretary and to company records, information, documents and premises. The Company Secretary minutes all Board and sub-committee meetings and maintains the registers required by statute. The Company Secretary is also responsible for keeping directors abreast of regulatory or legislative changes which may affect the company.

During the year under review, and in compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the Board evaluated the Company Secretary and was satisfied that Arbor Capital Corporate Services Proprietary Limited was competent, suitably qualified and experienced.

Arbor Capital Corporate Services Proprietary Limited or any of Arbor's employees are not related or connected to any of the directors and Arbor maintained an arm's length relationship with the Board.

Share dealing and conflicts of interest

Directors and management with access to financial results and/or price-sensitive information are prohibited from dealing in Unicorn shares during closed or prohibited periods. Directors are required to obtain prior approval from the Chairman and Chief Executive Officer and to report any share dealings to the Company Secretary who, together with the Chief Executive Officer and Sponsor, ensures the publication of the information on SENS.

Directors are required to separate their personal transactions from the company's transactions, and they are prohibited from accepting or soliciting gifts or benefits of any kind by virtue of their position on the Board. At each Board meeting, directors are required to disclose to the Chairman any potential conflict of interest and any other directorships held by them not previously disclosed. Directors who disclose a potential conflict of interest recuse themselves from discussion of the matter which may give rise to the conflict of interest.

Information technology report

The group does not have complex information technology systems and requirements and mainly relies on the systems and resources of external service providers. The performance of these external providers is monitored by subsidiary executive management and reported to the Board. The Group has an IT Policy and Procedure Manual that provides policies and procedures for subsidiaries on how to address systems and network architecture, applications, disaster recovery and security management. Each subsidiary has a delegated person responsible for information technology management.

Risk management framework

A corporate culture of risk awareness and mitigation is entrenched at all levels across Unicorn and within our Investment Entities. Proactive decision-making to mitigate and manage risk is expected and rewarded on a daily basis from all our employees.

The Board and the individual boards of our Investment Entities are ultimately responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.

A formal risk management framework assists the separate boards to manage risk in an effective manner. Unicorn acknowledges that risk is an inherent and unavoidable aspect and therefore requires risk awareness of all its employees.

Identification of risk

Risks associated with the operations of our investments are identified, evaluated and managed at Investment Entity board level. The Board, CEO and CFO of these companies are responsible for the risk management process. Unicorn has representation on the boards of all our Investment Entities through Unicorn's Executive Directors. Risks identified are consolidated into a consolidated risk management framework. All material risks that impact Unicorn's Investment Entities are evaluated by the Audit and Risk Committee and the Board using a formal risk rating matrix. The Audit and Risk Committee and the Board conduct regular reviews of Unicorn's risks to ensure that major risks are identified, rated and documented in the risk register.

Unicorn's focus is on identifying uncertain future events that may impact the overall objectives of the companies we are invested in. During the process we focus on understanding the causes of the risks, the probability of the risk materialising and the impact that the risk will have on achieving our objectives. These assist us in evaluating and establishing key risk mitigating controls.

Based on the aforementioned, risks are then plotted on the risk matrix to prioritise and assess the risk on an ongoing basis.

Managing and monitoring of risk and mitigating controls

Risks are reviewed on a monthly basis by the executive management of our Investment Entities to ensure that the requisite responsibility is allocated and the appropriate mitigating mechanisms are implemented to reduce the identified risk to an acceptable level.

General risks

There are a number of inherent risks associated with investing in any form of business, industry and country. Unicorn's investment entities in the mining and mining services industry mainly operate in South Africa. The inherent risks associated with maintaining a social license to operate in South Africa should be considered carefully before investing.

These risks include:

- Compliance with broad-based Black Economic Empowerment legislation in South Africa and specific focus on mining and the mining charter.
- Community protest action over service delivery and other matters.

- Communities holding companies responsible to perform the responsibility of Government.
- Extensive, progressive legislation and regulations in the mining industry.
- The mining sector is highly regulated and subject to numerous regulations.
- Operations are conducted in an open environment which is exposed to natural elements resulting in rain, heat and cold weather impacting operations.

The above risks are managed as part of Unicorn's day to day operations with inputs from various employees within the group. Where in-house knowledge or experience does not exist to address risks or new legislation, expert consultants are used to assist the group to address these risks.

Specific risks

In order to ensure that our investments operate in a long-term sustainable manager, specific focus is placed on different risks in Unicorn's subsidiaries. These risk focus areas are as follows:

Risk	Mitigation
Nkomati Anthracite mine	
Community actions disrupt operations resulting in a loss of production.	Operational management at Nkomati monitors any possible community action closely through constant communication with our clients and the local community. Local communities are engaged on a regular basis to understand concerns they might have and implement solutions to address these concerns where valid. The expansion at Nkomati resulted in an increase in employment from the local community. Where possible, the mine sources subcontractors from the local community to provide services. This contributes to sustainable community relations. During the year Nkomati Anthracite had no stoppages as a result of community actions. Nkomati Anthracite has entered into agreements to issue 16.1% shares to the three local communities surrounding the mine.
Reliance is placed on sub-contractors to perform certain activities on the mine. The subcontractor' financial stability and equipment availability is critical to ensure that the mine is producing at capacity. By utilising subcontractors Nkomati avoids having to invest in capital intensive equipment. However, when these contractors do not perform their work efficiently, the impact on Nkomati is significant in terms of lost production.	Contractors are monitored on a daily basis to ensure that they performed the required services against pre-determined objectives. Where a contractor is not performing in line with expectations firstly try to assist the contractor as much as possible or cancel the contract as a last resort. Even though contract penalties are built in for non-performance, these penalties cannot compensate for lost production.
Mining operations are subject to continuously changing, extensive legislation and regulations. Failure to comply with these laws and regulations might result in Nkomati not being able to operate; or in penalties and fines.	Both internal and external legal compliance reviews are performed on a regular basis to ensure that Nkomati complies with all regulations and requirements. Consultants with the appropriate skills are sourced to assist in monitoring and address specific risks identified.

Risk	Mitigation
Ritchie Crane Hire	
Sustaining a clean safety record is one of the competitive advantages of Richie. Failure to maintain high levels of safety can result in harm to people and in reputational damaged which may lead to loss of clients.	Ritchie's safety record is maintained through adhering to the standards required by the mining industry. This includes above normal requirements for continuous training of staff, monitoring and compliance with strict regulatory requirements and bi-monthly review of fitness of all key operating employees. This provides Ritchie with a license to operate on mining sites.
Sustaining high customer service levels that Ritchie is known for. Failure to maintain these high standards in a competitive market will result in Ritchie losing market share.	Senior management provides customer service on a daily basis and personally ensures that client expectations are met. Management is well incentivised to maintain the level of service.
Ritchie's main customer base is mines within the coal sector. If scheduled maintenance is reduced by mines as a result of the coal price Ritchie's utilisation of its fleet of cranes might reduce.	Ritchie is expanding into providing services to mines outside of the Witbank coal fields region. Diversifying Ritchie’s client base through steady expansion, without reducing capacity to service existing clients in the coal sector should address the risk over the long term.
JEF Drill and Blast	
JEF provides a commoditised service offering which results in highly competitive pricing. This may result in annual price increases not being in line with increases in costs.	JEF regularly evaluates individual contracts for profitability and will terminate contracts where the margins are not in line with expectations. JEF is focused on not only providing drilling services but also blasting services as well to its clients, which results in a different service structure.
JEF's contracts consist of a combination between contracts directly with the mine or, to the opencast mining contractor. Being contracted to an opencast mining contractor increases the risk of not being paid and not being directly involved in price increase negotiations with the mine. Contract miners attempt to perform the blasting services themselves rather than to use a specialist drilling and blasting company which may result in loss of contracts for JEF.	JEF continuously focuses on entering into agreements with the mine rather than mining contractors to address this risk. Where JEF works for the opencast contract miner, JEF liaises and maintains good relationships directly with mine management in order to ensure acceptable rate increases and payment. JEF maintains the skills and expertise required to provide a specialised drilling and blasting service offering to their clients, which ensures that they are the preferred drilling and blasting contractor.
Drill rigs are priced in United States dollars resulting in significant increases in the cost of equipment. The cost of equipment together with the commoditised service offering makes it difficult to justify acquiring new drill rigs at the current contract prices.	JEF has excellent workshop facilities and in-house mechanical expertise. In order to address the high cost of new equipment JEF commenced with an in-house rebuild program which increased productivity and extended the life of drill rigs significantly.
Geosearch exploration drilling	
Exploration drilling activities are performed both outside and inside of operating mines. Where work is performed in the mining area, Geosearch is exposed to the same risks as any other mining services company. These include safety stand downs as a result of other contractors on the mine, blasting delays and other risks that are associated with mining. Unscheduled client stoppages result in a reduction in profit margins of contracts.	In order to address this, Geosearch attempts to price the risk in the contract through allowing for adequate standing time. Standing time however does not normally include a profit margin. Geosearch attempts to estimate the number of stoppages and price accordingly.
Geosearch operates on more than seven locations across Southern Africa, many of them in remote areas. Widely disbursed sites require significant focus on logistic and inventory level management to avoid costly delays in operations.	Geosearch manages operations from a central head office. The procurement and logistics function is centralised at Geosearch’s head office. The department focuses on site inventory levels and logistics to pre-empt any delays and

Risk	Mitigation
	improve the response time of critical spares required on site.
During the past year, there was a significant increase in exploration drilling activities. This resulted in an industry wide skills shortage in the sector, which made it difficult and expensive to recruit adequately qualified employees. The increase in market related salaries for qualified drill rig operators, site supervisors and mechanics were as high as 50% in certain instances.	Geosearch had to increase salaries significantly in order to retain and attract qualified employees. Continuous focus is maintained on incentive schemes to ensure that critical staff are retained during this period of increased activity. Employment contracts entered into is site specific and of a short-term nature, linked to the contract the employee is working on. A number of on the job training programs have been implemented to upskill existing employees.

The Board has considered the implications and the impact of the King IV Code on Corporate Governance (King IV) on the remuneration policy as well as the amended JSE Listings Requirements and present this report in two parts. The Chairman's and CEO's reports provide context to the decisions and considerations taken during the reporting year which influenced the remuneration outcomes and will influence the remuneration going forward.

The Board ensures that Unicorn complies with the necessary principles as set out in the King Report on Governance for South Africa and relevant sections of the Companies Act when determining the remuneration of the senior executives and non-executive directors.

As part of the transition to an investment holding company Unicorn is in the process of reviewing the remuneration policy. As a result, the Board did not grant a long-term incentive award during the year. Since the presentation of the summary of the last remuneration policy to shareholders no other major changes were made to the remuneration policy of Unicorn.

Remuneration Committee

The role of the Remuneration Committee and its terms of reference are detailed below. In particular, the Remuneration Committee is responsible for:

- the determination and periodic review of the remuneration packages for executive directors and other members of the Executive Committee of the company including, but not limited to, basic salary, performance-based short and long- term incentives, pensions and other benefits;
- the design, operation and administration of the company's performance-based incentives and awards made under the incentive schemes;
- the development of a succession plan that identifies suitably experienced individuals, within the organisation, who can step into key roles should the need arise; and
- assisting the Board with the determination of the remuneration to be paid to the non-executive directors.

The committee consist of three Independent non-executive directors and is chaired by Mr. S Naudé. The other two members are Mr. R Zihlangu and Mr. R Patmore. During the year two meetings were held and attended by all the members.

Remuneration policy

The company's objective is to focus and invest in businesses that have good investment characteristics and yield attractive returns on capital and by doing so, outperform the market. In order to achieve this, the company must be in a position to attract the right talent available in the industry and its remuneration package must therefore be comparable to those of its competitors, in the various sectors in which it operates. The remuneration policy is aimed at attracting and retaining high-calibre executives and to motivate them to develop and implement the company's business strategy and the optimisation of long-term shareholder value. Unicorn controls most of its investments through board representation and shareholding. Where Unicorn exercises adequate control, Unicorn's remuneration committee is consulted to establish the criteria for the remuneration of the Executive Directors of these Investment Entities.

The following principles are applied to give effect to the remuneration policy and to determine Unicorn's executive remuneration:

- executive remuneration is benchmarked against a comparator group of South African small and mid-cap JSE-listed entities, mining services and junior mining companies;

- to ensure the appropriate balance between short, medium- and long-term incentives, with salary comprising about 20% to 25% of annual remuneration, if the bonus and share-based incentive targets are achieved in any given year; and
- to align the behaviour and performance of executives with the company's strategic goals, all incentive plans align performance targets with shareholder interests.

The quantum of the short-term incentive and related bonus is determined with respect to performance in a given financial year, while the vesting of the cash-settled share-based incentive awards is determined with respect to conditions related to company performance over the three years following the date of grant.

Elements of executive directors' remuneration

Remuneration mix

Each executive's total remuneration consists of:
- a basic salary and benefits, defined as the employment cost to the company,
- an annual performance-linked incentive,
- participation in a long-term incentive plan.

An appropriate balance is maintained between fixed and performance-related remuneration and elements linked to short-term performance and those related to longer-term growth in shareholder value. The potential performance-based incentive achievable in a given year, expressed as a percentage of basic salary, is shown below, on condition that the individuals deliver their personal objectives:

	Jun 19	Jun 18
Chief Executive Officer	200%	100%
Financial Director	150%	100%

During 2019 there were no long-term incentive awards made. The focus was set to achieve the short-term strategic objectives set during 2019. As a result, the remuneration mix changed for the June 2019 financial year as a short-term amendment to the remuneration policy.

Basic salary

The basic salary is the total guaranteed annual employment cost to the company associated with the employment of an executive. It is structured at the individual's election, but in accordance with applicable legislation, to include a basic salary and a travelling allowance. A cost of living increase in the basic salary is considered by the Remuneration Committee and recommended to the Board on an annual basis, and implemented from 1 July in the applicable year.

Annual performance incentive

This is a short-term incentive plan under which award levels are determined with reference to the achievement of a matrix-based scorecard, comprising a company financial metric and individual performance objectives. If no result is achieved with respect to the meeting of the financial metric, then no incentive is payable.

Considering the financial performance of the Group, the Remuneration Committee has decided that management focus must be placed on returning the Group to profitability and implementing the strategy of converting into an investment holding company. The short-term incentive pool for the executive directors will therefore be set accordingly.

Share-based incentives

The following incentive schemes previously approved by shareholders are dormant and currently have no awards outstanding and it is not envisaged that any awards will be made in the near future:

- deferred bonus scheme;
- share appreciation rights scheme; and
- the Schamin share incentive trust.

Long-term incentive plan

In the past, selected executives and employees of Unicorn and its subsidiaries had received a conditional right to receive a cash award (the "LTIP") equal to the market value of a number of notional Unicorn issued ordinary shares on the date the award became unconditional. This was a cash-settled scheme.

This plan is in the process of being phased out and will be replaced. The last date for awards made under the plan to vest or lapse will be at the end of the 2020 financial year.

The remuneration policy has been ratified by the Board.

Non-binding advisory vote on the Remuneration policy

The shareholders will be asked to cast a non-binding advisory vote on the remuneration policy as contained in this report at the annual general meeting of shareholders to be held on 20 November 2019.

Remuneration Implementation Report

The executive directors' remuneration is disclosed in note 43 of the Group's financial statements.

Basic salary

A cost of living increase in the basic salary is considered by the Remuneration Committee and recommended to the Board as follows:

R '000	Jun 2020	Jun 2019	Jun 2018	Increase 2019 - 2020
Basic				
JC Badenhorst	3 704	3 545	3 360	4.5%
JC Lemmer	2 884	2 760	2 627	4.5%
Motor vehicle allowance				
JC Badenhorst	154	140	140	10.0%
JC Lemmer	56	51	51	10.0%

Annual performance incentive

During the FY2019 financial year determined with reference to the achievement of a matrix-based scorecard for the year ended FY2018 were evaluated and a performance bonus calculated as follows:

Performance Measurement	Weighting	% Achieved
Profitability of the group	50%	0%
Board discretion	20%	20%
Specific objectives	30%	25%
Total	100%	45%

Based on the above, 45% of the executive directors' annual salary was awarded as a performance bonus as follows:

R '000	Jun 19
Short-term performance bonus	
JC Badenhorst	1 580
JC Lemmer	1 236

The Committee will evaluate if the FY2019 performance targets were met subsequent to the publication of the FY2019 Annual Integrated Report. The short-term bonus will be based on whether the Executive Directors are performing within the context of what the Company's strategic objectives on a discretionary basis.

Long-term incentive plan

At the end of the 2019 financial year, 3 450 000 LTIP awards (2017: 9 705 000) were outstanding to various employees of Unicorn Investment Entities. The conditionality for the tranche of the LTIP awards, which were to vest in 2019 was not met and no awards vested. In order for the 2020 tranche to vest the group needs to show a positive economic value added ("EVA") with a return on equity ("ROE") of 15%. The value of an LTIP is determined based on the 30-day VWAP share price of Unicorn on the day of vesting. Mr. JC Lemmer has a total of 1 010 000 awards outstanding previously allocated to him.

During the year, no additional long-term incentive awards were made to the Executives.

The March 2016 LTIP awards of Executive Directors vested during the year. Unicorn's share price outperformed the JSE All Share Index by 51.82% over the period from March 2016 to March 2019. As a result, 32.04% of the grant vested as follows:

March 2016 Grant

R '000	Total Grant	Total Vesting	Total Lapsing
JC Badenhorst	12 800	4 101	8 699
JC Lemmer	10 055	3 222	6 833
Total	**22 855**	**7 323**	**15 532**

The amount vesting is payable over a three-year period, subject to the executive remaining an employee of the company.

The implementation of the remuneration policy was recommended by the Remuneration Committee and approved by the Board for the 2019 and 2020 financial year.

Non-binding advisory vote on the Remuneration Implementation Report

The shareholders will be asked to cast a non-binding advisory vote to endorse the company's remuneration.

Overview

Unicorn's sustainable development framework is premised on certain performance indicators at our Investment Entities which are key to ensuring the future of these companies. These indicators can be broadly categorised into the following three fields: safety, health and environment; transformation; and stakeholder engagement. This review will illustrate the progress made by our Investment Entities.

Monitoring of the key performance indicators ("KPIs") as detailed below, takes place at our Investment Entities and executive committee levels. This enables our Investment Entities to consistently compare performance.

Operating context

Our Investment Entities continuously focus on continued cost control measures; increased productivity and efficiency; developing sustainable and competitive pricing models; building long-term strategic partnerships with clients; and continuous engagement with employee representatives and communities. The relative size of the Investment Entity and the operating environment determines the focus areas and standards implemented.

Performance

Key performance indicators

Key performance indicators ("KPIs") are used to monitor progress and measure the achievement of annual performance in the field of sustainable development. The table set out below reflects our Investment Entities performance against each of these target

Key performance indicators for the year ended 30 June	Geosearch		JEF		Ritchie		Nkomati	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Safety								
Classified injury frequency rate*	**-**	-	**-**	0,17	**-**	4,78	**0,32**	0,98
Fatalities	**-**	-	**-**	-	**-**	-	**-**	-
Health								
New cases of occupational diseases	**-**	-	**-**	-	**-**	-	**-**	-
International certification								
ISO9001	**Yes**	Yes	**No**	Yes	**Yes**	Yes	**No**	No
ISO14001	**Yes**	Yes	**No**	Yes	**No**	No	**No**	No
ISO18001	**Yes**	Yes	**No**	Yes	**No**	No	**No**	No
Environment								
Number of monetary fines or sanctions related to non-compliance with environmental legislation	**-**	-	**-**	-	**-**	-	**-**	**-**
Number of environmental incidents	**-**	-	**-**	-	**-**	-	**-**	**-**
Employment equity								
Number of HDSAs in management	**12**	33	**19**	111	**5**	4	**15**	**24**
Female participation in management	**12**	11	**8**	6	**2**	2	**4**	**6**
Percentage female employees in the group	**10%**	9%	**8%**	7%	**25%**	10%	**25%**	**16%**
Training								
Number of training hours	**30 587**	12 654	**7 473**	10 075	**6 628**	4 892	**17 457**	**2 692**
Stakeholder complaints								
Number of issues raised by stakeholders	**-**	-	**-**	-	**-**	-	**-**	**-**

*Number of injuries per 200 000 hours worked

Safety, health and environment

Unicorn strives to be a zero-harm company across all investment Entities and this requires actively working to reduce complacency and workplace risk through continuous adherence to ISO and OHSAS standards with a specific focus on training.

Safety

The safety of people working in Unicorn's Investment Entities is fundamental and remains the licence to operate. Safety is non-negotiable and our Investment Entities have implemented a range of systems and standards to drive progress in this aspect of their business.

Our Investment Entities remain committed to the goal of zero-harm and ensure that all incidents are analysed, the causes understood and the learnings shared across the Investment Entities. Operational experience, input from clients as well as industry norms, established a set of best practices. These practices are supported by the maintenance of a strict reporting discipline where all incidents and near misses are recorded.

Safety standards

OHSAS 18001 certification – an Occupational Health and Safety ("OHS") management system is a benchmark for the review of safety standards. This system safeguards employee safety by ensuring that policies and procedures are in place and are adhered to and it is also an important consideration for tenders and for the retention of clients.

During the year under review, Geosearch retained their OHSAS 18001 certifications. Even though these standards are adhered to at Ritchie and Nkomati, a formal certification process has not yet been done on ISO14001 and ISO18001.

Approach to safety

Safety incidents can have a significant impact on revenue, profits and the future sustainability of both the contractor and the client and that is why safety is approached as a joint effort, ensuring that the client's safety requirements are fully understood.

Safety at Unicorn is the responsibility of all employees. Participation in daily safety talks, monthly safety meetings as well as random safety audits are encouraged and has resulted in employees being fully committed and adhering to safety standards and procedures. A safety-conscious culture has been created by encouraging employees to make recommendations on how to improve safety in the workplace, to report incidents and near misses and learn from them, in an effort to avoid accidents.

Some of the initiatives implemented include risk assessments, improved hazard identification, fatigue management as well as alcohol and drug screening.

Health and wellness

It is our Investment Entities' responsibility to provide a safe and healthy working environment for employees. Operational employees undergo pre-employment and exit medicals and an annual medical examination, which ensure that employees are fit for work. These assessments also assist with the early detection and treatment of chronic illnesses and occupational diseases.

Employees are afforded an opportunity to participate in the wellness days arranged by host mines. It is at these wellness days that employees can be tested for diabetes, hypertension, tuberculosis, hearing loss, as well as HIV.

Investment Entities strictly adhere to the provisions of the Occupational Health and Safety Act, the Mine Health and Safety Act and the Compensation for Occupational Injuries and Diseases Act. The primary health risks identified include exposure to dust and noise which is mitigated by providing personal protective equipment, dust suppression measures and continuous monitoring.

For the year under review, no new incidents of occupational injuries or diseases were experienced.

Environment

The environmental impact of mining and the sustainability of resources are key focus areas and as a result, the spotlight is on mining companies and contractors to ensure that the impact of their operations is quantified and mitigated as far as possible.

As a responsible corporate citizen and in preparation for the changes in environmental legislation, Investment Entities are focused on monitoring the impact their operations have on the environment.

Environmental management standards

Unicorn has elected the ISO14001 standard - a voluntary measure of environmental compliance and maintenance of industry standards - as a target standard to be achieved where our operations impact the environment. During the year under review, Geosearch retained its ISO14001 certification. Nkomati is subject to numerous environmental laws and regulations. A complete environmental audit has been performed on the mine. Best practices are being implemented as part of the mine expansion program.

Environmental incidents

Unicorn is pleased to report that no environmental incidents took place across its Investment Entities during the year under review. Investment Entities continue to comply with all applicable environmental laws and make use of specialists to advise on and mitigate the risks of non-compliance.

Transformation

Unicorn recognises the importance of BBBEE, not only for the development of sustainable growth in all of its Investment Entities, but also for the growth of the broader South African economy. Unicorn aims through its investments to empower its people and maintain a competitive advantage by assisting its clients in achieving their BBBEE procurement goals.

Management control and employment equity

Unicorn is an equal opportunity employer which does not tolerate any form of discrimination and is committed to increasing the number of historically disadvantaged South Africans ("HDSAs") in management positions.

Our people

Employee statistics as at 30 June 2019

	Total 2019	Total 2018	Total 2017	Total 2016	Total 2015
Total employees	**1 253**	944	1 049	1 384	1 538
Male employees	**1 094**	853	959	1 259	1 411
Female employees	**159**	91	90	125	127
Non-HDSAs in management	**63**	49	74	103	132
HDSAs in management	**51**	154	81	138	168
Females in management	**26**	23	31	35	42

The total workforce of all our Investments Entities combined as at 30 June 2019 comprised 1 253 employees (June 2018: 944 employees). The increase in the workforce is due to the expansion of the Botswana operations.

Employee relations

South African employees have the right to freedom of association, a right conferred on them by the Constitution of the Republic of South Africa and the Labour Relations Act, No 66 of 1995, as amended.

Our Investment Entities recognise a number of trade unions. During the year under review, all Investment Entities successfully concluded wage agreements with the recognised unions.

Learning and development

Learning and development provides Unicorn with an opportunity to plan for future skills, while contributing to the overall transformation of our Investment Entities and the broader economy by improving the skills of employees.

Our Investment Entities focus on developing staff internally and external recruitment is only done if the necessary skills and expertise are not available.

Stakeholder engagement

Unicorn believes that open and transparent engagement should form the basis of its interaction with various stakeholders. As a result, stakeholder engagement takes place at a functional and a strategic level. Unicorn's primary stakeholders include shareholders, employees, trade unions and representatives of organised labour, local communities, clients and government authorities.
Unicorn acknowledges that constructive input from its stakeholders is essential, not only for minimising reputational risk but also for ensuring that the business operates smoothly.

Unicorn engages with the various stakeholder groups through, among others, community forum meetings, newsletters, the media and via Unicorn's website.

Government and regulatory bodies

Forging and maintaining a good relationship with government and regulatory bodies is vital to the ongoing sustainability of any business. In line with this, Unicorn strives to do so with the Department of Mineral Resources, the Department of Water Affairs and Sanitation, the Department of Labour and the South African Revenue Services. Some of the key topics raised by these stakeholders include safety, community engagement, the impact of operations on the environment as well as the achievement of employment equity targets. Each Investment Entity is responsible for communicating with the applicable regulatory authorities and addressing any concerns which are raised.

