Hwange Colliery Company Limited

CONDENSED INTERIM FINANCIAL RESULTS

for the six months ended 30 June 2019









ADMINISTRATOR'S STATEMENT AND LETTER

On behalf of the administration team, I present the unaudited financial results of Hwange Colliery Company Limited for the half year ended 30 June 2019.

The Company's financial performance for the period under review improved in comparison to the same period in the 2018 financial year. The Company's revenue increased by 128% from ZWL\$30.5 million for the six months ended 30 June 2018 to ZWL\$69.8 million for the period under review. The company posted a profit of ZW\$3.5 million against a loss of ZWL\$23 million recorded in 2018.

The contract miner stopped mining on or about 15 December 2018 and only resumed mining in August 2019. In addition, the company only resumed open cast mining in March 2019. Owing to the above, production declined by 52% from 819,859 to 394,704 for the period under review. It is interesting to note that HCCL production increased marginally from 344,694 tonnes to 394,704 tonnes and it has continued to increase for the first three month of the second half from 158 981 tonnes to 224 191 tonnes.

Total sales tonnage declined by 16% from 682 152 in 2018 to 573 238 during the period under review. The sales mix however improved with HCC/HIC coal sales increasing by 4.2% from 268 570 tonnes to 279 790 tonnes. HPS sales to Hwange Power Station decreased by 38.% from 376,695 tonnes to 232,222 tonnes