Labour representatives and employees

Labour relations in South Africa is fundamental to any business. The ability to resolve labour disputes timeously and cost effectively remains a business imperative which impacts on the sustainability of the business. It is in this context that Unicorn believes in continuous engagement with employees directly and through their elected representatives.

Such engagement takes place at Investment Entity level on a daily basis in the normal course of doing business through monthly union and management meetings, contact with the human resources office, workers' forums and in employment equity and skills development committee meetings.

Communities

Engaging with the community, either through the local chiefs or elected community representatives, is an important consideration as operations are predominantly based within communities. Failure to engage the community may negatively affect the operations and ultimately the sustainability of our investments.

Representatives from our Investment Entities meet regularly with community representatives to discuss, among others, local recruitment, social responsibility, environmental impact and possible training opportunities for community members.

No stakeholder complaints were received during the year under review.

SHAREHOLDERS' INFORMATION

For the year ended 30 June 2019

	Number of shareholders	% of shareholders	Number of shares	% of shares
Analysis of shareholders				
Range				
1 - 10 000	1 030	62,65	2 377 185	0,20
10 001 - 100 000	336	20,44	13 564 477	1,16
100 001- 1 000 000	171	10,40	65 046 005	5,57
1 000 001 - and more	107	6,51	1 086 576 824	93,07
	1 644	100,00	1 167 564 491	100,00
Major shareholders (directly owing 5% or more of shares in issue)				
JB Private Equity Investors			436 436 296	37,38%
Calibre Investment Holdings Proprietary Limited			74 553 403	6,39%
			510 989 699	43,77%
Shareholder spread				
Public	1 639	99,70	713 767 704	61,13
Non-public	5	0,30	453 796 787	38,87
Share scheme	1	0,06	2 091 328	0,18
Associates	1	0,06	5 553 871	0,48
Directors	3	0,18	446 151 588	38,21
Total	1 644	100,00	1 167 564 491	100,00

Directors and their associates shareholding

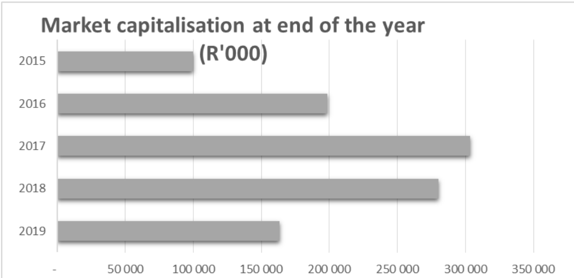
	Shares held			% of total shareholding
	Direct	Indirect	Total	
June 2019				
JC Badenhorst	**-**	**2 439 056**	**2 439 056**	**0,21**
JC Lemmer	**4 400 000**	**-**	**4 400 000**	**0,38**
T de Bruyn	**-**	**2 876 236**	**2 876 236**	**0,25**
JC Badenhorst and T de Bruyn	**-**	**436 436 296**	**436 436 296**	**37,38**
	4 400 000	**441 751 588**	**446 151 588**	**38,21**
June 2018				
JC Badenhorst	-	2 439 056	2 439 056	0,21
JC Lemmer	4 400 000	-	4 400 000	0,38
T de Bruyn	-	2 876 236	2 876 236	0,25
JC Badenhorst and T de Bruyn	-	436 436 296	436 436 296	37,38
	4 400 000	441 751 588	446 151 588	38,21

There has been no changes in the directors' interest between 30 June 2019 and the date of this report.

JSE PERFORMANCE

For the year ended 30 June 2019

	2019	2018	2017	2016	2015
Number of shares traded ('000)	**67 621**	67 621	272 089	521 480	307 861
% of total issued shares	**5,79**	5,79	23,30	44,66	52,49
Value of shares traded (R'000)	**20 770**	17 379	59 678	97 447	69 398
Price quoted (cents per share)					
- highest	**30**	33	34	28	35
- lowest	**14**	21	15	12	16
- closing	**14**	24	26	17	17
Market capitalisation at end of the year (R'000)	**163 459**	280 215	303 567	198 486	99 715



SHAREHOLDERS' DIARY

Financial year-end	30 June 2019
Audited results announced	23 September 2019

Reports and profit statement

Integrated Annual Report published	30 September 2019
Annual general meeting	20 November 2019
Interim review	31 March 2020

NOTICE OF ANNUAL GENERAL MEETING

Unicorn Capital Partners Limited
Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: UCP ISIN: ZAE000244745
("Unicorn" or "the company" or "the group")

Notice is hereby given in terms of section 62(1) of the Companies Act 71 of 2008, as amended ("Companies Act"), that an annual general meeting of shareholders of the company will be held at First Floor, Building 8, Inanda Greens Office Park, Wierda Road West, Wierda Valley, Sandton, 2196 at 10:00 on Wednesday, 20 November 2019, to consider and, if deemed fit, to approve the resolutions referred to below, with or without modification.

The Board has determined, in terms of section 62(3)(a), as read with sections 59(1)(a) and (b) of the Companies Act, the following dates in respect of the annual general meeting ("AGM").

	2019
Record date for determining those shareholders entitled to receive the notice of AGM	*Friday, 20 September*
Last day to trade in order to be eligible to participate in, and vote at the AGM	*Tuesday, 12 November*
Record date (for voting purposes at the AGM)	*Friday, 15 November*

Who may attend

1. If you are the registered holder of certificated shares or you hold dematerialised shares with "own name" registration:
   - you may attend the annual general meeting in person; or
   - you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy in accordance with the instructions contained therein and by returning it to the transfer secretaries to be received by no later than 10:00 on Monday, 18 November 2019 for administrative purposes or thereafter to the company by hand no later than the commencement of the annual general meeting on Wednesday, 20 November 2019. A proxy need not be a shareholder of the company.

Certificated shareholders or own-name dematerialised shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak, and, in respect of the applicable resolutions, vote in their stead by completing the attached form of proxy and returning it to the company's transfer secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, to be received by no later than 10:00 on Monday, 18 November 2019 for administrative purposes or thereafter to the company by hand by no later than 10:00 on Wednesday, 20 November 2019.

2. If you hold dematerialised shares which are not registered in your name:
   - and you wish to attend the AGM in person, you must obtain the necessary letter of representation from your Central Securities Depository Participant (CSDP) or broker or nominee (as the case may be); or
   - if you do not wish to attend the AGM but would like your vote to be recorded at the meeting, you should contact your CSDP or broker or nominee (as the case may be) and furnish them with your voting instructions; and
   - you must not complete the attached proxy form.

Electronic participation in the general meeting

The company will make provision for shareholders, or their proxies, to participate in the annual general meeting by way of electronic communication. Should you wish to participate in the annual general meeting by way of electronic communication, you will need to contact the company at 011 656 1303 (contact person: Kayleigh van der Hoff) by Monday, 18 November 2019, so that the company can provide for a teleconference dial-in facility. Please ensure that if you are participating in the annual general meeting via a teleconference facility that the voting proxies are sent through to the Company Secretary, Arbor Capital, so as to be received by no later than 10:00 on Monday, 18 November 2019.

The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder.

Purpose of the meeting

The purpose of the meeting is to present to the shareholders of the company:

- the group audited financial statements for the financial year ended 30 June 2019;
- the directors' report;
- the report of the Audit and Risk Committee;
- the report of the Social and Ethics Committee; and
- to deal with any other business that may lawfully be dealt with at the AGM, and to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below:

General

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the annual general meeting in the place of the shareholder, and shareholders are referred to the form of proxy attached to this notice in this regard;
- a proxy need not also be a shareholder of the company; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in an annual general meeting of shareholders must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

Report from Social and Ethics Committee

In accordance with Regulation 43(5) (c) of the Companies Act, the chairman of the Social and Ethics Committee, or in his absence, any member of that Committee, will present the Committee's report to shareholders at the annual general meeting.

1. Ordinary resolution number 1

Approval of annual financial statements

"Resolved as an ordinary resolution, that the consolidated audited annual financial statements of the company and the group for the year ended 30 June 2019, including the directors' report, the report of the auditors and the report of the company's Audit and Risk Committee, be and are hereby adopted."

A copy of the annual financial statements appears on pages 91 to 167 of the Integrated Annual Report.

2. Ordinary resolution number 2

Appointment of auditors

"Resolved as an ordinary resolution, that BDO South Africa Incorporated be and is hereby appointed as independent auditors of the company and the group, with Mr Sergio Vittone being the individual registered auditor to undertake the audit of the company and group for the ensuing financial year until conclusion of the next annual general meeting. The company's Audit and Risk Committee and the Board are hereby authorised to determine the auditors' remuneration."

3. Ordinary resolution number 3 – *Mr Stephen (Steve) Naudé*

Re-election of director retiring by rotation

"Resolved as an ordinary resolution, that Steve Naudé who retires by rotation at this annual general meeting in accordance with the company's MoI, and, being eligible, offers himself for re-election as an independent non-executive director of the company, be and is hereby elected as an independent non-executive director of the company."

An abbreviated curriculum vitae in respect of Steve Naudé appears on page 41 of the Integrated Annual Report to which this notice is attached.

4. Ordinary resolution number 4 – *Mr Mdu Gama*

Re-election of director retiring by rotation

"Resolved as an ordinary resolution, that Mdu Gama who retires by rotation at this annual general meeting in accordance with the company's MoI, and, being eligible, offers himself for re-election as an independent non-executive director of the company, be and is hereby elected as an independent non-executive director of the company."

An abbreviated curriculum vitae in respect of Mdu Gama appears on page 42 of the Integrated Annual Report to which this notice is attached.

5. Ordinary resolution number 5

Re-election of Audit and Risk Committee member for the year ending 30 June 2020

"Resolved as an ordinary resolution, that Stephen Naudé be and is hereby re-elected as a member and the Chairman of the Audit and Risk Committee of the group for the year ending 30 June 2020, with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Stephen Naudé appears on page 41 of the Integrated Annual Report to which this notice is attached.

6. Ordinary resolution number 6

Re-election of Audit and Risk Committee member for the year ending 30 June 2020

"Resolved as an ordinary resolution, that Dalikhaya (Rain) Zihlangu be and is hereby re-elected as a member of the Audit and Risk Committee of the group for the year ending 30 June 2020, with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Rain Zihlangu appears on page 42 of the Integrated Annual Report to which this notice is attached.

7. Ordinary resolution number 7

Re-election of Audit and Risk Committee member for the year ending 30 June 2020

"Resolved as an ordinary resolution and subject to the approval of ordinary resolution number 4, that Mdu Gama be and is hereby re-elected as member of the Audit and Risk Committee of the group for the year ending 30 June 2020 be and is hereby approved with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Mdu Gama appears on page 42 of the Integrated Annual Report to which this notice is attached.

8. Ordinary resolution number 8

Non-binding advisory endorsement of the company's remuneration policy

"Resolved as an ordinary resolution, that the remuneration policy as tabled by the Board, as more fully detailed on page 59 of the Integrated Annual Report to which this notice is attached, be and is hereby approved by way of a non-binding advisory vote of shareholders of the company, in terms of the King IV Report on Corporate Governance and the JSE Listings Requirements."

9. Ordinary resolution number 9

Non-binding advisory endorsement of the remuneration implementation report

"Resolved as an ordinary resolution, that the implementation report in respect of the remuneration policy as tabled by the Board, as set out on page 61 of the Integrated Annual Report, be and is hereby approved by way of a non-binding advisory vote of shareholders of the Company, in terms of the King IV Report on Corporate Governance and the JSE Listings Requirements."

Explanatory note for ordinary resolutions number 8 and 9

These non-binding resolutions are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences on the existing arrangements. The Board will, however, take the outcome of each of these votes into consideration when considering the Company's future remuneration policy and the implementation thereof.

Should 25% or more of the votes exercised on these resolutions be cast against either or both of these non-binding resolutions, the Company undertakes to engage with the dissenting shareholders as to the reasons therefore and to take appropriate action to address the issues raised.

Voting requirements:

The minimum percentage of voting rights required for the ordinary resolutions 1 to 9 to be adopted at the annual general meeting, is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting.

10. Ordinary resolution number 10

Directors' general authority to issue the Ordinary Shares of the company for cash

"Resolved as an ordinary resolution, that the Directors be granted a general authority to issue the Ordinary Shares of the company for cash, (including any treasury shares held by the subsidiaries of the Company), subject to the restrictions set out below and to the provisions of the Act and the JSE Listings Requirements:

- the equity securities which are the subject of an issue for cash must be of a class already in issue or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" and not to "related parties", as defined by the JSE Listings Requirements;

- this authority will only be valid until the company's next annual general meeting (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of that meeting);
- issues of Ordinary Shares, in the aggregate, in any one financial year, may not exceed 174 301 593 Ordinary Shares, which represents 15% of the number of Ordinary Shares in the company's issued Share capital at the date of this notice of meeting, being 1 162 010 620 Ordinary Shares, which number excludes the Treasury Shares, provided that
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio;
  - any such general issues are subject to exchange control regulations at that point in time;
- after the company has, in terms of the General Authority, issued Ordinary Shares for cash equivalent to 5% of the number of Shares of that class in issue prior to that issue, the company shall publish an announcement containing full details of such issue/s (including the number of Shares issued, the average discount to the weighted average traded price of the Shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the company and the party/ies subscribing for the Shares). In respect of any issue of shares or options and convertible securities, the effects of the issue on net asset value per share, net tangible asset value per share; earnings per Share, headline earnings per Share and, if applicable, diluted earnings and headline earnings per Share) and an explanation of the intended use of the funds; and
- in determining the price at which an issue of Shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party/ies subscribing for the Shares."

Explanatory note

In terms of the JSE Listings Requirements, shareholders, by their approval of this resolution, grant a waiver of any pre-emptive rights to which ordinary shareholders may be entitled, in favour of the directors, for the allotment and issue of securities in the company for cash other than in the normal course by way of a rights offer, claw-back offer or pursuant to the company's share incentive scheme or acquisitions utilising the ordinary shares as currency to discharge the purchase consideration.

Voting requirements:

In terms of the JSE Listings Requirements, the minimum percentage of voting rights that is required for ordinary resolution 10 to be adopted at the annual general meeting, is more than 75% (seventy-five percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting.

11. Special resolution number 1

Non-executive directors' remuneration for the year ending 30 June 2020

"Resolved as a special resolution that, in terms of section 66(9) of the Companies Act, the company be and is hereby authorised to pay remuneration to non-executive directors for the financial year ending 30 June 2020 in respect of their positions as Board and committee members as follows:

	FY2019		FY2018
Retainer Fees	**Annual fees**		
Board - Chairman	**189 000**	**4,5%**	180 900
Board - member	**84 000**	**4,5%**	80 400
Audit and Risk Committee - Chairman	**79 000**	**4,5%**	75 600
Audit and Risk Committee - member	**63 100**	**4,5%**	60 400
Meeting Fees	**Per meeting**		
Board - Chairman	**37 800**	**4,5%**	36 200
Board - member	**25 150**	**4,5%**	24 100
Audit and Risk Committee - Chairman	**29 500**	**4,5%**	28 300
Audit and Risk Committee - member	**23 700**	**4,5%**	22 700
Remuneration & Nominations Committee - Chairman	**39 500**	**4,5%**	37 800
Remuneration & Nominations Committee - member	**31 500**	**4,5%**	30 200
Social & Ethics Committee - Chairman	**39 500**	**4,5%**	37 800
Social & Ethics Committee - member	**31 500**	**4,5%**	30 200
Investment Committee - Chairman	**39 500**	**4,5%**	37 800
Investment Committee - member	**31 500**	**4,5%**	30 200
Other meetings - member	**31 500**	**4,5%**	30 200 "

Explanatory note for special resolution number 1

Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the company's MoI, the company may pay remuneration to its directors for their services as directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. The remuneration committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the remuneration committee.

12. Special resolution number 2

Financial assistance in terms of section 44 of the Companies Act

"Resolved as a special resolution that, in terms of section 44 of the Companies Act, the shareholders of the company hereby approve of the company providing, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance as contemplated in section 44 of the Companies Act to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any option or securities of the company or a related or inter-related company, provided that the Board may not authorise the company to provide any financial assistance pursuant to this special resolution unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance."

Explanatory note for special resolution number 2

In terms of section 44 of the Companies Act, a company is required to approve the provision of financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the company or a related or inter-related company by means of passing a special resolution in terms of section 44 of the Companies Act.

13. Special resolution number 3

Financial assistance in terms of section 45 of the Companies Act

"Resolved as a special resolution that, in terms of section 45 of the Companies Act, the shareholders of the company hereby approve of the company providing, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies or corporations of the company and/or to any 1 (one) or more members of any such related or inter-related company or corporation and/or to any 1 (one) or more persons related to any such company or corporation, provided that:

(i) the Board may not authorise the company to provide any financial assistance pursuant to this special resolution unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance;

(ii) The board is satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company; and

(iii) such financial assistance to a recipient thereof is, in the opinion of the Board, required for the purpose of:

(a) meeting all or any of such recipient's operating expenses (including capital expenditure); and/or

(b) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient; and/or

(c) funding such recipient for any other purpose which in the opinion of the Board is directly or indirectly in the interest of the company."

In terms of section 45 of the Companies Act, a company is required to approve the provision of financial assistance to a company within its group by means of passing a special resolution. As part of the company's current group operations, it provides financial assistance to subsidiaries and other related companies in its group.

Explanatory note for special resolution number 3

Section 45 of the Companies Act provides, among other things, that, except to the extent that the MoI of a company provides otherwise, the Board may authorise the company to provide direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or inter-related company or corporation, including a subsidiary of the company incorporated in or outside of the Republic of South Africa, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 3.

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the company to provide such direct or indirect financial assistance in respect of special resolution number 3:

(a) by the time that this notice of annual general meeting is delivered to shareholders of the company, the Board will have adopted a resolution ("section 45 Board resolution") authorising the company to provide, at any time and from time to time during the period of 2 (two) years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the company and/or to any one or more members of any such related or inter-related company or corporation and/or to any one or more persons related to any such company or corporation;

(b) the section 45 Board resolution will be effective only if and to the extent that the special resolution number 3 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the Board being satisfied that:

i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act; and that
ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the section 45 Board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% (one percent) of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 Board resolution to shareholders of the company. Such notice will also be provided to any trade union representing any employees of the company.

14. Special resolution number 4

General authority to repurchase the Company's securities

"Resolved as a special resolution, that the Board of Directors is hereby authorised, by way of a general authority in terms of the JSE Listings Requirements and sections 46 and 48 of the Companies Act, and as permitted by the company's MoI, to approve the purchase of its own ordinary shares by the company, and the purchase of ordinary shares in the company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, subject to the Companies Act, the MoI of the company and each of its subsidiaries and the JSE Listings Requirements, provided that:

(i) the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;

(ii) this general authority shall only be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;

(iii) in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;

(iv) the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital;

(v) the company may only effect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that the company has passed the solvency and liquidity test ("test") and that since this was done there have been no material changes to the financial position of the group;

(vi) Neither the company or its subsidiaries may repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of which programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

(vii) an announcement will be published once the company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and

(viii) at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf".

Explanatory note to special resolution number 4

Although there is no immediate intention to effect a repurchase of the company's securities, the directors would utilise this general authority as and when suitable opportunities arise.

The purpose of the special resolution is to grant the company's Board a general authority, up to and including the date of the following annual general meeting of the company, to approve the company's purchase of shares in itself, or to permit a subsidiary of the company to purchase shares in the company.

Voting requirements:

The minimum percentage of voting rights that are required for all special resolutions to be adopted at this annual general meeting, is at least 75% (seventy-five percent) of the votes exercised on the resolution by shareholders present or represented by proxy at the annual general meeting.

Other disclosure in terms of the JSE Listings Requirements

Further to special resolution number 4, the Listings Requirements require the following disclosures, which are contained in the Integrated Annual Report of which this notice forms part:

(i) major shareholders of Unicorn – page 68; and

(ii) share capital of the company – page 147.

Material change

There have been no material changes in the financial or trading position of the company and its subsidiaries between the company's financial year-end and the date of this notice.

Directors' responsibility statement

The directors, whose names are given on pages 41 - 42 of the Integrated Annual Report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 4 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 4 that have been omitted which would make any statement in relation to special resolution number 4 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 4, together with this notice, contains all information required by law and the JSE Listings Requirements in relation to special resolution number 4.

Adequacy of working capital

At the time that the repurchase contemplated in special resolution number 4 is to take place, the Board will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months thereafter:

- the company and the group will be able to repay their debts in the ordinary course of business;
- the assets of the company and the group, will be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- the share capital and reserves of the company and the group will be adequate for the purpose of the ordinary business; and
- the working capital available to the company and the group will be adequate for ordinary business purposes.

15. Ordinary resolution number 11

Directors' authority to take all such actions necessary to implement the resolutions contained in this notice

"Resolved as an ordinary resolution, that any director of the company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions approved in accordance with the provisions of this notice of annual general meeting."

Voting requirements:

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted, is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and further subject to the provisions of the Companies Act, the MoI of the company and the JSE Listings Requirements.

Other business

To transact such other business as may be required at this annual general meeting.

By order of the Board

Arbor Capital Corporate Services Proprietary Limited
Company Secretary
30 September 2019
Johannesburg

FORM OF PROXY

Unicorn Capital Partners Limited
Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: UCP ISIN: ZAE000244745
("Unicorn" or "the company" or "the group")

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration, at the annual general meeting of ordinary shareholders of the company to be held at First Floor, Building 8, Inanda Greens Office Park, Wierda Road West, Wierda Valley, Sandton, 2196, at 10:00 on Wednesday, 20 November 2019 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the annual general meeting must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

I/We (Name in block letters) ______________________________

Of (Address) ______________________________

Mobile ____________ Telephone work ____________ Telephone home ____________

Email address ______________________________

being the holder\custodian of [ ] ordinary shares in the company, hereby appoint (see note):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. The Chairperson of the annual general meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the annual general meeting of the company convened for the purpose of considering and, if deemed fit, passing with or without modification, the special and ordinary resolutions to be processed thereat ("resolutions") and at each postponement of adjournment thereof and to vote for/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

		Number of shares		
		For	Against	Abstain
1	*Ordinary resolution number 1* To receive, consider and adopt the consolidated annual financial statements of the company and the group for the financial year ended 30 June 2019			
2	*Ordinary resolution number 2* To confirm the appointment of BDO South Africa Incorporated as independent auditors of the company and the group, with Mr Sergio Vittone being the individual registered auditor			
3	*Ordinary resolution number 3* To approve the re-election as an independent non-executive director of Steve Naudé who retires by rotation and, being eligible, offers himself for re-election			
4	*Ordinary resolution number 4* To approve the re-election as an independent non-executive director of Mdu Gama who retires by rotation and, being eligible, offers himself for re-election			
5	*Ordinary resolution number 5* To re-elect Stephen Naudé as a member and Chairman of the Audit and Risk Committee for the year ending 30 June 2020			
6	*Ordinary resolution number 6* To re-elect Dalikhaya (Rain) Zihlangu as a member of the Audit and Risk Committee for the year ending 30 June 2020			
7	*Ordinary resolution number 7* To re-elect Mdu Gama as a member of the Audit and Risk Committee for the year ending 30 June 2020			
8	*Ordinary resolution number 8* Non-binding advisory endorsement of the company's remuneration policy			
9	*Ordinary resolution number 9* Non-binding advisory endorsement of the company's remuneration implementation report			
10	*Ordinary resolution number 10* General authority for the directors to issue shares for cash			
11	*Special resolution number 1* To approve the non-executive director's remuneration for the year ending 30 June 2020			
12	*Special resolution number 2* Financial assistance in terms of section 44 of the Companies Act 2008			
13	*Special resolution number 3* Financial assistance in terms of section 45 of the Companies Act 2008			
14	*Special resolution number 4* General authority to repurchase the company's securities			
15	*Ordinary resolution number 11* Director's authority to take all such actions necessary to implement these resolutions contained in this notice			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable. A member entitled to attend and vote at the general meeting may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a member of the company.

Signed at on 2019

Signature Assisted by (where applicable)

Each ordinary shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.

NOTES TO FORM OF PROXY

1. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".

2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or broker.

3. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.

4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all of the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.

6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.

7. The Chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

8. A shareholder's authorisation to the proxy, including the Chairperson of the annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.

9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or is waived by the Chairperson of the annual general meeting.

11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.

12. Where there are joint holders of shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

13. Forms of proxy should reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), to be received by 10:00 (SA time) on Monday, 18 November 2019. Alternatively, they may be handed to the Chairman at the commencement of the annual general meeting.

14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

(a) the date stated in the revocation instrument, if any; and

(b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act or the company's MoI to be delivered by the company to the shareholder, must be delivered by the company to:

(a) the shareholder; or

(b) the proxy or proxies, if the shareholder has:

(i) directed the company to do so in writing; and

(ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Notes to proxy".

The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

ABBREVIATIONS

"BBBEE"	Broad-based Black Economic Empowerment
"BEE"	Black Economic Empowerment
"Benicon"	Benicon Opencast Mining Proprietary Limited
"BWP"	Botswana Pula
"Caston"	Caston Plant Sales Proprietary Limited
"CCT"	Classic Challenge Trading Proprietary Limited
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"CIFR"	Classified Injury Frequency Rate – per million man-hours worked
"CIPC"	Companies and Intellectual Property Commission
"Companies Act"	Companies Act 71 of 2008
"DMR"	Department of Mineral Resources
"dti"	Department of Trade and Industry
"ED"	Enterprise development
"EE"	Employment equity
"EVA"	Economic value add
"Geosearch"	Geosearch Holdings Proprietary Limited
"HDSA"	Historically disadvantaged South Africans
"HIV"	Human Immunodeficiency Virus
"IFRS"	International Financial Reporting Standards
"ISO"	International Organisation for Standardisation
"JEF"	JEF Drill and Blast Proprietary Limited
"JSE"	JSE Limited
"Keaton"	Keaton Mining Proprietary Limited
"King IV" or	King Report on Corporate Governance for South Africa
"King Reports"	– 2009 (the "Report") and the King Code of Governance Principles – 2009 (the "Code")
"km"	Kilometre
"KPIs"	Key performance indicators
"Listings	Listings Requirements of the JSE Limited
"LTIP"	Long-term incentive plan
"MEGA"	Mpumalanga Economic Growth Agency
"Megacube"	Megacube Mining Proprietary Limited
"MHSA"	Mine Health and Safety Act 1996 (Act 29 of 1996)
"MoI"	Memorandum of Incorporation of the company

“NGOs”	Non-governmental organisations
“Nkomati Anthracite”	Nkomati Anthracite Proprietary Limited
“OHSA”	Occupational Health and Safety Act 1993
“OHSAS”	Occupational health and safety management system
“Ritchie”	Ritchie Crane Hire Proprietary Limited
“SA”	the Republic of South Africa
“SED”	Socio-economic development
“SENS”	the Securities Exchange News Service
“Sentula Coal”	Sentula Coal Proprietary Limited
“SHE”	Safety, Health and Environment
“SHEQ”	Safety, Health, Environment and Quality
“SMMEs”	small, medium and micro-enterprises
“the year” or “the year under review”	the financial year ended 30 June 2019
“The Board”	the Board of Directors of Unicorn Capital Partners Limited
“The company”	Unicorn Capital Partners Limited
“the current year”	the financial period ended 30 June 2019
“the group”	Unicorn Capital Partners Limited and its subsidiaries
“the year “or the “the year under review”	the financial year ended 30 June 2019
“the previous year or “prior year”	the financial year ended 30 June 2018
“TIFR”	Total injury frequency rate
“Unicorn”	Unicorn Capital Partners Limited
“USD”	US dollar
“VWAP”	Volume weighted average price
“ZAR”	South African rand

UNICORN GROUP OF COMPANIES

Aqua Terra LOA (Mozambique)	13533
Benicon Coal Proprietary Limited	1993/003007/07
Benicon Opencast Mining Proprietary Limited	1993/007616/07
Buenti Drilling Proprietary Limited	2007/001551/07
Caston Plant Sales Proprietary Limited	1992/003355/07
Classic Challenge Trading Proprietary Limited	2001/025633/07
Geosearch Proprietary Limited	2007/023898/07
JEF Drill and Blast Proprietary Limited	1996/017991/07
Megacube Mining Proprietary Limited	1989/000748/07
Mercator Commodities Proprietary Limited	2017/367349/07
Myna Projects Proprietary Limited (Botswana)	CO2000/5223
Nkomati Anthracite Proprietary Limited	1980/008581/07
Ritchie Crane Hire Proprietary Limited	2007/006831/07
Sentula Coal Proprietary Limited	2007/032919/07
Thebe Turnstone Drilling Proprietary Limited	2014/064759/07
Unicorn Mining Services Investments Proprietary Limited	2009/023760/07
Sentula Mining Services Mauritius Limited	077730 C1/GBL
Sentula Mining Mauritius Limited	077609 C1/GBL

ADMINISTRATION

Unicorn Capital Partners Limited

Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: UCP ISIN: ZAE000244745

Registered Office

Building 8, First Floor, Inanda Greens Office Park, 54 Wierda Road, West, Sandton, 2196
(P.O. Box 76, Woodlands Office Park, Woodmead, 2080)
Telephone: 011 656 1303
Facsimile: 011 656 1300

Company Secretary

Arbor Capital Corporate Services Proprietary Limited
20 Stirrup Lane, Woodmead Office Park, Corner Woodmead Drive & Van Reenens Avenue, Woodmead, 2191
(Suite #439, Private Bag X29, Gallo Manor, 2052)
Telephone: 011 480 8500
Facsimile: 086 569 5267

External Auditors

BDO South Africa Incorporated
Wanderers Office Park, 52 Corlett Drive, Illovo
Telephone: 011 488 1700

Legal Advisers

Allen & Overy
6th Floor, 90 Grayston, 90 Grayston Drive, Sandton, Johannesburg, 2196
Telephone: 010 597 9850

Malan Scholes Attorneys
First Floor, One-On-Jameson, 1 Jameson Avenue, Cnr Glenhove Rd, Melrose Estate, Johannesburg
(Postnet Suite 324, Private Bag x1, Melrose Arch, 2076)
Telephone: 011 718 4600

Baker & McKenzie
1 Commerce Square, 39 Rivonia Road, Sandhurst Johannesburg, 2196
Telephone: 011 911 4300

Bankers

The Standard Bank of South Africa Limited
Retail and Business banking
3rd Floor, 30 Baker Street, Rosebank, 2107
(P.O. Box 61029, Marshalltown, 2107)
Telephone: 011 721 9000

Share Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196
(P.O. Box 61051, Marshalltown, 2107)
Telephone: 011 370 5757

Sponsor

Questco Corporate Advisory Proprietary Limited
First Floor, Yellowwood House, Ballywoods Office Park 33 Ballyclare Drive, Bryanston, 2192
Telephone: 011 011 9200

Public Relations/Communications

Building 8, First Floor, Inanda Greens Office Park, 54 Wierda Road, West, Sandton, 2196
(P.O. Box 76, Woodlands Office Park, Woodmead, 2080)
Telephone: 011 656 1303

Website

www.unicorncapital.co.za

Unicorn Capital Partners Limited

Consolidated and Separate Annual Financial Statements

for the year ended 30 June 2019

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Directors' Responsibilities and Approval

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the group financial statements and financial statements of Unicorn Capital Partners Limited. These financial statements comprise the statements of financial position as at 30 June 2019, the statements of profit or loss, the statements of other comprehensive income, statements of changes in equity and the statements of cash flows for the year ended 30 June 2019, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. These financial statements include amounts based on judgements and estimates made by management.

The directors are also responsible for the group's system of internal control. This responsibility includes designing, implementing and maintaining internal controls as the directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Unicorn Capital Partners Limited and its subsidiaries operate in a well-established controlled environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The group's internal audit process assesses and where necessary, recommends improvements in the system of internal controls and accounting practice based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business and has unrestricted access to the group Audit and Risk Committee.

The directors have reviewed the company and group financial budgets along with the underlying business plans for the year to 30 June 2020. In light of the current company and group financial position and existing borrowing facilities, they consider it appropriate that the company and the group annual financial statements be prepared on the going-concern basis.

The annual financial statements of the company and group have been audited by the independent accounting firm, BDO South Africa Incorporated. The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board. The directors believe that all representations made to the independent auditors during the audit are valid and appropriate. BDO's unmodified audit report is presented on pages 101 to 105.

The financial statements were prepared under the supervision of the Group Financial Director, JC Lemmer CA (SA) and approved by the Board of Directors on 30 September 2019.

RB Patmore
Chairman
30 September 2019

JC Badenhorst
Chief Executive Officer

Certificate by the Company Secretary

I certify that the company has lodged with the Companies and Intellectual Property Commission; all returns required of a public company in terms of the Companies Act, 71 of 2008, in respect of the year ended 30 June 2019 and that all such returns are true, correct and up to date.

Arbor Capital Corporate Services Proprietary Limited
Company Secretary
30 September 2019

The Audit and Risk Committee ("the committee") is pleased to present this report as required by section 94 of the Companies Act 2008 (Act 71 of 2008) ("the Companies Act").

The committee is constituted as a statutory committee of Unicorn Capital Partners Limited, ("the company") and its subsidiaries ("the group") in respect of its statutory duties in terms of section 94(7) of the Companies Act, and a formal committee of the Board in respect of all other duties assigned to it by the Board.

Role of the committee

The committee has an independent role with accountability to both the Board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King IV and the responsibilities assigned by the Board.

The committee's main responsibilities are as follows:

Integrated and financial reporting

- review of the annual financial statements, interim report, and summarised integrated financial information and ensure compliance with International Financial Reporting Standards, Listings Requirements of the JSE Limited and the Companies Act;
- review and approve the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls;
- perform a review of the group's integrated reporting function and progress and consider factors and risks that could impact the integrity of the Integrated Annual Report;
- review the sustainability disclosure in the Integrated Annual Report and ensure that it is consistent with financial information reported; and
- recommend the Integrated Annual Report to the Board for approval.

Combined assurance model

Ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the committee:

- ensures that the combined assurance received is appropriate to address all the significant risks facing the company; and
- monitors the relationship between the external assurance providers and the company and takes appropriate action where necessary.

Finance function and Financial Director

Review the expertise, resources and experience of the company's finance function, and discloses the results of the review in the Integrated Annual Report. The committee also considers and satisfies itself of the suitability of the expertise and experience of the Financial Director on an annual basis.

Internal audit

- review and approve the internal audit charter and audit plans;
- evaluate the independence, effectiveness and performance of the internal audit process and compliance with its charter;
- review the group's systems of internal control, including financial controls, ensuring that management is adhering to and continually improving these controls;
- review significant issues raised by the internal audit process; and
- review policies and procedures for preventing and detecting fraud.

External audit

- act as a liaison between the external auditors and the Board;
- nominate the external auditor for appointment by shareholders;
- determine annually the scope of audit and non-audit services which the external auditors may provide to the group;
- approve the remuneration of the external auditors and assess their performance; and
- assess annually the independence of the external auditors, per section 92 of the Companies Act.
- review the performance of the external auditor and confirm that the external auditor, the partner and the firm, comply with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements.

Risk management

- ensure that management's processes and procedures are adequate to identify, assess, manage and monitor enterprise-wide risks; and
- review tax and technology risks, in particular how they are managed.

Compliance

- the responsibility to facilitate compliance throughout the company and the group has been delegated by the Board to the committee; and
- the committee ensures that the company and the group comply with applicable laws and consider adherence to non-binding rules, codes and standards, and establish and maintain a compliance framework and process, legal compliance policy that is appropriate taking into account the compliance risk profile of the company.
- reviews the performance of the external auditor and confirms that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements.

General

- receive and deal appropriately with any complaint relating to the accounting practices and internal audit of the group or to the content or auditing of its financial statements, or to any related matter; and
- perform other functions as determined by the Board.

Composition of the committee

The committee comprises three independent non-executive directors. In accordance with the requirements of the Companies Act, members of the committee are appointed annually by the Board for the ensuing financial year, and in compliance with King IV are appointed by shareholders at the annual general meeting.

The executive directors attend all the committee meetings by invitation. The external and internal auditors are also invited to attend all committee meetings.

The committee functions within an approved charter which is reviewed annually and complies with all relevant legislation, regulation and governance codes.

The composition of the committee and meeting attendance of the four meetings held during the year are as follows:

Director	**Attendance**
Stephen Naudé (Chairman)	4
Rain Zihlangu	4
Mdu Gama	4

The committee discharges its responsibilities by:

- meeting at least four times a year to review the group's financial results, to receive and review reports from both the internal audit process and external auditors, and to meet with management to review their progress on identifying and addressing key risk areas within the business;
- reporting to the Board at the next meeting, which is always held within a week of the respective committee meeting;
- reviewing with the appropriate management the significant issues raised by the internal audit process adopted; and
- meeting separately with the external auditors to confirm they are receiving the full cooperation of management.

In conclusion, the committee confirms the following:

Significant financial statement reporting issues

Assumptions and estimates or judgements are a significant part of the financial reporting process and are evaluated by the committee ahead of the finalisation of Unicorn's results announcements. The committee reviewed the main judgements and assumptions made by management and the conclusions drawn from the available information and evidence. Where appropriate, the committee sought input and views from the external auditor.

Independence of external auditors

The Audit and Risk Committee is satisfied as to the independence of the group's external auditors, BDO South Africa Incorporated ("BDO"), and its designated audit partner, Mr. S Vittone. The committee nominates BDO as external auditor for the re-appointment by shareholders at the annual general meeting.

Financial Director and the finance function

The committee is satisfied that Mr Johann Lemmer has the appropriate expertise and experience for his position of Financial Director of the company and the group. In addition, the committee is also satisfied that the composition, experience and skills of the finance team functions efficiently to meet the group's requirements.

Financial statements

The committee has evaluated the financial statements for the year ended 30 June 2019 and considers that they comply in all material respects with the requirements of the Companies Act and International Financial Reporting Standards. The committee has therefore recommended the financial statements for approval to the Board. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

Approval of the Audit and Risk Committee report

The committee confirms that it has functioned in accordance with its charter for the 2019 financial year and that its report to shareholders has been approved by the Board.

Stephen Naudé
Chairperson of the Audit Committee
30 September 2019

The directors present their report for the year ended 30 June 2019.

Introduction

This Integrated Annual Report is presented by the directors on the affairs of Unicorn Capital Partners Limited and its subsidiaries, together with the consolidated and separate financial statements and independent auditors' report, for the year ended 30 June 2019.

The group derives its income from services to the mining industry and through its own anthracite mining operation. Services to the mining industry include overburden drilling and blasting, exploration drilling and the provision of coal stockpile management services. Crane hire services are provided to a wide range of clients mainly in the mining industry.

The Integrated annual report details the nature of each major subsidiary. Unicorn Capital Partners Limited is the group holding company. Unicorn is managed as an investment holding company with a low overhead cost structure and limited services to subsidiaries and investments.

Financial results

The group mainly consists of two parts, being the mining services operations and the anthracite mining development operations. Unicorn has embarked on a process to dispose of its anthracite operations and as a result, anthracite mining operations were classified as held-for-sale. This resulted in a clear separation of Unicorn's established mining services companies and Unicorn's investment in developing its anthracite mining operations.

JEF, Ritchie and Geosearch generated a combined profit before tax of R45 million (2018: R66 million) on a net asset base of R297 million (2018: 295 million). Capital expenditure in these operations amounted to R38 million (2018: R38 million). Funding consisted of R16 million (2018: R30 million) asset finance.

During the year, a considerable investment was made in Nkomati Anthracite consisting of developing the underground mine and expanding the resources and performing general improvements to increase the value of the mine. This resulted in Unicorn publishing a Competent Persons Report on Nkomati reflecting the growth in value that was achieved in Nkomati over the past two years. The Competent Persons Report as a basis, together with other considerations supported the reversal of a previous mineral right impairment of R345 million.

Building and expanding a mine requires a sizeable investment. During the year Nkomati continued developing the underground mining area, increasing the number of underground pathways to increase the rate of extraction. As a result, Nkomati incurred an operating loss of R55 million (2018: R78 million) during the year. Sixty percent of the loss is attributable to our shareholders. Because of the loss and continued capital expansion, Unicorn provided Nkomati with additional funding during the year amounting to R105 million (2018: R50 million). External funding amounting to R70 million was raised by Unicorn in order to fund the underground mine development.

The above resulted in a basic earnings per share of 13,88 cents compared to 1,45 cents per share for the prior year.

Going concern

The group financial statements have been prepared on the going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The group's current liabilities exceed current assets by R256 million (2018: R243 million).

Net current liabilities relating to discontinued opencast mining operations and Megacube amounts to R158 million (2018: R145 million). There is no recourse to Unicorn or any of the other operating subsidiaries for these amounts outstanding. Liabilities in these companies are ring-fenced. Neither Unicorn nor any other operating subsidiary, will be required to fund these liabilities and settle them.

The ABSA loan with a balance of R52 million at year end was originally repayable on or before 31 October 2019. Subsequent to year end, ABSA approved the rescheduling of the repayment date of the loan to 30 October 2020. In addition, the Group's overdraft facilities totalling R45 million at year end were reviewed and approved for the following financial year.

JEF, Ritchie and Geosearch are cashflow positive and generating adequate cash to pay for all liabilities when they become due and payable. Based on these subsidiaries' cash flow forecasts for the 2020 financial year, the group is expected to meet all its obligations during this period.

Current held-for-sale liabilities exceed current held-for sale assets by R108 million. Nkomati creditor terms are mainly on 60 days. Revenue invoicing is done on a weekly basis and paid within seven days. With production continuously improving and based on the cashflow forecast for Nkomati, the company will be able to settle its liabilities when they become due and payable. Other operating subsidiaries are cashflow positive and if required, Unicorn will have access to these funds to assist in funding a shortfall in Nkomati.

Although the current liabilities of the group exceed its current assets the directors have every reason to believe that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Based on Unicorn subsidiaries' cash flow forecasts for the 2020 financial year, the group is expected to meet all its obligations during this period.

The company standalone financial statements have been prepared on a going concern basis. With the rescheduling of the repayment terms of the ABSA loan and based on the cashflow forecast of subsidiaries, collection of loans due from subsidiaries will ensure all company obligations are met.

Acquisitions

During the year, Buenti Drilling Proprietary Limited ("Buenti Drilling"), a company that forms part of the Geosearch group of companies, within the exploration drilling segment, acquired the entire issued share capital of, and shareholder loan claims owing by, Thebe Turnstone Drilling Proprietary Limited ("Turnstone Drilling") for an aggregate consideration of R18 million.

Geosearch performs exploration drilling services in South Africa, Botswana and Mozambique to long-standing blue-chip clients. A gradual increase in the number as well as the length of contract tenders being issued for exploration drilling was reported in our June 2018 annual report. The trend continued during the past eight months resulting in Geosearch's entire drill rig fleet remaining fully contracted.

Thebe Turnstone Drilling provides surface and underground drilling solutions and has an operational fleet of 17 surface exploration drill rigs, with various drilling range capacities and eight underground drill rigs. Thebe Turnstone Drilling has currently two drilling contracts deploying nine rigs.

With the current upturn in the exploration industry continuing, we believe that it was the right time to acquire an existing exploration drilling company, with specific focus in the Northern Cape province of South Africa. The surplus equipment will provide the Geosearch group of companies with the required additional equipment and infrastructure to be deployed on existing operations in Botswana and South Africa.

Share capital

Full details of the authorised and issued share capital of the company are set out in note 27 of the annual financial statements.

No new shares were issued during the year under review. Unissued shares are not under the control of the directors.

Dividends to shareholders

No dividends have been declared for the 2019 financial year.

Directorate

There were no resignations or appointments to the Board of Directors during the year under review. The directors of the company and abridged curriculum vitae for each director are set out on pages 41 to 42 of the integrated report.

Directors' remuneration and shareholding

Details of the directors' remuneration are set out in note 43 to the financial statements and details of directors' shareholdings are set out under "shareholders information" on page 68 of the Integrated Annual Report.

Director's interests in contracts

No material contracts, in which directors have an interest, were entered into during the year under review.

Company Secretary and registered office

Arbor Capital Corporate Services Proprietary Limited is the Company Secretary.

The company's registered address is:
First Floor, Building 8
Inanda Greens Office Park, Sandton
South Africa

The company's postal address is:
P.O. Box 76
Woodmead, 2080,
Gauteng, South Africa

Employee share incentives

Details of the group's share incentive schemes are detailed hereunder and in note 10 and note 43 to the annual financial statements.

Employee share incentive scheme
The following changes took place during the year under review:

	Directors	Staff	Total
Awards/options at the beginning of the year	1 895 000	7 810 000	9 705 000
LTIPS granted during the year	-	-	-
Lapsed options and resignations	(885 000)	(5 370 000)	(6 255 000)
Awards/options at the end of the year	**1 010 000**	**2 440 000**	**3 450 000**

Historical information regarding directors' unexercised options at 30 June 2019 is as follows:

Director	LTIPs at 30 June 2018 Number	LTIPs granted Number	LTIPs exercised Number	LTIPs lapsed Number	LTIPs at 30 June 2019 Number
JC Lemmer	1 895 000	-	-	(885 000)	1 010 000

Executive share option scheme
There were no awards made under the executive share option scheme during the year under review. The following LTIPS are outstanding at year end:

	JC Badenhorst (Number and value)	JC Lemmer (Number and value)	Total (Number and value)
Awards/options at the beginning of the year	25 600 000	20 109 600	45 709 600
2016 Grant portion vesting	(4 101 154)	(3 221 585)	(7 322 738)
2016 grant portion lapsing	(8 698 846)	(6 833 215)	(15 532 062)
LTIPS granted during the year	-	-	-
Awards/options at the end of the year	**12 800 000**	**10 054 800**	**22 854 800**

The 2016 grant portion vesting during the year is payable in three annual instalments at the end of March each year subject to the directors remaining in the employment of the company. The last payment will be made in March 2021.

Borrowing powers

In terms of clause 29 of the Memorandum of Incorporation, the company has unlimited borrowing powers. The group currently has no access to surplus facilities.

Subsequent events

The directors are not aware of any subsequent events that occurred between the year end and the date of authorisation of the annual financial statements that require any adjustments or additional disclosure to the annual financial statements.

Jacques Badenhorst
Chief Executive Officer

Johann Lemmer
Chief Financial Officer

Independent Auditor's Report

To the shareholders of
Unicorn Capital Partners Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Unicorn Capital Partners Limited (the group and company) set out on pages 106 to 167, which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Unicorn Capital Partners Limited as at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit response
Consolidated financial statements **Provision for rehabilitation** As disclosed in note 26 to the financial statements, the Group's provision for environmental rehabilitation was valued at R86.5 million as at year end. This was considered to be a Key Audit Matter as it was significant to our audit for the following reasons:	The audit procedures performed included, amongst others: • We obtained an understanding of management's process of determining the provision for environmental rehabilitation;

Key audit matter	Audit response
• With the assistance of an independent environmental consultant, the determination of the provision requires judgement in relation to estimating the costs of performing the work required, including volume and unit rates, the timing of cash flows and the appropriate inflation and discount rate; • There has been a change in local laws and regulations whereby management have changed their rehabilitation strategy which had a material impact on its estimation. In addition, the provision has been disclosed as a liability-held-for-sale at year-end, as management have decided to dispose of the Company's investment in Nkomati Anthracite.	• We evaluated managements' expert's cost model for the mine and critically challenged the key estimates and assumptions made in the model, ensuring that the assumptions were consistently applied; • We also assessed the expected timing of the rehabilitation to the respective life of mine ('LoM') models and assessed the reasonableness of the discount and inflation rates applied to the expected cash flows; • We placed reliance on management's external expert by assessing his professional competence, objectivity, independence, capabilities and adequacy of the work they performed by means of discussions, enquiries and review of his curriculum vitae; and • We have ensured adequate disclosure by utilisation of a reporting framework disclosure checklist in addition to the review of the Group annual financial statements by our Technical experts.
Going Concern In preparing financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so. In making this assessment the directors take into account all available information about the future which is at least, but not limited to, 12 months from the reporting date. The Group has a history of making losses in recent years, has significant borrowings and its current liabilities exceed its current assets. The assessment by management, as approved by the directors, involves making significant judgements and estimates about the future cash-flows and the going concern assumption underpins the recognition and measurement of the entire financial statements. This was therefore considered to be a Key Audit Matter.	The audit procedures performed included, amongst others: • We discussed with management their assessment, scrutinised the cash flow forecasts prepared by them, reviewed the availability of financing facilities, and whether all information that is reasonably available had been taken into account; • We evaluated the reliability of underlying data used to prepare the forecasts by performing a reasonability test on the assumptions compared to actual historical results, as well as the supporting information received. • We discussed with management, and obtained written representations, regarding their plans for future actions and assessed the feasibility of these plans; • We confirmed the renewal of financing facilities by inspecting the relevant funding agreements with respective funders; • We obtained and inspected copies of the competent persons' report "CPR" for NKomati Anthracite which have been prepared by external experts. The estimated values, resources and reserves are indicative of future profit generating capabilities of the mine. • Through discussions, enquiries and review of curricula vitarum, we placed reliance on management's external experts by assessing their professional competence, objectivity, independence, capabilities and adequacy of the work they performed, including all assumptions and estimates. • We assessed and found that no material uncertainty exists as a result of events or conditions which may cast significant doubt over the company and group's ability to continue as a going concern. • We have ensured adequate disclosure by utilisation of a reporting framework disclosure checklist in addition to the review of the Group annual financial statements by our Technical experts.

Key audit matter	Audit response
Valuation of Mineral rights As disclosed in note 26.3 to the financial statements, the Group's mineral rights were valued at R343.9 million as at 30 June 2019. This was considered to be a Key Audit Matter as it was significant to our audit for the following reasons: • Management have reversed the fully impaired mineral rights in the current year due to significant increases in the reported reserves and resources of the NKomati Anthracite mine; • The reversal of the impairment required significant judgements by management and the calculations of fair values resulted in a number of key assumptions made by management, including major changes in reserves and resources detailed in the competent persons' report "CPR" which is being used in the disposal process of the NKomati Anthracite mine.	The audit procedures performed included, amongst others: • Through discussions, enquiries and review of curricula vitarum, we placed reliance on management's external experts by assessing their professional competence, objectivity, independence, capabilities and adequacy of the work they performed. • We obtained an understanding of the process in obtaining the information and data detailed in the CPR and how the estimated reserves and resources were determined. • We obtained indicative values for Nkomati Anthracite which have been estimated by external experts, based on the estimated reserves and resources in order to establish a fair market value for the mine and its assets. • We evaluated the experts' assessment for the mine, and critically challenged the key estimates and assumptions made by them. • We have ensured adequate disclosure by utilisation of a reporting framework disclosure checklist in addition to the review of the Group annual financial statements by our Technical experts.
Valuation of goodwill The Group's goodwill was determined to be of significance to our audit owing to the high level of judgment required by management in in determining their valuation models. The most significant judgments incorporated in managements' assessment of impairment of the Group's goodwill include forecast cash flows, discount rates applied, and the assumptions underlying forecast growth.	The audit procedures performed included, amongst others: • We assessed management's determination of the Group's CGUs based on our understanding of the nature of the Group's business; • Using our internal corporate finance specialists, we challenged the Group's key assumptions and estimates used to determine the recoverable value, including those relating to discount rates, growth assumptions, Appraisal Value and terminal growth rates. This included comparing the Group's assumptions to external data, such as economic growth projections and interest rates; We assessed the cash flow forecasts in relation to managements' business plans. We also compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting; • We performed a sensitivity analysis over key assumptions to assess the robustness of managements assessments; and • We have ensured adequate disclosure by utilisation of a reporting framework disclosure checklist in addition to the review of the Group annual financial statements by our Technical experts.
Separate financial statements **Valuation of investments and loans** As disclosed in note 21 to the annual financial statements, the Company's loans and investments was determined to be of significance	The audit procedures performed included, amongst others:

Key audit matter	Audit response
to our audit and therefore considered to be a Key Audit Matter, for the following reasons: • The recoverability of the above mentioned financial assets are determined by establishing fair values of its subsidiaries which are not traded on an open market as well as the assessment of expected credit losses of the loans terms of IFRS 9; • Management have used significant judgements in assessing recoverability and the calculations of fair values included a number of key assumptions made by management, mainly relating to future cash flows, the discount rate applied in the valuation models and profitability of the underlying subsidiaries.	• We obtained an understanding of management's process to determine the fair value of each subsidiary and to evaluate expected credit losses of loans; • Using our internal corporate finance specialists, we challenged the Group's key assumptions and estimates used to determine the recoverable value, including those relating to discount rates, growth assumptions, Appraisal Value and terminal growth rates. This included comparing the Group's assumptions to external data, such as economic growth projections and interest rates; • We assessed the cash flow forecasts in relation to managements' business plans. We also compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting; • We performed a sensitivity analysis over key assumptions to assess the robustness of managements assessments; and • We have ensured adequate disclosure by utilisation of a reporting framework disclosure checklist in addition to the review of the Group annual financial statements by our Technical experts.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Unicorn Capital Partners Limited Annual Financial Statements for the year ended 30 June 2019", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the 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 and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Unicorn Capital Partners Limited for 1 year.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Sergio Vittone
Director
Registered Auditor

30 September 2019

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Group 2019	Group Restated* 2018	Company 2019	Company 2018
Revenue	7	730 171	969 453	13 788	64 566
Cost of sales		(587 655)	(819 336)	-	-
Gross profit		**142 516**	**150 117**	**13 788**	**64 566**
Other income		914	2 406	26 480	221
Administrative expenses		(109 850)	(89 821)	(18 812)	(22 015)
Profit from operating activities	8	**33 580**	**62 702**	**21 456**	**42 772**
Net (loss)/profit on disposal of assets		(1 276)	985		
Insurance recovery		643	6 129	-	-
Gain on bargain purchase	39	620	-	-	-
Recovery of unaccounted funds	9	11 000	-	-	-
Net impairment of trade receivables		(2 223)	-	-	-
Impairment of other receivable		(210)	(2 256)	(210)	(2 256)
Reversal of impairment/(Impairment) of preference dividends receivable		-	-	38 167	(39 000)
Reversal of intergroup investments and loan impairments		-	-	79 789	18 684
Operating profit		**42 134**	**67 560**	**139 202**	**20 200**
Finance income	11	1 993	1 588	15 009	-
Finance costs	11	(24 287)	(18 399)	(10 285)	(7 646)
Profit before tax		**19 840**	**50 749**	**143 926**	**12 554**
Income tax expense - continuing operations	12	(9 783)	(1 163)	-	-
Profit from continuing operations		**10 057**	**49 586**	**143 926**	**12 554**
Profit/(loss) from discontinued operations	13	242 046	(67 521)	-	-
Profit/(loss) for the year		**252 103**	**(17 935)**	**143 926**	**12 554**
Profit/(loss) for the year attributable to:					
Owners of Parent		161 292	16 826		
- continuining operations		12 010	49 586		
- discontinued operations		149 282	(32 760)		
Non-controlling interest		90 811	(34 761)		
- continuining operations		(1 953)	-		
- discontinued operations		92 764	(34 761)		
		252 103	**(17 935)**		
Weighted basic and diluted earnings per share					
- Continuing operations		1.03	4.27		
- Discontinued operations		12.85	(2.82)		
Basic and diluted earnings per share	14	13.88	1.45		

*-The comparatives have been re-presented as Benicon Coal and Nkomati have been classified as discontinued operations as disclosed in note 13.

The notes set out on pages 117 to 167 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Group 2019	Group Restated* 2018	Company 2019	Company 2018
Profit / (loss) for the year		252 103	(17 935)	143 926	12 554
Other comprehensive income net of tax					
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations		(4 367)	532	-	-
Total other comprehensive income net of tax		**(4 367)**	**532**	**-**	**-**
Total comprehensive income / (loss) for the year		**247 736**	**(17 403)**	**143 926**	**12 554**
Comprehensive income, attributable to owners of parent		154 972	17 358	143 926	12 554
- continuing operations		7 643	50 118	-	-
- discontinuing operations		149 282	(32 760)	-	-
Comprehensive income, attributable to non-controlling interests		92 764	(34 761)	-	-
- continuing operations		(1 953)	-	-	-
- discontinuing operations		92 764	(34 761)	-	-
		247 736	**(17 403)**	**143 926**	**12 554**

The notes set out on pages 117 to 167 are an integral part of these financial statements.

Statements of Financial Position

Figures in R `000	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Assets					
Non-current assets		**366 725**	**730 303**	**138 006**	**498 437**
Property, plant and equipment	17	317 763	318 111	1 193	73
Mining assets	18	-	338 495	-	-
Goodwill	19	37 427	37 427	-	-
Investments in subsidiaries	21	-	-	133 432	494 249
Restricted investment	20	-	8 110	-	-
Deferred tax assets	12	8 154	24 045	-	-
Other financial assets	22	3 381	4 115	3 381	4 115
Current assets		**205 375**	**204 738**	**327 259**	**120 768**
Inventories	23	32 270	30 971	-	-
Trade and other receivables	24	150 855	154 784	2 556	4 207
Loans to group companies	21	-	-	324 318	116 037
Cash and cash equivalents	25	22 250	18 983	385	524
Non-current assets or disposal groups classified as held-for-sale	26	**774 466**	**-**	**365 688**	**-**
Total assets		**1 346 566**	**935 041**	**830 953**	**619 205**
Equity and liabilities					
Equity		**687 366**	**256 864**	**724 664**	**580 738**
Share capital	27	2 122 973	2 122 973	2 122 973	2 122 973
Treasury shares	27	(25 898)	(25 898)	-	-
Accumulated loss		(1 455 262)	(1 890 131)	(1 398 309)	(1 542 235)
Reserves		45 553	49 920	-	-
Non-controlling interests		(257 461)	(74 695)	-	-
Total equity		**429 905**	**182 169**	**724 664**	**580 738**
Liabilities					
Non-current liabilities		**73 266**	**304 814**	**-**	**-**
Rehabilitation provision	32	-	94 580	-	-
Deferred tax liabilities	12	40 311	42 182	-	-
Finance lease obligations	29	24 176	37 368	-	-
Loans and borrowings	28	8 779	130 684	-	-
Current liabilities		**461 836**	**448 058**	**106 289**	**38 467**
Trade and other payables	30	158 256	179 056	29 161	28 353
Megacube arbitration award	31	92 331	92 331	-	-
Current tax liabilities	12	68 803	62 306	-	-
Finance lease obligations	29	29 179	30 569	-	-
Loans and borrowings	28	61 848	41 380	52 270	-
Related party loans	40.2	24 858	-	24 858	-
Loans from group companies	21	-	-	-	10 114
Bank overdraft	25	26 561	42 416	-	-
Liabilities included in disposal groups classified as held-for-sale	26	**381 559**	**-**	**-**	**-**
Total liabilities		**916 661**	**752 872**	**106 289**	**38 467**
Total equity and liabilities		**1 346 566**	**935 041**	**830 953**	**619 205**

The notes set out on pages 117 to 167 are an integral part of these financial statements.

Statement of Changes in Equity - Group

Figures in R `000	Share capital	Treasury shares	Share based payment reserve	Foreign currency translation reserve	Accumulated loss	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 July 2017	2 122 973	(25 898)	31 632	49 388	(1 938 157)	239 938	(39 934)	200 004
Changes in equity								
Loss for the year	-	-	-	-	16 826	16 826	(34 761)	(17 935)
Foreign currency translation differences for foreign operations	-	-	-	532	-	532	-	532
Total comprehensive income/ loss for the year	-	-	-	532	16 826	17 358	(34 761)	(17 403)
Lapsing of BEE option on Unicorn Mining Services Proprietary Limited	-	-	(31 632)	-	31 200	(432)	-	(432)
Balance at 30 June 2018	**2 122 973**	**(25 898)**	**-**	**49 920**	**(1 890 131)**	**256 864**	**(74 695)**	**182 169**
Balance at 1 July 2018	2 122 973	(25 898)	-	49 920	(1 890 131)	256 864	(74 695)	182 169
Changes in equity								
Profit for the year	-	-	-	-	161 292	161 292	90 811	252 103
Total comprehensive income	-	-	-	-	161 292	161 292	90 811	252 103
Decrease through changes in ownership interests in subsidiaries that do not result in loss of control (note21.2)	-	-	-	-	273 577	273 577	(273 577)	-
Foreign currency translation differences for foreign operations	-	-	-	(4 367)	-	(4 367)	-	(4 367)
Balance at 30 June 2019	**2 122 973**	**(25 898)**	**-**	**45 553**	**(1 455 262)**	**687 366**	**(257 461)**	**429 905**
Notes	**27**	**27**						

The notes set out on pages 117 to 167 are an integral part of these financial statements.

Statement of Changes in Equity - Company

Figures in R `000	Share capital	Accumulated loss	Total
Balance at 1 July 2017	2 122 973	(1 554 789)	568 184
Changes in equity			
Profit for the year	-	12 554	12 554
Total comprehensive income	-	12 554	12 554
Balance at 30 June 2018	**2 122 973**	**(1 542 235)**	**580 738**
Balance at 1 July 2018	**2 122 973**	**(1 542 235)**	**580 738**
Changes in equity			
Profit for the year	-	143 926	143 926
Total comprehensive income	-	143 926	143 926
Balance at 30 June 2019	**2 122 973**	**(1 398 309)**	**724 664**
Note	**27**		

The notes set out on pages 117 to 167 are an integral part of these financial statements.

Statements of Cash Flows

Figures in R `000	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Net cash flows from operating activities	34.1	**73 777**	**61 730**	**6 911**	**15 559**
Interest paid		(11 450)	(20 247)	(60)	(4 876)
Income taxes paid	34.3	(10 404)	(4 849)	-	-
Net cash flows from operating activities		**51 923**	**36 634**	**6 851**	**10 683**
Cash flows (used in) / from investing activities					
Interest received		2 439	1 929	40	39
Proceeds from sales of property, plant and equipment		2 346	24 916	-	-
Purchase of property, plant and equipment	17	(25 702)	(8 420)	(1 221)	(46)
Mine development work in progress		(38 284)	(155 607)	-	-
Advances to subsidiaries		-	-	(163 034)	(115 550)
Repayments from subsidiaries		-	-	105 183	170 563
Acquisition of subisidiary, net of cash acquired	39	1 323	-	-	-
Proceeds from disposal of non-current assets held-for-sale		-	5 632	-	-
Proceeds from insurance recovery		-	6 129	-	-
Repayment/(advance) in other financial assets		-	-	2 042	(750)
Increase in restricted investment		(1 634)	(1 649)	-	-
Increase in investments		-	(432)	-	-
Cash flows (used in) / from investing activities		**(59 512)**	**(127 502)**	**(56 990)**	**54 255**
Cash flows from financing activities					
Proceeds from borrowings		75 290	144 646	50 000	-
Repayment of borrowings		(24 781)	(7 508)	-	-
Repayment of finance lease liabilities		(30 356)	(38 653)	-	-
Cash flows from financing activities	34.2	**20 153**	**98 485**	**50 000**	**-**
Net increase / (decrease) in cash and cash equivalents		**12 564**	**7 617**	**(139)**	**64 938**
Cash and cash equivalents at beginning of the year		(23 433)	(31 034)	524	(64 414)
Exchange losses on cash and cash equivalents		(392)	(16)	-	-
Cash and cash equivalents at end of the year	**25**	**(11 261)**	**(23 433)**	**385**	**524**
Cash and cash equivalents per statement of financial position		(4 311)	(23 433)	385	524
Cash and cash equivalents of disposal group held for sale		(6 950)	-	-	-
Total cash and cash equivalents at the end of the year		**(11 261)**	**(23 433)**	**385**	**524**

The notes set out on pages 117 to 167 are an integral part of these financial statements.

Operating segments

The group is organised into five operating segments, namely exploration drilling, overburden drilling and blasting, mobile crane hire, anthracite mining and opencast mining and earthmoving services as described below. The strategic business units offer different services within the mining industry and are managed separately due to different equipment, technology and skills requirements. The following summary describes the operations in each of the group's reportable segments:

Exploration drilling (Geosearch group of companies)
Includes the exploration drilling services operations in South Africa, Botswana and Mozambique.

Overburden drilling and blasting (JEF Drill and Blast)
Includes drilling and blasting operations which use specialised drilling rigs in the opencast mining sector, primarily in the coal industry.

Mobile crane hire (Ritchie Crane Hire)
Includes the hiring out of medium to heavy duty mobile cranes with capacities that range from 25 to 220 tonnes.

Anthracite mining (Nkomati Anthracite)
Includes the mining operations within the group of which the largest contributor is in the anthracite industry. Benicon Coal and Nkomati Anthracite are included in the coal mining operations. Nkomati and Benicol coal have been disclosed as discontinued operations in the Anthracite mining segment as they are in the process of being disposed of as referred to in note 13.

Opencast mining and earthmoving
Includes the movement and management of all aspects of stockpile management, overburden removal, coal extraction and chrome mining to specified production budgets.

Sentula Coal Proprietary Limited ("Sentula Coal") is disclosed as the continuing operation in this segment. Benicon Opencast Mining Proprietary Limited ("Benicon Opencast") and Classic Challenge Trading Proprietary Limited ("CCT") are disclosed as discontinued operations in this segment.

Megacube
Even though Megacube Proprietary Limited ("Megacube") is no longer operational, it has been disclosed separately due to its materiality.

Corporate and other services
This is largely the head office operations.

Revenue Concentration Risk

Revenues of R106 million (2018: R51 million) are derived from a single external customer in the exploration drilling segment. The revenue of the discontinued operations amounting to R271 million (2018: R91 million) is derived from a single external customer in the anthracite mining segment. The other segments are diversified and not exposed to concentration risk. Revenue per segment is disclosed in note 7.

Accounting policy

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating profit/(loss) is reviewed regularly by the group's CEO and CFO, who are the Chief Operating Decision-Makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and other intangible assets other than goodwill.

Operating segments

a) Profit/(loss) before income tax

Year ended 30 June 2019 (R'000)	Opencast mining and earthmoving	Exploration drilling and blasting	Overburden drilling and blasting	Mobile crane	Anthracite	Megacube	Corporate and other services	Total
Total segment results pre-impairment	**6 761**	**9 776**	**3 123**	**47 570**	**(54 660)**	**(9 116)**	**(22 456)**	**(19 002)**
Profit/(loss) on sale of assets	-	280	(1 574)	18	-	-	-	(1 276)
Insurance recovery	-	-	178	465	-	-	-	643
Recovery of unaccounted funds	-	-	-	-	-	11 000	-	11 000
Impairment of assets held-for-sale	-	-	-	-	(20 033)	-	-	-
Reversal of impairment of plant	-	-	-	-	10 000	-	-	10 000
Reversal of impairment of mineral right - note 26.3	-	-	-	-	345 373	-	-	345 373
Amortisation of mineral right	-	-	-	-	(1 490)	-	-	(1 490)
Net impairment of trade receivable	-	1 369	(3 121)	(481)	-	-	-	(2 233)
Impairment of other receivable	(176)	-	-	-	-	-	(210)	(386)
Results from operating activities	**6 585**	**11 425**	**(1 394)**	**47 572**	**279 190**	**1 884**	**(22 666)**	**342 629**
- Continuing operations	5 313	11 425	(1 394)	47 572	-	1 884	(22 666)	42 134
- Discontinued operations	1 272	-	-	-	279 190	-	-	280 462
Total segment finance income	302	2 603	9 910	34	445	19	15 009	28 322
Inter-finance income segment	(302)	(806)	(9 794)	(13)	-	-	(14 969)	(25 884)
External finance income	**-**	**1 797**	**116**	**21**	**445**	**19**	**40**	**2 438**
Total segment finance expense	(4 552)	(4 593)	(18 033)	(4 203)	(46 826)	(503)	(10 322)	(89 032)
Inter-finance income segment	1 917	1 016	11 210	13	10 600	-	1 128	25 884
External finance expense	**(2 635)**	**(3 577)**	**(6 823)**	**(4 190)**	**(36 226)**	**(503)**	**(9 194)**	**(63 148)**
Net finance expense	**(2 635)**	**(1 780)**	**(6 707)**	**(4 169)**	**(35 781)**	**(484)**	**(9 154)**	**(60 710)**
- Continuing operations	-	(1 780)	(6 707)	(4 169)	-	(484)	(9 154)	**(22 294)**
- Discontinued operations	(2 635)	-	-	-	(35 781)	-	-	**(38 416)**
Profit/(loss) before income tax	**3 950**	**9 645**	**(8 101)**	**43 403**	**243 409**	**1 400**	**(31 820)**	**281 919**
- Continuing operations	5 313	9 645	(8 101)	43 403	-	1 400	(31 820)	**19 840**
- Discontinued operations	(1 363)	-	-	-	243 409	-	-	**242 046**

Segment Report

Year ended 30 June 2018* (R'000)	Opencast mining and earthmoving	Exploration drilling and blasting	Overburden drilling and blasting	Mobile crane	Anthracite	Megacube	Corporate and other services	Total
Total segment results pre-impairment	**29 639**	**10 693**	**18 425**	**41 172**	**(78 467)**	**(7 900)**	**(22 188)**	**(8 626)**
Net profit on sale of assets	16 409	46	(926)	(14)	-	-	-	15 515
Net profit on sale of assets held-for-sale	695	-	-	-	-	-	-	695
Insurance recovery	-	-	6 129	-	-	-	-	6 129
Impairment of other receivable	-	-	-	-	-	-	(2 256)	(2 256)
Results from operating activities	**46 743**	**10 739**	**23 628**	**41 158**	**(78 467)**	**(7 900)**	**(24 444)**	**11 457**
- Continuing operations	23 314	10 739	23 628	41 158	-	(7 900)	(23 379)	**67 560**
- Discontinued operations	23 429	-	-	-	(78 467)	-	(1 065)	**(56 103)**
Total segment finance income	217	641	627	87	551	10	(11 995)	(9 862)
Inter-finance income segment	(217)	-	-	(27)	-	-	12 245	12 001
External finance income	**-**	**641**	**627**	**60**	**551**	**10**	**250**	**2 139**
Total segment finance expense	16 747	(2 130)	(11 556)	(3 984)	(9 261)	(537)	(7 646)	(18 367)
Inter-finance income segment	(19 468)	-	6 369	27	-	-	1 071	(12 001)
External finance expense	**(2 721)**	**(2 130)**	**(5 187)**	**(3 957)**	**(9 261)**	**(537)**	**(6 575)**	**(30 368)**
Net finance expense	**(2 721)**	**(1 489)**	**(4 560)**	**(3 897)**	**(8 710)**	**(527)**	**(6 325)**	**(28 229)**
- Continuing operations	(13)	(1 489)	(4 560)	(3 897)	-	(527)	(6 325)	**(16 811)**
- Discontinued operations	(2 708)	-	-	-	(8 710)	-	-	**(11 418)**
Profit/(loss) before income tax	**44 022**	**9 250**	**19 068**	**37 261**	**(87 177)**	**(8 427)**	**(30 769)**	**(16 772)**
- Continuing operations	23 301	9 250	19 068	37 261	-	(8 427)	(29 704)	**50 749**
- Discontinued operations	20 721	-	-	-	(87 177)	-	(1 065)	**(67 521)**

*- The comparatives have been represented as Benicon Coal and Nkomati have been classified as held-for-sale.

b) Assets and liabilities

Year ended 30 June 2019 (R'000)	Opencast mining and earthmoving	Exploration drilling and blasting	Overburden drilling and blasting	Mobile crane	Anthracite	Megacube	Corporate and other services	Total
Segment assets	3 946	140 143	211 210	201 274	-	497	6 876	563 946
Assets classified as held-for-sale	-	-	-	-	759 944	-	-	759 944
Current and deferred tax assets	-	8 154	-	-	14 522	-	-	22 676
Total assets	**3 946**	**148 297**	**211 210**	**201 274**	**774 466**	**497**	**6 876**	**1 346 566**
Segment liabilities	8 906	73 086	90 168	44 266	-	101 154	108 408	425 988
Liabilities held-for-sale	-	-	-	-	381 559	-	-	381 559
Current and deferred tax liabilities	42 594	11 279	12 302	32 787	-	6 939	3 213	109 114
Total liabilities	**51 500**	**84 365**	**102 470**	**77 053**	**381 559**	**108 093**	**111 621**	**916 661**
Capital expenditure	**-**	**14 103**	**8 148**	**16 127**	**40 005**	**-**	**1 222**	**79 605**
Depreciation	**51**	**10 016**	**22 685**	**7 960**	**11 437**	**-**	**100**	**52 249**
Year ended 30 June 2018 (R'000)								
Segment assets	8 056	91 330	229 678	192 603	380 058	654	8 617	910 996
Current and deferred tax assets	-	9 523	-	-	14 522	-	-	24 045
Total assets	**8 056**	**100 853**	**229 678**	**192 603**	**394 580**	**654**	**8 617**	**935 041**
Segment liabilities	10 258	20 530	108 178	44 981	331 527	97 584	35 325	648 383
Current and deferred tax liabilities	39 863	8 444	15 445	30 658	-	6 573	3 506	104 489
Total liabilities	**50 121**	**28 974**	**123 623**	**75 639**	**331 527**	**104 157**	**38 831**	**752 872**
Capital expenditure	**-**	**17 147**	**17 447**	**3 632**	**156 183**	**-**	**46**	**194 455**
Depreciation	**1 596**	**4 493**	**23 976**	**7 429**	**11 709**	**-**	**98**	**49 301**

c) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of the assets. Geosearch operates in South Africa, Botswana and Mozambique. All other entities operate within South Africa.

	June 2019			June 2018		
R'000	**South Africa**	**Rest of Africa**	**Consolidated**	**South Africa**	**Rest of Africa**	**Consolidated**
External revenue from continuing operations	446 397	283 774	730 171	883 149	86 304	969 453
External revenue from discontinued operations	271 274	-	271 274	91 761	-	91 761
Non current assets	352 383	14 342	366 725	706 308	23 995	730 303
Current assets	170 611	34 764	205 375	165 615	39 123	204 738
Total segment assets*	**522 994**	**49 106**	**572 100**	**871 923**	**63 118**	**935 041**
Capital expenditure	**67 388**	**12 217**	**79 605**	**191 104**	**3 351**	**194 455**

** - Excludes assets held-for-sale*

1. General information

Unicorn Capital Partners Limited, ("the company") is a company domiciled in the Republic of South Africa. The address of the company's registered office is Building 8, First Floor, Inanda Greens Office Park, Sandton. The consolidated financial statements of the company as at and for the year ended 30 June 2019 comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities").

2. Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated and company financial statements have been consistently applied in all years presented, unless otherwise stated.

(i) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and in a manner required by the Companies Act of South Africa, the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The group and company annual financial statements were authorised for issue by the Board of Directors on 30 September 2019.

(ii) Basis of measurement

The group's financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments which are measured at fair value, as appropriate.

(iii) Functional and presentation currency

Transactions included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which they operate (the functional currency). The consolidated financial statements are presented in South African rand, which is the presentation currency and functional currency of the majority of the operations within the group.

All amounts in the financial statements are stated to the nearest thousand (R'000) except where otherwise indicated.

(iv) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The use of estimates and judgements are disclosed in note 6.

(v) Income statement presentation

The group has disclosed a mixed nature of presentation for its income statement, as it opted to specifically present the impairments and loss on disposal of assets on the face of the income statement.

3. Restatement of comparative information

The group comparative figures in the Income Statement, Statement of Comprehensive Income, segment results, basic and headline earnings/(loss) per share have been re-presented as a result of Nkomati and Benicon Coal being classified as held-for-sale and identified as a discontinued operation. Refer to notes 13 and 26.

Prior year financial statements were not restated as a result of the changes in the group's accounting policies due to the adoption of IFRS 9 and IFRS 15.

4. Recent accounting developments

4.1 New, amended and revised standards adopted by the group during the 2019 financial year

The group has applied the following new, amended and revised standards, for the first time for the annual reporting period commencing on 1 July 2018:

- IFRS 9: Financial instruments; and
- IFRS 15: Revenue from contracts with customers.

The adoption of the IFRS 9 and IFRS 15 amendments resulted in a change in accounting policy as disclosed in note 44, but did not have a significant impact on the current period or prior period and is not likely to affect future periods.

4.2 New, amended and revised standards not yet adopted by the group

New standards, amendments to standards and interpretations to existing standards that are not effective and have not been early adopted by the group.

The following standards, amendments and interpretations have been published but are not effective for 30 June 2019 and the group has not early adopted them:

- IFRS 16: Leases – A new standard that replaces IAS 17: Leases. This standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

  The group has reviewed the lease arrangements over the last year in light of the new lease accounting rules in IFRS 16.

  As at 30 June 2019, the group has non-cancellable operating lease commitments of R9,7 million as disclosed in note 35.2. Approximately R1,5m of these commitments relate to short-term leases and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

  The group expects to recognise right-of-use assets of approximately R6,9 million as at 1 July 2019 and lease liabilities of R6,9 million (after considering any adjustments for prepayments and accrued lease payments). The groups does not foresee any implications effecting deferred tax assets or deferred tax liabilities. Overall net assets will remain the same and net current assets will be R2 million lower due to the presentation of a portion of the liability as current.

  The group expects that net profit after tax will decrease by approximately R0,3 million for June 2020 as a result of adopting the new rules.

  The group's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements.

  The group will apply the standard from 1 July 2019 and intends to apply the simplified transition approach. The comparative amounts for the year prior to first time adoption will not be restated.
- IFRIC 23: Uncertainty over income tax treatments – The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The standard becomes effective for year ends commencing on or after 1 January 2019. Management will assess the existing models against the specific guidance in the interpretation and consider the impact on income tax accounting. Management does not foresee that this amendment will have an impact on the financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

5. Group accounting policies

Accounting policies are included in the relevant notes to the consolidated financial statements. The accounting policies below are applied throughout the financial statements.

5.1 Basis of consolidation

5.1.1 Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has a right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. The results and cash flows of subsidiaries are included from the date that control commences until the date that control ceases. Intergroup transactions and balances between group companies are eliminated in full. The accounting policies of the subsidiaries are in line with the policies adopted by the group.

The acquisition method is used to account for business combinations in the group as disclosed in note 39.

Group accounting policies continued...

With the acquisition of a non-controlling interest, the transactions are accounted for with the owners in their capacity and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net asset of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intercompany transactions and balances between group companies are eliminated on consolidation.

In the financial statements of the company, investments in subsidiaries are measured at cost less accumulated impairment losses.

5.2 Foreign currency

5.2.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Foreign currency differences resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

5.2.2 Foreign operations

The results and the financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the reporting date;
- income and expenses for each income statement account are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income and presented as a separate component of equity (in the foreign currency translation reserve).

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve.

5.3 Impairment of non-financial assets

The carrying amount of the group's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Assets with an indefinite useful life – for example, goodwill is not subject to amortisation and is tested annually for impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less the cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit.

Group accounting policies continued...

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Impairment charges are disclosed separately on the Statement of profit or loss.

6. Critical accounting estimates and judgements

The group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the notes as follows:

- Useful lives and impairment assessment of property, plant and equipment – note 17.
- Estimated impairment of goodwill – note 19.
- Rehabilitation provision – note 32.
- Inventories – note 23.
- Trade receivables – note 24.
- Income taxes – note 12.
- Impairment assessments on investments in subsidiaries and loans to subsidiaries – note 21.

Consideration of IFRS10 Consolidated Financial Statements

During May 2017 shareholders approved the change in name from Sentula Mining Limited to Unicorn Capital Partners Limited. The name change aligned to Unicorn's newly adopted strategy of becoming an investment holding company investing in quality businesses across the market, that have good investment characteristics and yield attractive returns on capital. The group corporate governance and risk management structures were changed during the year to provide more autonomy to the respective company boards, with Unicorn retaining control and oversight through board representation.

As a result of the changes in the strategy of Unicorn, management considered whether the definition of IFRS10 relating to Investment Entities applies. An entity is required to consider all facts and circumstances when assessing whether it is an Investment Entity, including its purpose and design.

An Investment Entity has a number of characteristics. Some of the key characteristics are that exit strategies from an entity's investments are clearly defined and that the company will show evidence of execution of its exit strategies. A full assessment was performed by management and it was concluded that Unicorn does not currently meet the definition of an Investment Entity in terms of IFRS 10 as at year-end. The requirements to be classified as an Investment Entity, whereby investments are no longer consolidated but accounted for at fair value, will be reassessed continuously as further changes and developments occur within the group.

7. Revenue

The mining services operations derive its' revenue from opencast contract mining, rehabilitation, earthworks, exploration drilling, overburden drilling and blasting and crane hire services.

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Rendering of services	713 740	966 781	-	-
Interest received	-	-	-	8 781
Preference dividend accrual	-	-	-	39 000
Administration fees	-	-	12 679	15 759
Rental income	16 431	2 672	1 109	1 026
Total revenue	**730 171**	**969 453**	**13 788**	**64 566**

Group (R'000)

Revenue for the year ended 30 June 2019	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Corporate and other services	Total
Segment revenue	16 949	301 323	283 465	132 477	13 788	748 002
Inter-segment revenue	-	(1 221)	-	(2 822)	(13 788)	(17 831)
Revenue from external customers	**16 949**	**300 102**	**283 465**	**129 655**	**-**	**730 171**
Revenue per market						
Mining houses	16 949	297 202	121 896	92 213	-	528 260
Mining contractors	-	-	160 750	3 632	-	164 382
Parastatals	-	-	-	3 894	-	3 894
Construction entities	-	-	-	20 673	-	20 673
Other customers	-	2 900	819	9 243	-	12 962
	16 949	**300 102**	**283 465**	**129 655**	**-**	**730 171**

Revenue continued...

Revenue for the year ended 30 June 2018	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane	Corporate and other services	Total
Segment revenue	380 287	148 319	333 782	114 691	64 116	1 041 195
Inter-segment revenue	-	(4 540)	(199)	(2 887)	(64 116)	(71 742)
Revenue from external customers	**380 287**	**143 779**	**333 583**	**111 804**	**-**	**969 453**
Revenue per market						
Mining houses	380 287	142 183	227 542	79 368	-	829 380
Mining contractors	-	-	105 733	2 322	-	108 055
Parastatals	-	-	-	3 506	-	3 506
Construction entities	-	-	-	17 095	-	17 095
Other markets	-	1 596	308	9 513	-	11 417
	380 287	**143 779**	**333 583**	**111 804**	**-**	**969 453**

Accounting policy

Group

The Group generates revenue for the rendering of mining services at an agreed transaction price billed on a monthly basis, based on the services rendered which is measured and signed off by both parties on a monthly basis.

In terms of IFRS 15, revenue is recognised at the point when control over goods and services are transferred to customers. Revenue for services provided are recognised on a monthly basis for actual services performed, measured and as approved and authorised by the customer

Revenue is recognised at the agreed transaction price when or as the performance obligation is satisfied by transferring the goods or services to its customers.

The group does not adjust the promised amount of consideration for the effects of financing at contract inception as the customer pays for goods and services within 90 days.

Opencast contract mining revenue is based on the bulk volume extracted or moved.

Exploration drilling revenue is based on metres drilled and the customer receives the benefit as these services are completed.

Drilling and blasting revenue is based on volume of material blasted or metres drilled and the customer receives the benefit of drilling and blasting as these services are completed. Surveys of work performed are used to determine the extent to which the underlying performance obligations are satisfied.

Crane hire revenue is derived from providing craneage services on an hourly basis and the transaction price is specified in the contract.

Previously in terms of IAS 18, revenue from sale of services was measured at the fair value of the consideration received or receivable. The group only recognised revenue when the amount of revenue was measured and when it was probable that future economic benefits would flow to the group. The invoiced values of goods sold and services rendered excludes value added tax, discounts and other non-operating income.

Intergroup transactions are not eliminated between continuing and discontinued operations as the arrangement will not continue in the future.

Company

Administration fees – The company has entered into service agreements with its subsidiaries, whereby its directors and employees provide management services to operating subsidiaries in the group. These services are recovered based on time spent managing the operating subsidiaries and are recognised in the accounting period in which these services were rendered.

8. Profit from operating activities

R'000	Group June 2019	Group Restated June 2018	Company June 2019	Company June 2018
Income				
Profit on disposal of plant and equipment	704	1 925	-	-
Bad debts recovered	2 949	4 311	-	-
Unrealised foreign exchange gains	3	1 919	-	-
Realised foreign exchange gains	277	-	480	-
Expenses				
Bad debts written off	450	4 074	-	-
Depreciation	40 812	37 515	101	53
Realised foreign exchange losses	-	2 082	-	-
Contribution to socio-economic and enterprise development	544	352	-	-
Loss on disposal of plant and equipment	1 980	940	-	-
Scrapping of assets	1 466	798	-	-
Impairment of other receivables	210	2 256	210	2 256
Auditors remuneration	2 847	2 353	1 357	1 026
Auditors remuneration - fees	2 642	2 253	1 305	926
Auditors remuneration - consulting	-	100	-	100
Auditors remuneration - expenses	118	-	26	-
Auditors remuneration - prior year expenses	87	-	26	-
Personnel expenses				
- Salaries and wages	276 546	281 844	10 832	13 480
- Provident fund	7 417	7 646	-	-

Accounting policy

(i) Defined contribution plans

Provision is made for retirement benefits for eligible employees by way of a provident fund. The fund is a defined contribution plan under which amounts to be paid to employees as retirement benefits are determined by contributions to the fund.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments are available.

(ii) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service. The accruals for employee entitlements to remuneration and annual leave represent the amount which the group has a present obligation to pay as a result of the employee's services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current remuneration rates.

9. Recovery of unaccounted funds

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Recovery of unaccounted funds	11 000	-	-	-
Impairment of unaccounted funds at the beginning of the year	146 251	146 251	-	-
Recovery of unaccounted funds	(11 000)	-	-	-
Impairment of unaccounted funds at the end of the year	**135 251**	**146 251**	**-**	**-**

A forensic investigation in 2008 identified an undisclosed bank account which had not been accounted for at the time of the reviewed results of Unicorn Capital Partners Limited in June 2008. This account was subsequently recorded in the accounts of Megacube, previously Scharrighuisen Opencast Mining Proprietary Limited, and a receivable was created for the apparent irregular payments and transfers from this account which was subsequently impaired. The legal process to recover these funds is ongoing.

Argent Industrial Group settled a long standing matter with Megacube for an amount of R14.5 million which was received during December 2018 into the account of the Golden Autumn Trust. Megacube received an amount of R11 million from the Trust in December 2018 and the remaining balance was distributed to Megacube on the finalisation and winding up of the estate of the Golden Autumn Trust subsequent to year end .

10. Share-based payments

Long-term incentive plan

Selected executives and employees of Unicorn and its subsidiaries will receive a conditional right to receive a cash award ("LTIP award") equal to the market value of a number of notional Unicorn's issued ordinary shares on the date that the award becomes unconditional. This LTIP award is settled in cash.

	Group	Group	Company	Company
	Number of grants		Number of grants	
'000	**June 2019**	**June 2018**	**June 2019**	**June 2018**
Outstanding at the beginning of the year	9 705	19 375	4 315	6 390
Awards lapsed	(4 360)	(4 510)	(1 925)	(2 075)
Forfeited awards	(1 895)	(5 160)	(560)	-
Outstanding at the end of the year	**3 450**	**9 705**	**1 830**	**4 315**
Exercisable at the end of the year	-	-	-	-
Average remaining life	24 months	36 months	24 months	36 months

There were no awards made during the 2019 or 2018 financial year. LTIPs are settled at the vesting date based on the market value of the company's share price determined by reference to 30-day VWAP. Conditions for vesting are established by the Board. In order for the 2019 tranche to vest the group needed to show a positive economic value added ("EVA") with a return on equity ("ROE") of 15%. This was not met. The vesting conditions are still to be determined for the 2020 tranche. Vesting conditions also require that the participant remains in the company's employment at the maturity of the respective tranche.

Additional awards, under this incentive plan, in a new format have been made to the executive directors of Unicorn as disclosed in note 43.

Share incentive scheme

There were no changes during the year under review and there are currently no beneficiaries of the trust.

	Group	Group	Company	Company
'000	**June 2019**	**June 2018**	**June 2019**	**June 2018**
Total number of shares held by the Trust	2 091 328	2 111 328	2 091 328	2 111 328
Disposal of shares	-	(20 000)	-	(20 000)
	2 091 328	**2 091 328**	**2 091 328**	**2 091 328**

The maximum number of shares that may be issued in terms of the scheme may not in aggregate exceed 23 556 594 shares in Unicorn's issued capital. Shares vested in the option holder on the date the option was granted. Thereafter the option holder may exercise the options in individual tranches of 20% on each subsequent anniversary. The Schamin Share Incentive Trust scheme is no longer in use and there are no outstanding options. The trust is consolidated in the group.

11. Finance income/expense

	Group	Group Restated	Company	Company
R'000	**June 2019**	**June 2018**	**June 2019**	**June 2018**
Finance income				
Financial institutions	124	685	40	35
South African Revenue Services	-	33	-	-
Interest received from subsidiaries	-	-	14 969	8 531
Debtors	1 869	574	-	-
Other	-	296	-	215
Disclosed as revenue	-	-	-	(8 781)
Total finance income	**1 993**	**1 588**	**15 009**	**-**

Finance costs

R'000	Group June 2019	Group Restated June 2018	Company June 2019	Company June 2018
Finance lease obligations	6 982	7 803	-	-
External loans	2 622	-	2 270	-
Related party loan - Calibre Treasury Management Services	4 858	-	4 858	-
RAC Loan	1 972	1 699	1 972	1 699
Intercompany advances	-	-	1 128	1 071
South African Revenue Services	976	588	-	-
Botswana Revenue Services	2 192	1 965	-	-
Bank overdraft	4 094	6 081	-	4 876
Suppliers	467	164	-	-
Other	124	99	57	-
Total finance costs	**24 287**	**18 399**	**10 285**	**7 646**
Net finance expense	**(22 294)**	**(16 811)**	**4 724**	**(7 646)**

Accounting policy

Finance income comprises interest income received on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

12. Taxation

R'000	Group June 2019	Group Restated June 2018	Company June 2019	Company June 2018
Current tax	**11 102**	**11 873**	**-**	**-**
Current year	9 988	11 755	-	-
Prior year adjustment	-	(393)	-	-
Foreign withholding tax - current	1 114	511	-	-
Securities transfer tax	**-**	**500**	**-**	**-**
Deferred tax	**(1 319)**	**(11 210)**	**-**	**-**
Originating and reversing temporary differences	(1 319)	(11 317)	-	-
Arising from prior period adjustments	-	107	-	-
Taxation	**9 783**	**1 163**	**-**	**-**

Taxation continued...

Reconciliation of effective tax rate

R'000	Group June 2019	Group Restated June 2018	Company June 2019	Company June 2018
Profit before tax from continuing operations	19 840	50 749	143 926	12 554
Taxation	(9 783)	(1 163)	-	-
Profit from continuing operations	**10 057**	**49 586**	**143 926**	**12 554**
Income tax calculated at 28.0%	5 555	14 210	40 299	3 515
Tax effect of				
Non deductible expenses				
- legal expenses	2 590	-	-	-
- other	2 468	2 150	124	800
Assessed losses utilised	(5 455)	(8 968)	(40 423)	(4 315)
Non taxable income	(154)	(244)	-	-
Securities transfer tax	-	500	-	-
Prior year adjustment	-	(393)	-	-
Foreign withholding tax	1 114	511	-	-
Current year losses and temporary difference for which no deferred tax asset was recognised	3 665	4 714	-	-
Reversal of prior year deferred tax liability	-	(11 317)	-	-
Income tax expense recognised in profit	**9 783**	**1 163**	**-**	**-**
Effective tax rate	49.31%	2.29%	0.00%	0.00%

The tax rate used for the 2019 reconciliation above is the corporate tax rate of 28% (2018: 28%) payable by corporate entities in South Africa on taxable profits under law in that jurisdiction.

Deferred tax

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Balance at the beginning of the year	18 137	29 347	-	-
Movement for the year	(1 319)	(11 210)	-	-
- Originating temporary differences	(1 319)	107	-	-
- Prior year adjustments*	-	(11 317)	-	-
Acquired through business combination	817	-	-	-
Deferred tax asset transferred to held-for-sale	14 522	-	-	-
Balance at the end of the year	**32 157**	**18 137**	**-**	**-**
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	8 154	24 045	-	-
- Deferred tax asset to be recovered within 12 months	-	-	-	-
	8 154	24 045	-	-
Deferred tax liabilities:				
- Deferred tax liability to be settled after more than 12 months	39 639	38 556	-	-
- Deferred tax liability to be settled within 12 months	672	3 626	-	-
	40 311	42 182	-	-
Net deferred tax liabilities	**(32 157)**	**(18 137)**	**-**	**-**

* - During the June 2018 financial year, Benicon, Classic Challenge Trading and Megacube withdrew objections on long outstanding tax matters, after confirmation was obtained from SARS as to the exact quantum. These matters related to the treatment of mining versus non-mining allowances claimed. The withdrawal of the tax objections resulted in a reversal of an R 11.3 million deferred tax liability previously raised.

Reconciliation of deferred tax movements

Group (R'000)	Accelerated wear and tear	Fair value adjustments on business combinations	Assessed losses	Provisions	Other	Total
Opening balance at 1 July 2018	37 398	8 493	(14 522)	(13 502)	270	**18 137**
(Charged) / credited to profit or loss	(2 173)	156	-	636	62	**(1 319)**
Acquisition of subsidiary	817	-	-	-	-	**817**
Transfer to assets held-for-sale	-	-	14 522			**14 522**
Closing balance at 30 June 2019	**36 042**	**8 649**	**-**	**(12 866)**	**332**	**32 157**
Opening balance at 1 July 2017	50 152	10 646	(14 522)	(15 118)	(1 811)	**29 347**
(Charged) / credited to profit or loss	(12 754)	(2 153)	-	1 616	2 081	**(11 210)**
Closing balance at 30 June 2018	**37 398**	**8 493**	**(14 522)**	**(13 502)**	**270**	**18 137**

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets are expected to realise through profits.

Due to historical losses in operating subsidiaries the group is not significantly exposed to uncertain tax positions. Additional deferred tax assets are only raised if certainty exists that these assets will realise within the next year. Historical deferred tax assets in Nkomati Anthracite and Geosearch amounting to R14,5 million (2018: R14,5 million) and R9,5 million (2018: R9,5 million) respectively, are expected to realise through taxable income in the foreseeable future. Deferred tax assets have not been fully raised on assessed losses in these subsidiaries. The unrecognised portion of assessed losses in these companies is first reduced with taxable income generated. Additional deferred tax assets are only raised if certainty exists that these assets will realise within the next year.

Current income tax calculations are performed on a prudent basis resulting in the group not being significantly exposed to uncertain tax positions. Historical tax disputes have been fully provided for in the results.

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of tax losses amounting to R948 million (2018: R873 million) as it is not probable that future profit will be available against which the group can utilise the benefits therefrom in the foreseeable future.

Current tax assets and liabilities

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Relating to operating entities	(19 366)	(15 870)	-	-
Relating to non-operating entities	(49 437)	(46 436)	-	-
- Benicon Opencast Mining	(10 250)	(9 609)	-	-
- Classic Challenge Trading	(32 248)	(30 254)	-	-
- Megacube	(6 939)	(6 573)	-	-
Total current tax liability	**(68 803)**	**(62 306)**	-	-

The tax liabilities recorded in the non-operating entities relate to SARS' opinion that the companies did not perform mining activities and subsequently did not qualify for mining capital allowances claimed during the 2008 to 2011 period.

These companies are no longer operational as they were part of the opencast mining operations which was wound down. There is no recourse to Unicorn or any of its' subsidiaries.

Accounting policy

Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities that affect neither the accounting nor taxable profit; and
- impairments relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the temporary differences when they reverse based on the laws that have been enacted or substantively been enacted by the reporting date.

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable entity; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis; or
- to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

The group provides for disputes with revenue authorities based on assessments issued by the authorities including interest and penalties once the disputes arise.

Critical accounting estimates and judgements

The group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax expense in the period in which such determination is made.

13. Discontinued Operation

On 31 December 2018, Unicorn classified its' Benicon Coal and Nkomati investment as a non-current asset held-for-sale as disclosed in note 26.

Benicon Coal holds a 60% shareholding in Nkomati. It was decided that the related performance and cash flow information be presented as a discontinued operation as the investment in Benicon Coal and Nkomati represents a separate line of business namely the anthracite mining segment. The prior year figures have been represented.

Unicorn completed the process of closing down its contract mining operations namely, Benicon Opencast and CCT in the previous financial year and the companies have been presented as discontinued operations.

Financial performance and cash flow information relating to these discontinued operations for the period is set out below:

R'000	Notes	June 2019	Restated June 2018*
Revenue		271 274	91 761
Cost of sales		(296 976)	(143 082)
Gross loss		**(25 702)**	**(51 321)**
Other income		2 037	527
Administration expenses		(29 724)	(20 534)
Loss from operations		**(53 389)**	**(71 328)**
Impairment of assets held-for-sale	26.2	(20 033)	-
Reversal of impairment of mineral right	26.3	345 374	-
Reversal of impairment of plant and equipment	26.1	10 000	-
Net profit on disposal of assets		-	14 530
Profit on disposal of assets held-for-sale		-	695
Amortisation of mineral rights	26.3	(1 490)	-
Operating profit/loss		**280 462**	**(56 103)**
Net finance expense		(38 416)	(11 418)
Profit/(loss) before income tax		**242 046**	**(67 521)**
Income tax		-	-
Profit/(loss) for the year		**242 046**	**(67 521)**
Loss attributable to:		**242 046**	**(67 521)**
- Equity holders of the company		149 282	(32 760)
- Non controlling interest		92 764	(34 761)
Cash flows attributable to operating activities		(32 792)	(19 799)
Cash flows attributable to investing activities		(43 015)	(145 930)
Cash flows attributable to financing activities		75 568	137 138
		(239)	**(28 591)**

* - The comparatives have been re-presented as Benicon Coal and Nkomati have been classified as discontinued operations as disclosed in note 3.

A detailed description of the reversal of impairment of Nkomati Mineral right and plant is disclosed in note 26.3

Accounting policy

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:
- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resell.

If the criteria is met, the operation is classified as discontinued operations in profit or loss and the comparative amounts restated for all periods presented. No restatement of the statement of financial position comparative amounts is done.

14. Earnings per share

	Group June 2019	Group Restated June 2018
Basic and diluted earnings/(loss) per share (cents)	**13.88**	**1.45**
- continuing operations (cents)	1.03	4.27
- discontinuing operations (cents)	12.85	(2.82)
Headline and diluted earnings/(loss) per share (cents)	**(3.30)**	**(0.25)**
- continuing operations (cents)	1.17	3.87
- discontinuing operations (cents)	(4.47)	(4.12)
Shares in issue at the end of the year	1 167 564	1 167 564
Shares held by subsidiary	(5 554)	(5 554)
Shares in issue at the end of the year	1 162 010	1 162 010
Weighted average shares in issue at the end of the year excluding treasury shares	1 162 010	1 162 010

Headline earnings per share has been calculated in accordance with the SAICA circular 4/2018 entitled 'Headline Earnings' which forms part of the Listings Requirements of the JSE Limited.

The following adjustments are made to arrive at the headline profit/(loss)

Year ended 30 June 2019	**Continuing**	**Discontinuing**	**Group**
Net profit\(loss) for the year attributable to the equity holders of the parent:	12 010	149 282	161 292
Net profit on disposal of plant and equipment	1 276	-	1 276
Tax effect on profit on disposal of plant and equipment	5	-	5
Compensation from third parties for items of plant and equipment that were destroyed	(643)	-	(643)
Tax effect on profit on disposal of plant and equipment	130	-	130
Scrapping of assets	1 466	-	1 466
Tax effect on profit on disposal of plant and equipment	(194)	-	(194)
Gain on bargain purchase	(620)	-	(620)
Impairment of stripping asset held-for-sale	-	20 033	20 033
Reversal of impairment of mineral right	-	(345 374)	(345 374)
Reversal of impairment of plant	-	(10 000)	(10 000)
Total non-controlling interest effects of adjustments	142	134 136	134 278
Earnings used in the calculation of headline earnings per share	**13 572**	**(51 923)**	**(38 351)**

Earnings per share continued...

Year ended 30 June 2018 - Restated	Continuing	Discontinuing	Group
Net profit\(loss) for the year attributable to the equity holders of the parent:	49 586	(32 760)	16 826
Net profit on disposal of plant and equipment	(985)	(14 530)	(15 515)
Tax effect on profit on disposal of plant and equipment	263	-	263
Compensation from third parties for items of plant and equipment that were destroyed	(6 129)	-	(6 129)
Tax effect on profit on disposal of plant and equipment	1 716	-	1 716
Scrapping of assets	798	-	798
Tax effect on scrapping of assets	(224)	-	(224)
Profit on disposal of assets held-for-sale	-	(695)	(695)
Earnings used in the calculation of headline earnings per share	**45 025**	**(47 985)**	**(2 960)**

Accounting policy

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares. Appropriate adjustments are made in calculating headline earnings per share.

15. Net asset value per share

	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Net asset value per share (cents)*	59.15	22.11	62.36	49.98
Tangible net asset value per share (cents)**	55.93	18.88	62.36	49.98

* The calculation of net asset value and tangible net asset value per share excludes the treasury shares.

** Tangible net asset value excludes goodwill.

16. Dividend per share

The Board of Directors has not declared an interim or final dividend for the years ended 30 June 2019 or 30 June 2018.

Accounting policy

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity.

17. Property, plant and equipment

Reconciliation for the year ended 30 June 2019 - Group	Land and buildings	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total
Balance at 1 July 2018					
At cost	35 569	819 479	47 486	10 852	**913 386**
Accumulated depreciation	(8 235)	(550 132)	(28 603)	(8 305)	**(595 275)**
Net book value	**27 334**	**269 347**	**18 883**	**2 547**	**318 111**
Movements for the year ended 30 June 2019					
Additions	-	32 209	5 597	1 794	**39 600**
Acquired through business combinations	1 400	14 374	514	2	**16 290**
Depreciation	(267)	(37 519)	(4 888)	(766)	**(43 440)**
Disposals	-	(2 526)	(352)	(13)	**(2 891)**
Scrapping of assets	-	(789)	(650)	(27)	**(1 466)**
Foreign currency translation	(228)	(486)	62	-	**(652)**
Transfer to inventory	-	(506)	-	-	**(506)**
Transfer to held-for-sale (Note 26.1)	(1 760)	(4 959)	(242)	(322)	**(7 283)**
Property, plant and equipment at the end of year	**26 479**	**269 145**	**18 924**	**3 215**	**317 763**
Closing balance at 30 June 2019					
At cost	31 277	801 469	50 212	11 381	**894 339**
Accumulated depreciation	(4 798)	(532 324)	(31 288)	(8 166)	**(576 576)**
Net book value	**26 479**	**269 145**	**18 924**	**3 215**	**317 763**

During the current financial year, Nkomati and Benicon Coal were classified as held-for-sale and the assets have been transferred.

Reconciliation for the year ended 30 June 2018 - Group	Land and buildings	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total
Balance at 1 July 2017					
At cost	35 055	866 400	59 866	10 822	**972 143**
Accumulated depreciation	(8 115)	(581 459)	(35 407)	(8 642)	**(633 623)**
Net book value	**26 940**	**284 941**	**24 459**	**2 180**	**338 520**
Movements for the year ended 30 June 2018					
Additions	-	30 872	6 839	1 137	**38 848**
Depreciation	194	(36 585)	(4 616)	(712)	**(41 719)**
Disposals	-	(7 533)	(8 019)	22	**(15 530)**
Scrapping of assets	-	(674)	(44)	(80)	**(798)**
Foreign currency translation	200	416	264	-	**880**
Transfer to inventory	-	(2 090)	-	-	**(2 090)**
Property, plant and equipment at the end of year	**27 334**	**269 347**	**18 883**	**2 547**	**318 111**
Closing balance at 30 June 2018					
At cost	35 569	819 479	47 486	10 852	**913 386**
Accumulated depreciation	(8 235)	(550 132)	(28 603)	(8 305)	**(595 275)**
Net book value	**27 334**	**269 347**	**18 883**	**2 547**	**318 111**

Company

Reconciliation for the year ended 30 June	Furniture, fittings and equipment	
R'000	**June 2019**	**June 2018**
Balance at the beginning of the year		
At cost	3 743	3 697
Accumulated depreciation	(3 670)	(3 617)
Net book value	**73**	**80**
Movements for the year		
Additions	1 221	46
Depreciation	(101)	(53)
Furniture, fittings and equipment at the end of the year	**1 193**	**73**
Balance at the end of the year		
At cost	4 964	3 743
Accumulated depreciation	(3 771)	(3 670)
Net book value	**1 193**	**73**

Assets whose title is restricted and pledged as security

Information pertaining to non-current assets pledged as security by the group are disclosed in note 29.

Impairment losses

There were no impairment losses recognised during the current or previous year under review.

Accounting policy

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are presented on the face of the statement of profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that future economic benefits within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a systematic basis over the estimated useful lives of each part of an item of property, plant and equipment (except assets depreciated using the units of production method), since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. If it is reasonably certain that the group will obtain ownership by the end of the lease term, the assets are depreciated over their useful life. Land is not depreciated.

Property, plant and equipment continued...

Residual value is the amount that the entity could recover for the asset at the reporting date if the asset was already of the age and in the condition that it will be in when the entity expects to dispose of it. The estimated residual value is based on similar assets that have reached the end of their useful lives at the date that the estimate has been made. If the residual value of an asset increases to an amount equal to or in excess of the asset's carry value, then the asset's depreciation charge will be zero. Depreciation will resume when the asset's residual value falls below the asset's carrying value.

Where the unit-of-production methodology is used, the estimate of future production is reviewed and revised, if necessary, at each reporting date in accordance with the requirement to review the assets' expected useful life. Units of production are determined by the metres drilled or hours utilised for the specific item of plant and equipment. The annual revision did not require a change in estimate in the current and prior year.

A change in the useful life, in the unit of production method or in the residual value of an asset will result in a change in estimate and will only be applied prospectively.

The estimated useful lives for the current and comparative periods are as follows:

- buildings — 50 years
- mining assets — units of production
- plant and equipment
  - drilling and blasting rigs — 5 – 7 years
  - exploration drill rigs — 5 – 9 years
  - mobile cranes — 8 – 10 years
  - other assets — 3 – 5 years
- motor vehicles — 5 years
- furniture, fittings and equipment — 3 – 10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Critical accounting estimates and judgements

As described above, the estimated useful lives of property, plant and equipment are reassessed at the end of each annual reporting period. The group depreciates/amortises its assets over their estimated useful lives, as disclosed in the above accounting policy. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and maintenance programmes. Changes in estimates can result in variations in the carrying value and amounts charged to profit or loss in specific periods.

Property, plant and equipment is considered for impairment if there are impairment indicators indicating that an impairment may be necessary. In reaching such a decision the economic viability of the asset itself or where it is a component of a larger economic unit, the viability of that unit itself and other indicators are considered.

If an indication of a possible impairment exists for an economic unit of assets, the future cash flows expected to be generated by the assets are projected, taking into account the expected return of these assets over the expected useful lives. The present value of these cash flows is determined by using an appropriate discount rate. If the present value compared to the current net asset value is lower, the assets are impaired to the present value.

If an indication of a possible impairment exists for an individual asset due to its condition or technological innovation, the individual asset is assessed for impairment based on the future use of the asset. Individual assets are impaired to a carrying value with reference to a similar asset being disposed of in the open market.

18. Mining assets

Year ended 30 June 2019 (R'000)	Assets under construction	Mining assets	Stripping assets	Total
Balance at the beginning of year				
At cost	152 252	187 417	38 510	378 179
Accumulated depreciation	-	(33 464)	(6 220)	(39 684)
Net book value	**152 252**	**153 953**	**32 290**	**338 495**
Movements for the year				
Depreciation	-	(1 454)	(7 510)	(8 964)
Transferred to assets held-for-sale	(152 252)	(152 499)	(24 780)	(329 531)
Mining assets at the end of year	**-**	**-**	**-**	**-**

Year ended 30 June 2018 (R'000)	Assets under construction	Mining assets	Stripping assets	Total
Balance at the beginning of year				
At cost	22 725	187 405	-	210 130
Accumulated depreciation	-	(32 102)	-	(32 102)
Net book value	**22 725**	**155 303**	**-**	**178 028**
Movements for the year				
Additions	117 085	10 323	28 199	155 607
Borrowing costs capitalised	12 442	-	-	12 442
Reallocation to stripping assets - cost	-	(10 311)	10 311	-
Reallocation to stripping assets - accumulated depreciation	-	208	(208)	-
Depreciation	-	(1 570)	(6 012)	(7 582)
Mining assets at the end of the year	**152 252**	**153 953**	**32 290**	**338 495**
Closing balance at the end of year				
At cost	152 252	187 417	38 510	378 179
Accumulated depreciation	-	(33 464)	(6 220)	(39 684)
Net book value	**152 252**	**153 953**	**32 290**	**338 495**

Accounting policy

All mining assets are depreciated using the units-of-production method where the mine operating plan calls for production from well-defined mineral reserves over proved and probable reserves. The calculation of the units-of-production rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally arise when there are significant changes in any of the assumptions used in estimating the mineral reserves.

These factors could include changes in proved and probable mineral reserves and differences between actual commodity prices and commodity price assumptions.

Borrowing costs directly attributable to the development and construction of qualifying assets, which are assets that take a substantial period of time to get ready for its intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

19. Goodwill

Goodwill arose from the business acquisitions during the 2007 and 2008 financial years.

	Group June 2019	Group June 2018
Cost	372 692	372 692
Accumulated impairment losses	(335 265)	(335 265)
Carrying value at the end of the year	**37 427**	**37 427**
Goodwill is allocated as follows:		
JEF	19 687	19 687
Ritchie	17 740	17 739
Carrying value at the end of the year	**37 427**	**37 426**

The recoverable amounts of the cash-generating units (CGUs) are determined from value-in-use calculations. The key assumptions for the value-in use calculations are those regarding the discount rates, growth rates and expected revenue and cost projections during the period. These calculations are based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are estimated based on the operations remaining stable in the future without applying a growth rate for future periods. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in revenue and cost projections are based on long-term inflation expectations.

Goodwill continued...

JEF Drill and Blast is included in the overburden and drilling segment and Ritchie Crane Hire is included in the crane hire segment.

Budgeted future cash flow projections were discounted at the pre-tax rate of 18.7% (2018: 18.6%) for JEF Drill and Blast and 16.6% (2018: 16.6%) for Ritchie Crane Hire. An increase in the discount rate of 10% or a decrease of 20% in the expected cash flow generation or any other reasonable possible change in key assumptions on which the recoverable amount is based, would not cause the carrying amount of the operations to exceed the recoverable amount.

Accounting policy

Initial measurement

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of the non-controlling interests of the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets and liabilities assumed.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Critical accounting estimates and judgements

The group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require an estimation of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

20. Restricted investment

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Carrying value at the beginning of the year	8 110	6 461	-	-
Increase in restricted cash	1 634	1 649	-	-
Transferred to assets held-for-sale (note 26).	(9 744)	-	-	-
Carrying value at the end of the year	**-**	**8 110**	**-**	**-**

The amount relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources ("DMR") in South Africa for environmental and rehabilitation obligations. Refer to note 32.

These funds are held in a money market account and held by Guardrisk who have issued the guarantee.

Restricted investments are not included in cash and cash equivalents.

21. Investments in subsidiaries

21.1 Information on subsidiaries

a) Details of the group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Nature of business	Issued share capital	Effective Interest 2019	Effective Interest 2018
Unicorn Mining Services Investments Proprietary Limited*	E	4 000	52.00%	83.00%
- JEF Drill and Blast Proprietary Limited	C	100	52.00%	83.00%
- Ritchie Crane Hire Proprietary Limited	D	100	52.00%	83.00%
- Sentula Coal Proprietary Limited	A	100	52.00%	51.00%
Geosearch Proprietary Limited	B	100	100.00%	100.00%
- Buenti Drilling Proprietary Limited	B	4000	50.25%	50.25%
- Myna Projects Proprietary Limited	B	4	100.00%	100.00%
- Aqua Terra LOA	B	250 000	100.00%	100.00%
Thebe Turnstone Drilling Proprietary Limited	B	800	50.25%	0.00%
Benicon Coal Proprietary Limited	G	100	100.00%	100.00%
Nkomati Anthracite Proprietary Limited	F	100	60.00%	60.00%
Mercator Commodities Proprietary Limited	G	100	100.00%	100.00%
Megacube Mining Proprietary Limited	E	100	100.00%	100.00%
Shanike Investments No 171 Proprietary Limited	G	100	100.00%	100.00%

A - Opencast Mining and coal stockpile services
B - Exploration drilling
C - Drilling and blasting
D - Crane hire
E - Non operating companies
F - Anthracite mining
G - Investment holding companies

*Sentula Contracting Proprietary Limited's name was changed during the previous year to Unicorn Mining Services Investments Proprietary Limited.

b) Carrying value of intergroup investments and loans

	Investments		Loans	
Name of subsidiary	**June 2019**	**June 2018**	**June 2019**	**June 2018**
Unicorn Mining Services Investments Proprietary Limited	73 862	118 738	-	94 855
Nkomati Anthracite Proprietary Limited	-	-	-	233 750
Sentula Coal Proprietary Limited	-	-	5 630	17 228
Schamin Share Incentive Trust	-	-	431	407
Geosearch Proprietary Limited	53 509	30 100	-	-
Shanike Investments No 171 Proprietary Limited	-	-	-	(829)
Reflected as non current assets	**127 371**	**148 838**	**6 061**	**345 411**
Classic Challenge Trading Proprietary Limited	-	-	-	(8 133)
JEF Drill and Blast Proprietary Limited	-	-	98 957	30 220
Ritchie Crane Hire Proprietary Limited	-	-	115 467	19 895
Geosearch Proprietary Limited	-	-	31 537	65 914
Caston Plant Sales Proprietary Limited	-	-	5	8
Benicon Coal Proprietary Limited	-	-	78 000	(1 980)
Mercator Commodities Proprietary Limited	-	-	352	-
Current portion of loans and investments	**-**	**-**	**324 318**	**105 924**
Reflected as:				
Current assets	-	-	324 318	116 037
Current liabilities	-	-	-	(10 113)
	-	**-**	**324 318**	**105 924**
Reflected as non-current asset held-for-sale				
Nkomati Anthracite Proprietary Limited	-	-	365 688	-

c) Movement in carrying value of intergroup loans and investments

R'000	Carrying value at 30 June 2018	(Impairments)/ Reversal of impairments	Increase/ (decrease)	Carrying value at 30 June 2019
Unicorn Mining Services Investments Group	**272 811**	**(62 620)**	**83 730**	**293 921**
Unicorn Mining Services Investments Proprietary Limited	213 593	(44 876)	(94 855)	73 862
- Benicon Opencast Mining Proprietary Limited	-	10 445	(10 445)	-
- Classic Challenge Trading Proprietary Limited	(8 133)	-	8 133	-
- JEF Drill and Blast Proprietary Limited	30 220	(18 807)	87 544	98 957
- Ritchie Crane Hire Proprietary Limited	19 895	-	95 572	115 467
- Sentula Coal Proprietary Limited	17 228	(9 382)	(2 216)	5 630
- Caston Plant Sales Proprietary Limited	8	-	(3)	5
Benicon Coal Group	**231 770**	**105 494**	**106 424**	**443 688**
- Benicon Coal Proprietary Limited	(1 980)	-	79 980	78 000
- Nkomati Anthracite Proprietary Limited	233 750	105 494	26 444	365 688
Geosearch Proprietary Limited	**96 014**	**23 409**	**(34 377)**	**85 046**
Other	**(422)**	**5 452**	**(4 247)**	**783**
	600 173	**71 735**	**151 530**	**823 438**

d) Movement in impairments of loans to group companies are as follows:

R'000	Company June 2019	Company June 2018
At the beginning of the year	1 690 861	1 993 545
Impairment raised - Investments	44 876	55 556
Impairment raised - subsidiary loans	28 231	6 702
Reversal of previously recognised impairment - investment	(23 409)	-
Reversal of previously recognised impairment - loans	(121 434)	(80 942)
Reversal of previously recognised impairment and utilisation for loan write off - capital portion	-	(262 370)
Reversal of previously recognised impairment and utilisation for loan write off - interest portion	-	(21 630)
Written off during the year	-	-
At the end of the year	**1 619 125**	**1 690 861**

In performing impairment assessments on investments in subsidiaries and loans to subsidiaries estimates and judgements are used in assessing the indicators for impairment or reversals of impairments as well as the detailed cash flow forecast utilised in the assessments.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent do not differ from the proportion of ordinary shares held.

All subsidiaries listed above are incorporated in South Africa, which is also their principal place of business, except for Sentula Mining Mauritius Limited which is incorporated in Mauritius.

The investment in preference shares is carried at amortised cost. An impairment test is performed annually and any difference is recognised as an impairment in the statement of profit or loss.

During the year, Unicorn entered into a new empowerment partnership. As a result of the new empowerment partnership non-controlling interest was recognised as disclosed in note 21.2. This transaction replaces the Shanike structure that was dissolved in the previous financial year.

Unicorn Mining Services Investments, JEF Drill and Blast and Ritchie Crane Hire are indebted to Unicorn for an amount of R73 million (June 2018: R118,7 million) relating to preference shares and R214 million (June 2018: R50 million) relating to loans. In order to unlock shareholder value the companies will need to repay the loans. In addition, Buenti is indebted to Geosearch for an amount of R66,5 million (June 2018: R64,8 million).

Restrictions

There are no significant restrictions on the subsidiaries to transfer funds to Unicorn in the form of cash dividends, or to repay loans and advances made by Unicorn.

The company has subordinated its claims against the following subsidiaries in favour of all other creditors:

- Nkomati Anthracite Proprietary Limited – to an amount of R346 million (2018: R341,4 million)
- Caston Proprietary Limited – to an amount of R20 million (2018: R20 million)
- Sentula Coal Proprietary Limited – to an amount of R14 million (2018: R14 million)
- JEF Drill and Blast Proprietary Limited - to an amount of R5.6 million (2018: RNil)

The directors valuation of the above subsidiaries approximates the cost as disclosed in this note. The loans to subsidiaries bear variable interest rates and the terms of the loans range from demand to 48 months.

21.2 Information on subsidiaries with material non-controlling interest

During January 2019, Unicorn entered into an empowerment partnership resulting in a non-controlling interest. The non-controlling interest recognised in the prior year only related to Nkomati.

	June 2019	June 2019	June 2019	June 2018
	Unicorn Mining Services Investments Proprietary Limited	**Buenti Drilling Proprietary Limited**	**Nkomati Anthracite Proprietary Limited**	
Summarised balance sheet				
Non-current assets	393 786	7 039	380 667	369 119
Current assets	223 688	15 681	32 991	23 510
Total assets	**617 474**	**22 720**	**413 658**	**392 629**
Non-current liabilities	(475 908)	(67 433)	(239 493)	(225 264)
Current liabilities	(659 979)	(8 937)	(638 818)	(494 206)
Total liabilities	**(1 135 887)**	**(76 370)**	**(878 311)**	**(719 470)**
Equity attributable to owners of the company	**(518 413)**	**(53 650)**	**(464 653)**	**(326 841)**
Non-controlling interest	248 838	26 691	(18 069)	(74 695)
Summarised income statement				
Revenue	430 491	60 815	271 274	91 761
Loss for the year	(10 204)	(1 060)	(127 132)	(86 901)
Total comprehensive loss allocated to non-controlling interest	616	(2 569)	(50 853)	(34 760)
Summarised cash flows				
Cash outflow from operating activities	(17 855)	(1 433)	(53 381)	(42 714)
Cash outflow from investing activities	(29 936)	(3 011)	(41 194)	(157 279)
Cash outflow from financing activities	55 666	-	94 352	187 043
Net cash outflow	**7 875**	**(4 444)**	**(223)**	**(12 950)**

The information above is disclosed before intercompany eliminations.

22. Other financial assets

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Prepayment	4 107	4 929	4 107	4 929
Inala loan	-	1 329	-	1 329
	4 107	**6 258**	**4 107**	**6 258**
Non-current assets	3 381	4 115	3 381	4 115
Current assets	726	2 143	726	2 143
	4 107	**6 258**	**4 107**	**6 258**

There are no expected credit losses on other financial assets. The prepayment relates to the right of occupation of a property until March 2027.

23. Inventories

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Consumables and spares	32 270	19 732	-	-
Finished goods	-	11 239	-	-
	32 270	**30 971**	**-**	**-**
The cost of inventories recognised as an expense and included in cost of sales amounted to:	114 312	91 368	-	-

There were no inventory write-offs during the year under review.

Accounting policy

Inventories are consumables and spares held in the ordinary course of business consumed in the production process or in the rendering of services in the mining operations. Finished goods are products available for sale in the coal operations.

Inventories are measured at the lower of cost and net realisable value using the first-in first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Critical accounting estimates and judgements

The group reviews the net realisable value of, and demand for, its inventory on a quarterly basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor actions, supplier prices and economic trends.

24. Trade and other receivables

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Trade receivables	131 990	169 597	-	-
Trade receivables impairment	(9 812)	(44 278)	-	-
Trade receivables - net of impairment	122 178	125 319	-	-
Related party trade receivables	-	-	656	-
Other receivables	22 402	27 342	3 640	7 882
Other receivables impairment	(2 466)	(5 824)	(2 466)	(5 818)
Other receivables - net of impairment	19 936	21 518	1 174	2 064
- Orezone Drilling - disposal of DRC assets	-	1 495	-	-
- Work in progress	7 388	8 417	-	-
- Benicon Sales deferred purchase price	1 139	2 064	1 139	2 064
Other receivables	11 409	9 542	35	-
	142 114	**146 837**	**1 830**	**2 064**
Value added tax	8 015	5 804	-	-
Other financial assets	726	2 143	726	2 143
Total trade and other receivables	**150 855**	**154 784**	**2 556**	**4 207**

Movements in impairment of trade and other receivables are as follows:

At the beginning of the year	50 102	47 260	5 818	3 568
Impairment raised	4 502	7 691	750	2 250
Impairment loss utilised	(40 268)	-	(3 562)	-
Impairment loss derecognition	(1 909)	-	(540)	-
Impairment loss utilised	(149)	(4 849)	-	-
At end of year	**12 278**	**50 102**	**2 466**	**5 818**

The external trade receivables of JEF, Nkomati Anthracite and Buenti are pledged as security to Standard Bank for the overdraft facility referred to in note 25.

The external trade receivables of Ritchie are pledged as security to Nedbank for the overdraft facility referred to in note 25.

The group’s exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 38.

25. Cash and cash equivalents

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Cash on hand	2 122	1 370	-	-
Balances with banks	20 128	17 613	385	524
Cash and cash equivalents included in current assets	**22 250**	**18 983**	**385**	**524**
Bank overdrafts	(26 561)	(42 416)	-	-
Net cash and cash equivalents	**(4 311)**	**(23 433)**	**385**	**524**

During the year, Ritchie obtained a R15 million reducing overdraft facility from Nedbank, reducing by R1 million monthly commencing on 1 October 2018 until reduced to R5 million. The overdraft bears interest at prime plus 0,5%. This facility was utilised to settle Ritchie's overdraft facility of R 25 million at Standard Bank obtained in the previous financial year. At the end of June 2019, the overdraft facility was temporarily increased to R 11 million and was reduced on 12 July 2019 to R7 million whereafter R1 million repayments re-commence on 1 August 2019 until the overdraft is reduced to R5 million.

During the previous year, Unicorn settled the general short-term banking facility of R60 million held at Standard Bank. Agreements were concluded with Standard bank whereby facilities totalling R55 million were made available to JEF Drill and Blast, Ritchie Crane Hire, Nkomati Anthracite and Buenti Drilling. The facilities all bear interest at a rate of prime plus a margin of 2,75%. The facilities fall due for review annually in June.

Cash and cash equivalents continued...

The Standard bank overdraft facilities are secured as follows:

JEF Drill and Blast – R25 million facility secured by:

A guarantee limited to R25 million by Unicorn; unrestricted cession of book debts; a negative pledge; unrestricted cession of contract monies; a notarial bond of R25 million over all moveable assets; and unrestricted cession of material damage insurance policy and SASRIA cover over all moveable assets.

Nkomati Anthracite – R10 million facility secured by:

A guarantee limited to R10 million by Unicorn; unrestricted cession of book debts; a negative pledge; and unrestricted cession of contract monies.

Buenti Drilling – R5 million facility secured by:

A guarantee limited to R5 million by Unicorn; unrestricted cession of book debts; a negative pledge; and unrestricted cession of contract monies.

The Ritchie Crane Hire R11 million Nedbank overdraft facility is secured as follows:

A security cession of all present and future debtors; and a security cession of the loan account by Unicorn

Accounting policy relating to notes 24 and 25

Financial assets are recognised in the statement of financial position when the group has become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position, when the group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

The following financial assets are applicable to the group:

- cash; and
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

All the financial assets of the group are recognised at amortised costs.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. A simplified approach is applied to trade receivables in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Up to 30 June 2018, trade receivables were initially recognised at fair value plus transaction costs that are directly attributable to the acquisition. They were subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables was established when there was objective evidence that the company would not be able to collect all amounts due according to the original terms of the receivables."

Trade and other receivables were classified as loans and receivables up to 30 June 2018.

Cash and cash equivalents form part of financial assets and include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities immediately available and bank overdrafts. Bank overdrafts held at the same financial institution are set off against favourable bank balances reflected in current assets.

Cash and cash equivalents continued...

These balances are initially recognised at fair value taking into account transaction costs and subsequently measured at amortised cost, using the effective interest method.

All short-term cash investments are invested with a major financial institution in order to manage credit risk.

26. Non-current assets and liabilities held-for-sale

As announced on SENS on 2 October 2018, Unicorn appointed Nedbank Limited, acting through its Corporate and Investment Banking division, to identify possible acquirors of Unicorn's investment in Nkomati. As a result of the initiation of the disposal of Unicorn's investment in Nkomati it was concluded that the Nkomati investment should be classified as non-current asset held-for sale as all the requirements in terms of IFRS 5: Non-current assets held-for-sale and discontinued operations (IFRS 5) have been met.

The major classes of assets and liabilities classified as assets and liabilities held-for-sale are as follows:

Assets of disposal groups and assets held for sale

R'000		Group June 2019	Group June 2018	Company June 2019	Company June 2018
Non-current assets		**741 476**	-	**365 688**	-
Plant and equipment	26.1	137 694	-	-	-
Mining assets	26.2	235 632	-	-	-
Mineral rights	26.3	343 884	-	-	-
Loans in subsidiaries	21	-	-	365 688	-
Restricted investment	20	9 744	-	-	-
Deferred tax assets		14 522	-	-	-
Current assets		**32 990**	-	-	-
Inventories		12 317	-	-	-
Trade and other receivables		20 613	-	-	-
Cash and cash equivalents		60	-	-	-
Total assets		**774 466**	-	**365 688**	-

Liabilities of disposal groups and related to assets held for sale

R'000		Group June 2019	Group June 2018	Company June 2019	Company June 2018
Non-current liabilities		**239 475**	-	-	-
Rehabilitation provisions	26.4	86 534	-	-	-
Loans and borrowings	26.5	149 649	-	-	-
Finance lease obligations		3 292	-	-	-
Current liabilities		**142 084**	-	-	-
Trade and other payables		84 647	-	-	-
Loans and borrowings	26.5	49 154	-	-	-
Finance lease obligations		1 273	-	-	-
Bank overdraft		7 010	-	-	-
Total liabilities		**381 559**	-	-	-

26.1 *Property, plant and equipment*

Movement in plant and equipment held for sale for the current year is as follows:

	Land	Plant and equipment	Motor vehicles	Furniture, fittings and equipment	Total
Assets classified as held for sale (note 17)	1 760	4 959	242	322	**7 283**
Additions	-	5 735	383	323	**6 441**
Reversal of impairment of plant and equipment	-	10 000	-	-	**10 000**
Borrowing costs capitalised	-	1 820	-	-	**1 820**
Transfer (to)/from assets under construction	(1 341)	113 491	-	-	**112 150**
Carrying value at 30 June 2019	**419**	**136 006**	**625**	**645**	**137 694**

The accounting policies relating to plant and equipment are disclosed in note 17.

26.2 *Mining assets*

Movement in the mining assets held for sale for the current year is as follows:

	Mining assets	Assets under construction	Stripping assets	Exploration drilling	Total
Assets classified as held for sale (note 18).	152 252	152 499	24 780	-	**329 531**
Additions	-	11 097	15 154	12 033	**38 284**
Impairment of stripping asset held-for-sale	-	-	(20 033)	-	**(20 033)**
Reallocation (to)/from property and plant	51 198	(163 348)	-	-	**(112 150)**
Carrying value at 30 June 2019	**203 450**	**-**	**19 901**	**12 033**	**235 632**

During the previous financial year, Nkomati Anthracite Proprietary Limited secured a loan from the Industrial Development Corporation of South Africa Limited ("IDC") as disclosed in note 28.

These assets are ring-fenced as security against the Industrial Development Corporation of South Africa Limited "(IDC") loan. The loan was applied to fund the expansion of the plant capacity and the recommencement of the underground mining activities.

The accounting policies relating to mining assets are disclosed in note 18.

26.3 *Mineral rights*

R'000	**June 2019**	**June 2018**
Carrying value at the beginning of the year	**-**	-
Reversal of impairment of mineral right	345 374	-
Amortisation for the year	(1 490)	
Carrying value at the end of the year	**343 884**	-
Gross carrying value	364 305	
Accumulated amortisation	(20 421)	

During 2008 the Group acquired the entire issued share capital on the Benicon Coal Group (including a 60% share of the Nkomati Anthracite Mine ("Nkomati") which holds the mining licence number 4198 in the magisterial district of Kamhlushwa in Mpumalanga consisting of the following farms: Groaner 479JU, Guillaume 480JU, Wildebeest 494JU, Rusplek 495JU, Sweet home 495JU, Bonnie vale 497JU, Excelsior 498JU, Murray 502JU, Fig tree 503JU, Beginsel 504JU and a portion of unsurveyed state land. The licence entitles the Benicon Coal Group to mine until 19 September 2020.

Reversal of Impairment of Nkomati Mineral rights and plant

During the financial year ended 31 March 2008, as part of the purchase price allocation at acquisition of Benicon Coal, the holding company of Nkomati, a mineral right amounting to R364 million was accounted for. During the financial year ended 31 March 2014, Nkomati Anthracite and Benicon Coal were classified as held-for-sale. Based on an offer received from a potential buyer a fair value assessment was performed during 2014 which resulted in the depreciated mineral right with a carrying value of R355 million being fully impaired. In addition plant with a carrying value of R24 million was partially impaired by R10 million. The 2014 transaction did not materialise. During the subsequent financial periods', losses were incurred at Nkomati and the impairment was not reversed.

Following a significant increase in reported resources and reserves, an increase in the sales prices of Nkomati anthracite product, the completion of the Nkomati mine expansion program, and an independent valuation of the mine, adequate support exists to allow for the reversal of the previous impairments. As a result, the 2014 impairments of the mineral right and plant were fully reversed in the current period after adjusting for the effects of amortisation over the useful life of the assets based on the Mineral Resource. Following this reversal, the net carrying value of Benicon Coal and Nkomati's assets and liabilities amounts to R363 million.

The fair value less costs to sell Nkomati and Benicon Coal, were calculated using a discounted cash flow taking into account all known future events that would affect the expected cash flows. Budgeted future cash flow projections based on an average sales price of R1 640 per ton of product with average saleable tons of 538 973 per annum were discounted at a real pre-tax rate of 9.5% and tested against a nominal pre-tax rate of 15%. An increase in the discount rate of an additional 10% or a decrease of 30% in the expected cash flow generation or any other reasonable possible change in key assumptions on which the recoverable amount is based, would not cause the carrying amount of the operations to exceed the recoverable amount due to the headroom between the net asset value of Nkomati and the discounted cash flows. In addition to managements' assessment above, a Competent Person Report on Nkomati which will provide additional supporting information to the above was issued during May 2019.

26.4 *Rehabilitation provision*

R'000	June 2019
Carrying value at the beginning of the year	-
Transferred to held-for-sale	94 580
Current year provision	(11 440)
Unwinding charge for the year	3 394
Carrying value at the end of the year	**86 534**

The company is exposed to environmental liabilities pertaining to its mining operations at Nkomati. Estimates of the cost of environmental and other remedial work, such as reclamation costs, close down and restoration and pollution control are made on an annual basis, by an independent environmental consultancy, based on the estimated useful life of the mine.

The following assumptions were used in calculating the present value of the rehabilitation provision:

Inflation rate PPI	5.50%	4.53%
Discount rate	8.84%	9.25%
Life of mine	13	20

Changes in assumptions:

a. Changes in the rehabilitation plan

- Previously the rehabilitation plan was formulated based on the assumption that all material that has been placed on stockpiles outside of the opencast pit or Adit will be utilised for the backfilling of the voids. The voids consist of the Madadeni Opencast Pit, Mangweni Underground Adit, the North Void and the South Void. This would have resulted in moving approximately 8.5 million cubic meters of material for backfill.
- However, in order to be more cost effective, to provide a solution for concurrent rehabilitation and to allow for the inherent deficit in available backfill material it was proposed to the DMR that that the existing stockpiles be sloped to accepted environmental standards. These slopes will be stable against erosion and also viable for the vegetation with local grass species.
- The existing voids (Madadeni Opencast, Mangweni Adit, North and South voids) will therefore not be backfilled but safeguarded and allowed to fill with water for utilisation by the local communities as open water sources. The open water will, furthermore, be beneficial to the fauna.

b. Change in the life of mine

- Previously the life of mine was calculated taking into account the total resource area depleted at an expected rate of mining.
- During the year a detailed mine plan was prepared to show how the existing mineable resources will be mined in the future. This updated mine plan indicates that the existing mineable resources will be mined over a period of 13 years. Ongoing exploration drilling and calculation of mineral reserves might extend the life of mine going forward.

c. Inflation and discount rates used

These rates are assessed annually based on the long term inflation outlook and the long term risk free rate of return in South Africa.

The impact of the above change in assumptions can be demonstrated as follows:

Liability as at 30 June 2018	**94 580**
Increase in the present value of liability taking into account the inflation rate and discount rate used in June 2018	4 464
Change in the life of mine	22 235
Change in the rehabilitation plan	(41 609)
Change in the discount and inflation rates used	6 864
Liability as at 30 June 2019	**86 534**

During the previous year there were no significant changes in assumptions.

The gross value of the environmental rehabilitation obligation of the company is R133 million (2018: R176 million).

One percentage point increase in the inflation rate will result in an increase in the liability of R9.1 million (2018: R8.7 million). One percentage point increase in the discount rate will result in a decrease in the liability of R4.4 million (2018: R7.2 million). A 10% increase in the estimated current cost for mine closure will result in a R10.7 million (2018: R10.3 million) increase in the liability. An increase in the life of mine of one year will result in an decrease in the liability of R1.7 million. (2018: R0.3million)

The accounting policies relating to the rehabilitation provision are disclosed in note 32.

26.5 *Loans and borrowings*

R'000	June 2019	June 2018
Non-current portion of IDC loan	149 649	130 684
Current portion of IDC loan	49 154	41 380
	198 803	**172 064**

A detailed description of loans and borrowings is disclosed in note 28.

Accounting policy relating to held-for-sale assets and liabilities

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use, are assets classified as held-for-sale or distribution. Immediately before classification as held-for-sale or distribution, the assets are remeasured in accordance with the group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment classified as held-for-sale are amortised and depreciated respectively.

27. Issued capital

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Authorised share capital ('000)	**2 000 000**	**2 000 000**	**2 000 000**	**2 000 000**
Issued share capital ('000)	**1 167 564**	**1 167 564**	**1 167 564**	**1 167 564**

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Share capital (R'000)				
Balance at the end of the year	**2 122 978**	**2 122 978**	**2 122 978**	**2 122 978**
Treasury shares (R'000)				
Balance at the end of the year	**(25 898)**	**(25 898)**	**(25 898)**	**(25 898)**
Reconciliation of authorised shares not issued (millions)				
Number of unauthorised unissued ordinary shares at the end of the year	**832**	**832**	**832**	**832**

At the annual general meeting held on 22 November 2018 the directors were given the approval to sell the treasury shares. These shares have not been disposed of.

Treasury shares are held by Megacube, a wholly-owned subsidiary of Unicorn.

The directors have not been granted the general authority to issue ordinary shares for cash, without the consent of the shareholders.

All shares issued by the company are fully paid.

Accounting policy

The group's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax effects. The cost of treasury shares is eliminated against the share capital balance.

28. Loans and borrowings

R'000		Group June 2019	Group June 2018	Company June 2019	Company June 2018
IDC Loan		198 803	157 064	-	-
ABSA Bridging facility		52 270	-	52 270	-
Thebe Mineral Resources		18 357	-	-	-
Glencore loan		-	15 000	-	-
		269 430	**172 064**	**52 270**	**-**
Non-current portion of loans and borrowings		8 779	130 684	-	-
Current portion of loans and borrowings		61 848	41 380	52 270	-
Loans and borrowings classified as held-for-sale	26.5	198 803	-	-	-
		269 430	**172 064**	**52 270**	**-**

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
IDC Loan	**198 803**	**157 064**	**-**	**-**

The IDC have granted loans of R198,8 million (June 2018: R157,1 million) made up as follows:

- A new loan of R20 million obtained in November 2018 to fund working capital, repayable in 12 equal monthly instalments commencing on 1 February 2019.
- The loan of R141,6 million granted in the 2017 financial year to fund the recapitalisation and development of the mine. A portion of the loan, amounting to R110 million was subordinated in the current financial year for a period of 48 months subject to a capital moratorium of 6 months. The subordinated loan is repayable on or before November 2022. The balance of R31,6 million is repayable in 48 equal monthly instalments commencing on 1 January 2019.
- The loan of R10 million obtained in the 2017 financial year to fund working capital, repayable in 48 equal monthly instalments commencing on 1 November 2018.

The effective average interest rate applicable to this loan is 15.25% (June 2018: 15,0%) and bears interest at a rate of 500 basis points above the prime lending rate.

The loans are secured by

- A mortgage bond of R151,6 million registered over the mining right;
- A general notarial bond of R89 million registered over movable property;
- A 60% proportional guarantee by Benicon Coal;
- A 60% proportional guarantee by Unicorn;
- A pledge and cession by Benicon Coal of the shares held by Nkomati;
- A cession and subordination by the Shareholders of their shareholder loan accounts or related party loans;
- A cession of trade debtors; and
- A cession of insurance policies held by Nkomati over its business and assets.

The repayment terms of the loans are as follows:

Year ended 30 June 2019	Principal	Interest	Total
Year ending:			
- 30 June 2020	59 814	26 365	86 179
- 30 June 2021	39 718	19 643	59 361
- 30 June 2022	46 186	13 175	59 361
- 30 June 2023 and thereafter	53 085	5 655	58 740
	198 803	**64 838**	**263 641**

Year ended 30 June 2018	Principal	Interest	Total
Year ending:			
- 30 June 2019	26 380	22 299	48 679
- 30 June 2020	41 484	16 751	58 235
- 30 June 2021	48 121	10 114	58 235
- 30 June 2022 and thereafter	41 079	2 598	43 677
	157 064	**51 762**	**208 826**

Loans and borrowings continued...

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
ABSA Bridging facility	**52 270**	-	**52 270**	-

During the year, ABSA Bank Limited made a Bridging Loan Facility amounting to R100 million available to Unicorn, split into two tranches of R50 million each. Tranche A amounting to R50 million was advanced during February 2019. The proceeds of the loan were utilised to provide funding to Nkomati (through Benicon Coal) to enable Nkomati to fund its general corporate purposes. The loan bears interest at prime plus a margin of 300 basis points. The repayment date is 31 October 2019.

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Thebe Mineral Resources	**18 357**	-	-	-

The loan forms part of the Thebe Turnstone Drilling acquisition. The loan is repayable on 24 equal monthly instalments and bears interest at a rate of 15%. The final date of repayment is 30 May 2021.

The repayment terms of the loan are as follows:

Year ended 30 June 2019	Principal	Interest	Total
Year ending:			
- 30 June 2020	9 578	2 095	11 673
- 30 June 2021	8 779	659	9 438
	18 357	**2 754**	**21 111**

Glencore loan

During the previous financial year, Nkomati Anthracite received an advance payment from Glencore Operations Proprietary Limited for the supply of Anthracite. Revenue released as part of the advance payment was recognised in eight equal monthly instalments commencing from March 2018. The final recognition date was October 2018. Interest was recognised at the prevailing prime rate.

The company's borrowing powers are unlimited in terms of the Memorandum of Incorporation.

The group's exposure to interest rate risk and sensitivity analysis for loans and borrowings are disclosed in note 38.

29. Finance lease obligations

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Minimum lease payments due				
- Within one year	33 577	36 888	-	-
- in second to fifth year inclusive	26 841	42 038	-	-
	60 418	**78 926**	-	-
Less: Future finance charges on finance lease liabilities	(7 063)	(10 989)	-	-
Present value of finance lease liabilities	**53 355**	**67 937**	-	-
- Advance Fire Suppression Technology (Pty Ltd	7 813	17 576	-	-
- Atlas Copco	12 499	19 257	-	-
- Capital Acceptances	8 832	11 610	-	-
- Toyota Financial Services	4 585	6 002	-	-
- Nedbank Finance	16 310	6 237	-	-
- Pinpoint Finance	-	2 107	-	-
- Epiroc Financial Solutions AB	1 391	2 151	-	-
- Standard Bank Vehicle Asset Finance	1 925	2 997	-	-
The present value of finance lease liabilities is as follows:				
- Within one year	29 179	30 569	-	-
- in second to fifth year inclusive	24 176	37 368	-	-
	53 355	**67 937**	-	-

Finance lease obligations continued...

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Non-current portion of finance lease obligation	24 176	37 368	-	-
Current portion of finance lease obligation	29 179	30 569	-	-
	53 355	**67 937**	**-**	**-**

Interest rates are linked to a variable rate at the contract date. All leases have fixed repayment terms.

The group obligations under the Advance Fire Suppression Technologies Proprietary Limited finance lease is secured by the lessor's title of the financial asset, which has a carrying amount of R21,1 million (June 2018: R22,4 million). The lease term is 42 months and the effective borrowing rate is 12.68% (June 2018: 12,68%). The final repayment date is 30 November 2019.

The group obligations under the Atlas Copco lease is secured by the lessor's title of the financial asset, which has a carrying amount of R18,7 million (June 2018: R21,3 million). The lease term is four years and the effective borrowing rate is 10.47% (June 2018: 10,47%). The final repayment date is June 2020.

The group's obligations under the Standard Bank vehicle asset finance are secured by the lessors' title of the financial assets, which have a carrying amount of R2,8 million (June 2018: R3,6 million). The effective average interest rate applicable to these liabilities is 8,68% (June 2018: 10.49%) and is a prime linked facility.

The group obligations under the Toyota Financial Services are secured by the lessor's title of the financial asset, which has a carrying amount of R6,8 million (June 2018: R7,9 million). The lease term is four years and the effective borrowing rate is 10,25% (June 2018: 10.24%).

The group obligations under the Nedbank Limited lease is secured by the lessor's title of the financial asset, which has a carrying amount of R21,4 million (June 2018: R8,9 million). The lease term is four years and the effective borrowing rate is 10,5% (June 2018: 11,13%). The final repayment date is 1 November 2022.

The group obligations under Capital Acceptances Proprietary Limited lease is secured by the lessor's title of the financial asset, which has a carrying amount of R16,4 million (June 2018: R16,8 million) . The lease term is four years and the effective borrowing rate is 16.01% (June 2018: 15.76%). The final repayment date is 30 November 2021.

The group obligations under Epiroc Financial Solutions AB lease is secured by the lessor's title of the financial asset, which has a carrying amount of R1,8 million (June 2018: R2,6 million). The lease term is four years and the effective borrowing rate is 11.75% (June 2018: 11.75%). The final repayment date is 30 April 2021.

The group's obligation under the finance lease in favour of Pinpoint Finance Proprietary Limited was settled during the year.

Accounting policy

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are analysed between capital and interest.

30. Trade and other payables

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Trade creditors	86 219	115 729	172	1 923
Related party trade payables	-	-	85	219
Other payables	38 030	33 074	14 299	12 395
- Provision for rehabilitation backlog	1 748	1 748	-	-
- Accrual for salary related payments	9 561	6 018		-
- Accrual for Guardrisk	-	4 041	-	-
- Accrual for legal fees	5 370	2 509		
- RAC working capital funding	14 240	12 267	14 240	12 267
- Other	7 111	6 491	59	128
	124 249	**148 803**	**14 556**	**14 537**
Accrual for employee incentives and leave pay	14 162	13 931	294	130
Accrual for executive director's long term bonus scheme (Note)	13 169	11 459	13 169	11 459
Value added tax	6 676	4 863	1 142	2 226
Total trade and other payables	**158 256**	**179 056**	**29 161**	**28 352**

Accounting policy relating to notes 28, 29, and 30

Financial liabilities are recognised in the statement of financial position when the group has become a party to the contractual provisions of the instruments.

Financial liabilities are classified according to the substance of the contractual arrangement entered into and the purpose for which the asset was acquired and include the following:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest while the liability is outstanding.

Trade payables and other short-term monetary financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

31. Megacube arbitration award

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Provision for Megacube arbitration award	92 331	92 331	-	-

During the 2013 financial year, Megacube Mining Proprietary Limited ("Megacube") instituted arbitral proceedings against Keaton Mining Proprietary Limited ("Keaton") for the recovery of funds previously owing to Megacube. In response Keaton raised counterclaims based on alleged breaches of contract by Megacube.

During April 2016 the arbitrator dismissed Megacube's claim despite Keaton not disputing its liability and found Megacube to be liable to Keaton in respect of Keaton claims, including legal costs. The quantum of the liability is to be determined separately in later arbitral proceedings before the arbitrator.

During September 2019 clarification was obtained, on the April 2016 award confirming that the total claim against Megacube amounts to R116,5 million less the costs saved for not mining coal. Even though the quantum is yet to be determined, based on the award made, Megacube has estimated a possible loss in favour of Keaton's counterclaims of R92 million, including possible interest.

This amount has previously been provided for as a liability. The funds previously owing to Megacube were written off in the June 2016 results.

32. Rehabilitation provision

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Carrying value at the beginning of the year	94 580	72 240	-	-
Transferred to held-for-sale	(94 580)	-	-	-
Current year provision	-	15 658	-	-
Unwinding charge for the year	-	6 682	-	-
	-	**94 580**	**-**	**-**

A detailed description relating to the rehabilitation provision is disclosed in note 26.4

Accounting policy

Provisions are recognised when the company has a present obligation, whether legal or constructive for liabilities of uncertain timing or amount that have arisen as a result of past events and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability. In accordance with the applicable legal requirements, a provision for rehabilitation of land and the related expense is recognised when the damage occurs, it is probable that a restoration expense will be incurred and a reasonable estimate of the costs can be made. The increase in the provision due to passage of time is recognised as an interest expense.

Critical accounting estimates and judgements

Long-term environmental obligations are based on the company's environmental plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining life of the mine. Annual increases in the provisions relating to the change in the net present value of the provision and inflationary increases are included in cost of sales in the statement of profit or loss.

The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

33. Deferred income

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Carrying value at the beginning of the year	-	12 000	-	-
Amounts recognised through profit or loss	-	(12 000)	-	-
Carrying value at the end of the year	**-**	**-**	**-**	**-**

Income received in advance related to an advance payment from Anglo Coal Proprietary Limited for the Umlalazi North opencast mining contract. Revenue released as part of the advance payment was recognised in six equal monthly instalments commencing from July 2017. The final recognition date was December 2017.

34. Cash flow information

34.1 Cash flows from operating activities

	Group 2019	Group 2018	Company 2019	Company 2018
Profit / (loss) for the year	**252 103**	**(17 935)**	**143 926**	**12 554**
Adjustments for:				
Income tax expense	9 783	1 163	-	-
Finance income	(2 438)	(2 139)	(15 009)	(8 781)
Finance costs	63 148	30 368	10 285	7 646
- Accrued	59 754	23 686	10 285	7 646
- Unwinding charge	3 394	6 682	-	-
Depreciation expense	52 406	49 301	101	53
Amortisation of mineral rights	1 490	-	-	-
Reversal of impairment of plant and equipment	(10 000)	-	-	-
Reversal of impairment of mineral right	(345 374)	-	-	-
Impairment of stripping asset held-for-sale	20 033			
Scrapping of assets	1 466	798	-	-
Bargain purchase on acquisition	(620)	-	-	-
Provision for obsolete inventory	845			
Preference dividend accrual from subsidiary	-	-	(26 000)	(39 000)
Impairment of intergroup dividends accrued	-	-	26 000	39 000
Reversal of impairment of intergroup dividend accrual	-	-	(64 167)	-
Impairment of intergroup investments, loans and receivables	-	-	73 107	62 258
Reversal of impairment of intergroup loans	-	-	(144 843)	(364 942)
Intergroup loan write-off	-		-	284 000
Impairment of trade receivables	3 454	-	-	-
Impairment of other receivable	387	2 256	210	2 256
Gains and losses on sale of plant and equipment	(1 275)	(15 515)	-	-
Gain on disposal of held-for-sale assets	-	(695)	-	-
Cash flows form/(utilised in) operating activities before changes in working capital in provisions	45 408	47 602	3 610	(4 956)
Change in inventories	(14 017)	(9 396)		
Change in trade and other receivables	(17 628)	54 054	(584)	13 653
Change in trade and other payables	71 454	(34 186)	3 885	6 862
Change in deferred revenue	-	(12 000)	-	
Change in rehabilitation provision	(11 440)	15 658	-	
Net cash flows from operations	**73 777**	**61 730**	**6 911**	**15 559**

34.2 Net debt reconciliation

Net cash/ debt is represented by the following items on the statement of financial position:

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Cash and cash equivalents (excluding bank overdraft)	22 250	18 983	385	524
Borrowings repayable within one year (including bank overdraft)	(117 588)	(114 365)	(52 270)	-
Borrowings repayable after one year	(32 955)	(168 052)	-	-
Net debt	**(128 293)**	**(263 434)**	**(51 885)**	**524**
Cash and cash equivalents	22 250	18 983	385	524
Gross debt - variable interest rates	(150 543)	(282 417)	(52 270)	-
Net debt	**(128 293)**	**(263 434)**	**(51 885)**	**524**

Analysis in movement in net cash/debt:

Group	Cash and cash equivalents	Finance leases	Loans and borrowings	Total
Net debt as at 30 June 2017	(31 034)	(76 162)	(22 484)	(129 680)
Cashflows	7 617	-	-	7 617
New advances	-	-	(144 646)	(144 646)
Repayments	-	38 653	7 508	46 161
Finance lease additions	-	(30 428)	-	(30 428)
Borrowing costs capitalised	-	-	(12 442)	(12 442)
Foreign exchange adjustments	(16)	-	-	(16)
Net debt as at 30 June 2018	**(23 433)**	**(67 937)**	**(172 064)**	**(263 434)**
Cashflows	12 564	-	-	12 564
New advances	-	-	(75 290)	(75 290)
Repayments	-	30 356	24 781	55 137
Finance lease additions	-	(15 774)	-	(15 774)
Loan acquired through acquisition	-	-	(18 004)	(18 004)
Interest capitalised	-	-	(28 853)	(28 853)
Transferred to held-for-sale liabilities	-	-	198 803	198 803
Foreign exchange adjustments	(392)	-	-	(392)
Net debt as at 30 June 2019	**(11 261)**	**(53 355)**	**(70 627)**	**(135 243)**

Company	Cash and cash equivalents	Loans and borrowings	Total
Net debt as at 30 June 2017	(64 414)	-	(64 414)
Cashflows	64 938	-	64 938
Net debt as at 30 June 2018	**524**	**-**	**524**
Cashflows	(139)	-	(139)
New advances	-	(50 000)	(50 000)
Interest capitalised	-	(2 270)	(2 270)
Net debt as at 30 June 2019	**385**	**(52 270)**	**(51 885)**

34.3 Income tax paid

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Balance at the beginning of the year	62 306	51 272	-	-
Amounts recognised in profit or loss	11 102	11 873	-	-
Securities transfer tax payable	-	500	-	-
SARS interest and penalties	5 761	3 438	-	-
Effect of movement in foreign exchange	38	72	-	-
Balance at the end of the year	(68 803)	(62 306)	-	-
	10 404	4 849	-	-

35. Commitments

35.1 Capital commitments

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Capital expenditure authorised by directors contracted for in respect of plant and equipment	18 017	18 654	-	-
Capital expenditure authorised by the directors not contracted for in respect of				
- New replacement equipment	29 792	57 409	-	-
- Refurbishment	12 500	12 000	-	-

The capital expenditure will be financed through vehicle asset finance, vendor finance and working capital.

35.2 Operating lease commitments

The group leases various offices under non-cancellable operating leases expiring within 3 to 5 years. Geosearch also leases a number of motor vehicles expiring within 2 to 5 years. The lease agreements are entered into on market-related terms and conditions and are subject to annual market-related escalation rates. Property lease agreements are subject to a lease extension option.

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Commitments for minimum lease payments are payable as follows:				
- within one year	4 387	3 659	763	-
- later than one but not later than five years	5 349	612	2 222	-
	9 736	**4 271**	**2 985**	**-**

Accounting policy

Payments made under operating leases are recognised as an expense on a straight-line basis over the period of the lease.

36. Contingent liabilities

As disclosed in note 31 the arbitrator ruled against Megacube in the Keaton matter.

Megacube has estimated a possible loss in favour of Keaton's counterclaims of R92 million and provided for the possible liability in the June 2016 results. Keaton is claiming R116,6 million plus estimated interest of R48 million (2018: R34 million).

The difference between the provision raised and Keaton's claim is mainly due to our assessment that the claim does not consider Keaton's cost saving by not mining the coal. The cost saving will be quantified and if successfully argued, can result in the R116,6 million claim be reduced to RNil.

There is no recourse to Unicorn or any of the other operating subsidiaries for the amount being claimed.

To the best of our knowledge and belief there are no other contingent liabilities to third parties not set out or referred to in this report which may materially affect the financial position of the group.

Accounting policy

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group;
- or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised as liabilities.

37. Contingent assets

Scharrighuisen

Megacube and the Trustees of the insolvent estate of Mr Casper Scharrighuisen ("Scharrighuisen"), a former director, have instituted legal proceedings against Scharrighuisen and related entities in the Netherlands, the British Virgin Islands and Curacao in ongoing attempts to locate and secure Scharrighuisen's assets. Megacube currently has two judgments against Scharrighuisen, in excess of R383 million both of which remain unsatisfied.

On 7 June 2019, the Cassation court handed down judgment in favour of the Trustees of the Insolvent Estate of Scharrighuisen ("Trustees") in the appeal launched by Corporate Agents N.V. and Covenant Managers N.V. (Corpag) against an earlier order of the Curacao High Court. As a result of the appeal won, Anticus Limited is in the process of disposing the 2 properties owned by it.

An insolvency enquiry into Scharrighuisen's insolvent estate in terms of section 152 of the Insolvency Act, 24 of 1936 remains ongoing. Any recoveries that the Trustees may make are contingent on a number of uncertain factors. Shareholders are advised further that the identification of significant further assets and claims is required in order to extinguish Megacube's significant claims against Scharrighuisen.

To the best of our knowledge and belief there are no other contingent assets not set out or referred to in this report which may materially affect the financial position of the group.

Accounting policy

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent assets are not recognised as assets.

38. Financial risk management

38.1 Risk management activities

In the normal course of its operations, the Unicorn's subsidiaries are exposed to currency, interest rate, liquidity and credit risk. This note describes the group's objectives, policies and processes for managing those risks and methods used to measure them. In order to manage these risks, the group has developed a comprehensive risk management process to facilitate control and monitoring. The Board has overall responsibility for the determination of the group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to Unicorn's executive directors and subsidiary finance functions. Each operating subsidiary has a chief financial officer and a chief executive officer who monitor and manage the financial risks relating to the operations of the operating subsidiary. Unicorn's executive directors, through representation on the boards of the subsidiaries and monthly meeting with management of subsidiaries, assist in monitoring and addressing these risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Unicorn and its subsidiaries do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

38.2 Credit risk

Credit risk is the risk of financial loss to the subsidiaries if a customer or a counterparty fails to meet its contractual obligations. Subsidiaries are mainly exposed to credit risk from credit sales and this risk is mitigated by dealing with creditworthy counterparties and a few major clients. It is our individual subsidiaries policy to assess the credit risk of new customers before entering into a contract and this is monitored on an ongoing basis.

The group has banking relationships with Standard Bank and Nedbank. Standard Bank and Nedbank are deemed to be a credible financial institutions. Their financial stability does not pose a threat to the group.

Credit risk at Unicorn mainly consists of the company's exposure to subsidiaries through loans to these subsidiaries. Unicorn manages this exposure through executive directors' involvement in subsidiary operations which include monitoring the financial performance on a monthly basis.

There has been no significant changes to the credit risk management policies since the prior reporting period.

Financial risk management continued...

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

R'000		Group June 2019	Group June 2018	Company June 2019	Company June 2018
Trade receivables	24	122 178	125 319	-	-
Related party trade receivables	24	-	-	656 -	-
Other receivables	24	19 936	21 518	1 174	2 064
Trade and other receivables		142 114	146 837	1 830	2 064
Cash and cash equivalents	25	22 250	18 983	385	524
Loans to subsidiaries	21	-	-	457 750	610 286
Restricted cash	20	-	8 110	-	-
		164 364	**173 930**	**459 965**	**612 874**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of geographic region was:

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
South Africa	114 732	129 075	1 830	2 064
Botswana	11 513	1 737	-	-
Mozambique	15 774	14 512	-	-
Other African countries	95	1 513	-	-
	142 114	**146 837**	**1 830**	**2 064**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Mining houses	76 544	84 017	-	-
Mining subcontractors	44 843	41 662	-	-
Construction entities	4 591	2 558	-	-
Related party trade receivables	-	-	656	-
Other	16 136	18 600	1 174	2 064
	142 114	**146 837**	**1 830**	**2 064**

The ageing of trade receivables at the reporting date per operating segment was:

Year ended 30 June 2019 (R'000)	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Opencast mining and earthmoving	1 610	1 072	53	-	**2 735**
Exploration drilling	27 995	990	35	2 775	**31 795**
Overburden drilling and blasting	28 832	14 750	9 037	714	**53 333**
Mobile crane hire	12 729	10 725	6 823	4 038	**34 315**
	71 166	**27 537**	**15 948**	**7 527**	**122 178**

Year ended 30 June 2018 (R'000)	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Opencast mining and earthmoving	3 656	73	-	420	**4 149**
Exploration drilling	19 593	7 154	-	1 641	**28 388**
Overburden drilling and blasting	29 006	17 742	4 337	3 113	**54 198**
Mobile crane hire	11 849	10 298	8 909	3 630	**34 686**
Coal mining	3 713	-	185	-	**3 898**
	67 817	**35 267**	**13 431**	**8 804**	**125 319**

Impairment of trade and other receivables

IFRS 9 - Financial Instruments is applied when calculating the loss allowance recognised for all trade receivables, which is reviewed at the end of each reporting period. Furthermore, overdue trade receivables that have no expectation of recovery are written off.

In accordance with IFRS 9, the group applies the simplified approach in determining the loss allowance for trade and other receivables. This loss allowance is determined as the lifetime expected credit losses on trade receivables.

These lifetime expected credit losses are estimated using a provision matrix, which is presented below

The provision matrix has been developed based on the payment profiles of sales over a 36 month period before 1 July 2018 and the historical credit losses experienced within this period. The historic loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Forward looking information utilised mainly consisted of the physical volume of mining production of Coal Index movement subsequent to year end, and other general macro-economic factors.

Due to the adoption of IFRS 9, these estimation techniques have been applied for the first time in the current financial period. Previously, trade receivables were only impaired when there was evidence of non-recoverability. The impairment was based on the difference between the carrying amount and the present value of the expected future cash flows.

The loss allowance as at 30 June 2019 (on adoption of IFRS 9 on 1 July 2018) was determined as follows:

Expected credit loss rates:

Year ended 30 June 2019	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Gross carrying amount - trade receivables	71 370	27 747	16 311	16 561	**131 989**
Expected credit losses	203	211	363	9 035	**9 812**
Expected credit loss percentage	0.28%	0.76%	2.23%	54.56%	**7.43%**
Net carrying amount - trade receivables	**71 167**	**27 536**	**15 948**	**7 526**	**122 177**

In determining the recoverability of prepayments and other receivables, the group considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date and there has been no significant increase in the credit risk. Consequently, there is no expected credit losses and hence no material provision for impairments has been raised.

38.3 Foreign exchange risk

Geosearch operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Botswana Pula. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities in foreign operations.

Foreign exchange risk also arises when subsidiaries entities enter into transactions denominated in a currency other than the functional currency.

The group is not exposed to currency risk on purchases made on plant and equipment globally. These assets are purchased locally denominated in South African rand.

Through Geosearch, Unicorn has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Geosearch's foreign operations is managed primarily through these operations holding cash denominated in the relevant foreign currency.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in South African Rand, was as follows:

30 June 2019	USD	BWP	USD	BWP
Trade receivables	15 154	5 032	-	-
Cash and cash equivalents	13 884	1 783	-	-
Gross balance sheet recognised	**29 038**	**6 815**	**-**	**-**

30 June 2018	USD	BWP	USD	BWP
Trade receivables	11 181	2 517	-	-
Cash and cash equivalents	13 924	1 709	-	-
Trade payables	1 700	697	-	-
Gross balance sheet recognised	**26 805**	**4 923**	**-**	**-**

The following significant exchange rates applied during the year:

	June 2019		June 2018	
ZAR	Average rate	Reporting spot rate	Average rate	Reporting spot rate
1 USD	14,58	14,08	13,28	13,73
1 BWP	1,35	1,32	1,30	1,30

A 10 percent strengthening of the rand against the following currencies at 30 June 2019 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis for 2018.

Group	Equity		Profit or loss	
	2019	2018	2019	2018
USD	(5 859)	(13 251)	2 608	(812)
BWP	(3 653)	9 978	(2 704)	(457)

A 10 percent weakening of the rand against the above currencies at 30 June 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

38.4 Interest rate risk

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Financial assets	**20 128**	**25 723**	**385**	**524**
- Funds held at financial institutions	20 128	17 613	385	524
- Restricted cash	-	8 110	-	-
Financial liabilities	**150 543**	**282 417**	**52 270**	**-**
Non-current liabilities				
- Loans and borrowings	8 779	130 684	-	-
- Finance lease obligations	24 176	37 368	-	-
Current liabilities				
- Loans and borrowings	61 848	41 380	52 270	-
- Finance lease obligations	29 179	30 569	-	-
- Bank overdraft	26 561	42 416	-	-
Net financial liabilities	**(130 415)**	**(256 694)**	**(51 885)**	**524**

Financial risk management continued...

Subsidiaries are exposed to interest rate risk from borrowings at variable rates. Fluctuations in interest rates impact on the value of the short-term investments and financing activities giving rise to interest rate risk. In the ordinary course of business, subsidiaries receive cash proceeds from its operations and are required to fund working capital and capital expenditure requirements. Unicorn considers on a monthly basis, whether surplus funds generated by subsidiaries should be withdrawn from the subsidiaries for the repayment of loans owing to Unicorn or whether these funds should be re-invested in the subsidiary's operations.

Neither Unicorn nor the subsidiaries hedge against interest risk.

Contractual arrangement for committed borrowing facilities are maintained with two banking counterparts to meet the company's funding requirements.

Cash flow sensitivity analysis for variable rate instruments

A sensitivity analysis is performed by assuming that the amount of the assets and liabilities outstanding at the reporting date was outstanding for the whole year. A 200 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonable and possible change in interest rates.

If interest rates had been 200 basis points higher/lower and all the other variables were held constant, the group's profit after tax for the year ended 30 June 2019 would decrease/increase by R2,3 million (June 2018: R2,5 million). This is attributable to the group's exposure to interest rates on its variable borrowings. The analysis is performed on the same basis for 2018.

If interest rates had been 200 basis points higher/lower and all the other variables were held constant, the company's profit after tax for the year ended 30 June 2019 would decrease/increase by R1,4 million (June 2018: R925k). This is attributable to the company's exposure to interest rates on its variable borrowings. The analysis is performed on the same basis for 2018.

38.5 Liquidity risk

Liquidity risk arises from management of working capital and the finance charges and principal repayments on debt instruments at subsidiary level. It is the risk that the individual subsidiaries will encounter difficulty in meeting its financial obligations as they fall due. The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitoring forecast and actual cash flows of our subsidiaries. Unicorn deploys surplus cash to subsidiaries when required and justified.

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities. These tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

Year ended 30 June 2019 - Group	**Weighted average effective interest rate**	**Less than one month**	**One to three months**	**Three months to one year**	**One to five years**	**Total**
IDC loan	15.00%	-	15 679	44 135	138 988	198 802
ABSA loan	13.20%	-	52 270	-	-	52 270
Thebe Mineral Resources loan	15.00%	798	2 394	6 385	8 779	18 356
Finance leases	11.74%	6 361	8 748	18 469	26 841	60 419
Bank overdraft	12.75%	-	-	26 561	-	26 561
Trade and other payables	0.00%	46 573	33 248	30 188	-	110 009
RAC loan	15.00%	-	-	14 240	-	14 240
Calibre loan	24.00%	-	-	24 858		24 858
Year ended 30 June 2018 - Group						
IDC loan	14.93%	-	5 002	43 571	160 253	208 826
Glencore loan	10.00%	-	7 500	7 500	-	15 000
Finance leases	12.29%	3 069	8 352	25 466	42 039	78 926
Bank overdraft	11.94%	-	-	42 416	-	42 416
Trade and other payables	0.00%	24 735	94 218	28 950	-	147 903
Year ended 30 June 2019 - Company						
ABSA Loan	14.93%	-	52 270	-	-	52 270
Trade and other payables	0.00%	313	-	-	-	313
RAC loan	15.00%	-	-	14 240	-	14 240
Calibre loan	24.00%	-	-	24 858	-	24 858
Year ended 30 June 2018 - Company						
Trade and other payables	15.00%	2 270	-	12 267	-	14 537
Loans from subsidiaries	3.78%	-	-	10 114	-	10 114

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

38.6 Fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values as market-related rates are charged on financial assets and financial liabilities.

38.7 Capital management

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Gearing ratio	30%	145%	7%	0%

Unicorn manages its capital structure on a standalone ring-fenced basis at subsidiary level. Debt capacity at subsidiary level is evaluated on a monthly basis to ensure that the subsidiary will be able to continue as a going concern while maximising the return to Unicorn and ultimately shareholders through the optimisation of the debt and the equity capital. As a general rule, Unicorn targets a debt to equity ratio of 30% in our subsidiaries.

The capital structure of Unicorn and its' subsidiaries consists of debt, which includes loans to/from subsidiaries, cash and cash equivalents, liabilities and equity, comprising issued share capital, reserve and retained earnings as disclosed.

There are no external capital requirements imposed on the group. The gearing ratio decreased significantly due to the Nkomati Anthracite being classified as held for sale. If Nkomati's debt is included in the calculation the group's gearing equates to 83%.

39. Business combinations

39.1 Details of acquisition

As disclosed in the Directors' report, Buenti Drilling, a wholly owned subsidiary of Unicorn, acquired the entire issued share capital of, and shareholder loan claims owing by, Thebe Turnstone Drilling for an aggregate consideration of R18 million.

The total purchase consideration in respect of the Transaction is R18 million, which shall be apportioned and allocated as follows:

- R1 shall be allocated to the shares in Thebe Turnstone Drilling acquired by Buenti Drilling pursuant to the transaction; and
- R18 million, which represents the book value of the loan claims on 28 February 2018, shall be allocated to the shareholder loan claims acquired by Buenti Drilling pursuant to the transaction

The purchase consideration is payable by Buenti Drilling to TMR in twenty-four monthly instalments, the first of which is due and payable on the month end following the effective date.

The outstanding purchase consideration earns interest at a rate of 15% per annum compounded monthly in arrears.

39.2 Assets acquired and liabilities recognised at the date of acquisition

Thebe Turnstone Drilling (R'000)	**Total**
Non-current assets	
Property, plant and equipment	16 293
Current assets	
Current inventories	122
Trade and other current receivables	4 785
Cash and cash equivalents	1 324
Non-current liabilities	
Deferred tax liabilities	(816)
Current liabilities	
Trade and other current payables	(3 083)
Assets acquired and liabilities recognised at the date of acquisition	**18 625**
Purchase price funded through loan	**(18 005)**
Goodwill	**620**

Accounting policy

Subsidiaries

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

40. Related parties

40.1 Subsidiary related party transactions and balances

R'000	Company June 2019	Company June 2018
Administration fees	12 679	15 759
Rental income	1 109	1 026
Finance income	-	8 781
Finance expense	(1 128)	(1 071)
Intergroup loan write-off	-	(284 000)
Impairment of dividend receivable	(26 000)	(39 000)
Net reversal of intergroup investments and loans	(79 789)	(18 684)
Impairment of intergroup investments and loans	73 107	62 258
Reversal of intergroup investment and loan impairments	(152 896)	(80 942)

Intercompany receivables disclosed in note 24 are as follows:

Nkomati Anthracite	629	-
Benicon Coal	27	-
	656	-

All loans to and from subsidiaries are disclosed in note 21.

40.2 Related party transactions with directors

During the year, Unicorn secured bridging funding from Calibre Treasury Management Services Proprietary Limited.

Calibre Treasury Management Services Proprietary Limited is an associated company of Mr T. de Bruyn and a related party to significant shareholders of Unicorn.

The following loan was advanced during the year under review:

R'000	Group June 2019	Group June 2018	Company June 2019	Company June 2018
Calibre Treasury Management Services Proprietary Limited	**24 858**	-	**24 858**	-

The loan is unsecured, bears interest at a rate of 24% per annum and is repayable on demand.

Interest accrued on related party loan balance during the period:

Calibre Treasury Management Services Proprietary Limited	**4 858**	-	**4 858**	-

40.3 Key management personnel compensation

Key management personnel compensation comprised:

	Group June 2019	Group June 2018
Short term employee benefits of subsidiary CEO's and CFO's	7 310	7 411

41. Going concern

The group financial statements have been prepared on the going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The group's current liabilities exceed current assets by R256 million (2018: R243 million).

Net current liabilities relating to discontinued opencast mining operations and Megacube amounts to R158 million (2018: R145 million). There is no recourse to Unicorn or any of the other operating subsidiaries for these amounts outstanding. Liabilities in these companies are ring-fenced. Neither Unicorn nor any other operating subsidiary, will be required to fund these liabilities and settle them.

The ABSA loan with a balance of R52 million at year end was originally repayable on or before 31 October 2019. Subsequent to year end, ABSA approved the rescheduling of the repayment date of the loan to 30 October 2020. In addition, the Group's overdraft facilities totalling R45 million at year end were reviewed and approved for the following financial year.

JEF, Ritchie and Geosearch are cashflow positive and generating adequate cash to pay for all liabilities when they become due and payable. Based on these subsidiaries' cash flow forecasts for the 2020 financial year, the group is expected to meet all its obligations during this period.

Current held-for-sale liabilities exceed current held-for sale assets by R108 million. Nkomati creditor terms are mainly on 60 days. Revenue invoicing is done on a weekly basis and paid within seven days. With production continuously improving and based on the cashflow forecast for Nkomati, the company will be able to settle its liabilities when they become due and payable. Other operating subsidiaries are cashflow positive and if required, Unicorn will have access to these funds to assist in funding a shortfall in Nkomati.

Although the current liabilities of the group exceed its current assets the directors have every reason to believe that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Based on Unicorn subsidiaries' cash flow forecasts for the 2020 financial year, the group is expected to meet all its obligations during this period.

The company standalone financial statements have been prepared on a going concern basis. With the rescheduling of the repayment terms of the ABSA loan and based on the cashflow forecast of subsidiaries, collection of loans due from subsidiaries will ensure all company obligations are met.

42. Events after the reporting date

The directors are not aware of any subsequent events that occurred between the year end and date of authorisation of the annual financial statements that require any adjustments or additional disclosure to the annual financial statements.

43. Directors and prescribed officers' remuneration

43.1 Executive directors remuneration

June 2019 (R'000)	Basic	Motor vehicle allowance	Vested 2016 long term grant	FY2018 short term bonus	Total
JC Badenhorst	3 545	140	1 367	1 580	6 632
JC Lemmer	2 760	51	1 074	1 236	5 121
	6 305	**191**	**2 441**	**2 816**	**11 753**

June 2018 (R'000)	Basic	Motor vehicle allowance	Total
JC Badenhorst	3 360	140	3 500
JC Lemmer	2 627	51	2 678
	5 987	**191**	**6 178**

43.2 Non-executive directors remuneration

June 2019 (R'000)	Directors' fees	Audit and Risk	Social and Ethics, Remuneration and Nomination	Total
RB Patmore	321	-	59	380
DR Zihlangu	174	149	59	382
SP Naudé	174	186	74	434
ME Gama	174	149	74	397
T de Bruyn	150	-	-	150
	993	**484**	**266**	**1 743**

June 2018 (R'000)	Directors' fees	Audit and Risk	Social and Ethics, Remuneration and Nomination	Total
RB Patmore	305	-	112	417
DR Zihlangu	166	141	56	363
SP Naudé	166	177	70	413
ME Gama	166	141	56	363
T de Bruyn	166	-	-	166
	969	**459**	**294**	**1 722**

Long-term executive director's bonus scheme

2016 Grant	Payable March 2020	Payable March 2021	Total payable
JC Badenhorst	1 367	1 367	2 734
JC Lemmer	1 074	1 074	2 148
	2 441	**2 441**	**4 882**

During the year, a portion of the 2016 long term incentive grant vested. The only remaining condition is that the directors remain in the employ of the company. The present value of the total outstanding amount has been provided for.

2017 Grant	Number of LTIPs ('000)	2019 Expense recognised/(reversal)	Cumulative provision 2019	Expense provided 2018	Cumulative provision 2018
JC Badenhorst	12 800	320	1 980	1 140	1 660
JC Lemmer	10 055	251	1 555	896	1 304
		571	**3 535**	**2 036**	**2 964**

The vesting condition of the long term Executive Directors bonus scheme is a function of the percentage outperformance of Unicorn's total shareholder return ("TSR") relative to the JSE All Share Index ("Alsi") over a three-year period from the date of the award. The 2017 grant was awarded in March 2017 when the ALSi on the date of the grant was 52 056.06 and Unicorn's 30 day VWAP was 26.40. The grant's vesting date is on 31 March 2020 subject to the conditions below.

In order for the full award to vest, Unicorn's one-month volume-weighted average share price should outperform the Alsi by a compounded performance target of 10% per annum or more from the date of the award up to the date of vesting.

If the movement in the TSR equals the movement in the ALSi then 25% of the allocation will vest.

Where the TSR exceeds the ALSi by 5% pa, 50% will vest with a linear increase from 25% to 50% and then to 100% between equalling the ALSi and achieving an excess of 5% and 10% per annum.

Should the Alsi be lower at the end of the three-year period than at the commencement then, subject to all other criteria being achieved, the maximum amount that can vest is 25% of the allocation.

If the vesting conditions are met the award will be paid annually in cash over a three-year period commencing on the vesting date, subject to the executive being employed by the group at each payment date.

As at 30 June 2019, the liability was valued using available market information, future projections based on current trading conditions, including an annual growth of 6% in the Alsi. As a result, a liability of R3,5 million (June 2018: R5,1 million) was raised in the current financial year. Assuming that the Alsi increases by 6% per annum over the period of the grant, Unicorn's share price must trade at 40.4 cents on 29 March 2020 in order for the full grant to vest. If it is assumed that all the conditions will be met, the present value of the liability amounts to R19,6 million (June 2018: R22 million).

44. Change in accounting policies

The group adopted IFRS 9 - Financial Instruments (IFRS 9) and IFRS 15 - Revenue from contracts with customers (IFRS 15) with a transition date of 1 July 2018 which resulted in a change of accounting policy for financial instruments and revenue recognition.

IFRS 15 - Revenue recognition

The group has applied IFRS 15 - Revenue from contract with customers with effect 1 July 2018. IFRS 15: Revenue from Contracts with Customers replaces IAS 11: Construction Contracts, IAS 18: Revenue recognition and related interpretations. The group has applied the five-step approach introduced in IFRS 15 to recognise revenue.

The Group generates revenue from the sale of anthracite and rendering of services billed on a monthly basis. Previously in terms of IAS 18, revenue from the sale of anthracite is recognised when risk and rewards were transferred and revenue from sale of services was recognised on a percentage completion basis on a monthly basis. Under IFRS 15, revenue is recognised at the point when control over goods and services are transferred to customers. Revenue on services provided over a period of time will be recognised according to the Group's progress on transferring promised goods or services to customers. Services performed, as approved by the customer, are billed on a monthly basis for actual services performed during the month.

The adoption of this new standard has not had a material impact on the financial statements from a quantitive perspective. The disclosure of revenue has been enhanced to introduce the new disclosure requirements of IFRS 15 and to provide the users with comprehensive information about the nature, amount and timing of the revenue.

IFRS 9 - Financial instruments

The Group has adopted IFRS 9: Financial instruments with effect from 1 July 2018. The requirements of IFRS 9 represent a significant change from IAS 39: Financial Instruments: Recognition and Measurement.

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

• *Fair value of financial assets and liabilities*
Current assets and liabilities carrying value is determined to approximate fair value due to their short-term nature at the end of each reporting period. The non-current borrowings are held at amortised cost based on the underlying interest rate at prime plus a margin.

• *Reclassifications of financial instruments on adoption of IFRS 9*
The following table sets out the changes in the measurement categories for each class of the group and company's financial assets and financial liabilities as at 1 July 2018.

Financial assets - Group	**Measurement category under IAS 39**	**Measurement category under IFRS 9**	**Original carrying amount**	**New carrying amount**
Other financial assets A (Note 22)	At fair value	At amortised cost	4 115	4 115
Restricted investments (Note 20)	Loans and receivables	At amortised cost	8 110	8 110
Trade and other receivables excluding non-financial assets (Note 24)	Loans and receivables	At amortised cost	154 784	154 784
Cash and cash equivalents (Note 25)	Loans and receivables	At amortised cost	18 983	18 983
Total financial assets			**185 992**	**185 992**

Change in accounting policies continued...

Financial liabilities - Group	Measurement category under IAS 39	Measurement category under IFRS 9	Original carrying amount	New carrying amount
Finance lease obligation (Note 29)	At amortised cost	At amortised cost	67 937	67 937
Loans and borrowings (Note 28)	At amortised cost	At amortised cost	172 064	172 064
Trade and other payables excluding non-financial liabilities (Note 30)	At amortised cost	At amortised cost	148 803	148 803
Bank overdraft (Note 25)	At amortised cost	At amortised cost	42 416	42 416
Total financial liabilities			**431 220**	**431 220**
Financial assets - Company				
Other financial assets A (Note 22)	At fair value	At amortised cost	4 115	4 115
Loans and investments in subsidiaries (Note 21)	Loans and receivables	At amortised cost	610 286	610 286
Trade and other receivables excluding non-financial assets (Note 24)	Loans and receivables	At amortised cost	2 064	2 064
Cash and cash equivalents (Note 25)	Loans and receivables	At amortised cost	524	524
Total financial assets			**616 989**	**616 989**
Financial liabilities - Company				
Loans from group companies (Note 21)	At amortised cost	At amortised cost	10 114	10 114
Trade and other payables excluding non-financial liabilities (Note 30)	At amortised cost	At amortised cost	14 537	14 537
Total financial assets			**24 651**	**24 651**

The reclassifications of the financial instruments on adoption of IFRS 9 did not result in any changes to measurements.

• *Expected credit losses*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. This results in credit losses being recognised earlier than previously recognised under IAS 39. An assessment was performed to determine the expected credit loss of financial assets. The Group's principal financial assets mainly relate to trade receivables with its customers. The majority of the Group's sales relate to services rendered on a monthly basis or the sale of anthracite, the majority of which are short cycled receivables that are settled between 7 and 90 days. The Group's customers are mainly with large international or privately-owned mining houses or other recognised entities. Historically, the Group has not suffered significant credit losses due to the non-payment of trade receivables. In instances where customers have been unable to settle their outstanding receivable, appropriate allowance have been made in respect of the outstanding receivables immediately upon identifications of a potential credit issue.

Loans to subsidiaries are considered to be in default when there is evidence that the subsidiary is in financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on a number of factors, including various liquidity and solvency ratios.

A significant increase in credit risk assessment is performed qualitatively by reference to the subsidiary's cash flow and liquid asset portion. The risk that the subsidiary will default on an on-demand loan depends on whether it has sufficient cash or other liquid assets to repay the loan immediately, resulting in the risk of default being assessed as either low (possibly close to 0%) or high (possibly close to 100%).

A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

In terms of the new impairment requirements of IRFS 9, the company uses forward-looking information to recognise expected credit losses (ECLs) on loans receivable, resulting in ECLs of R71,7 million being recognised on specific amounts owing from subsidiaries during the current year. These loans were considered to have a higher credit risk profile and were therefore provided for on a one-on one basis. The remaining loans to subsidiaries do not expose the company to significant credit risk and therefore no expected credit losses were recognised on these loans.

The Group has also adopted consequential amendments to IAS 1: Presentation of Financial Statements which requires an impairment of financial assets to be presented in a separate line in the statement of profit or loss and OCI. Previously the impairment of trade receivables was included in administrative expenses.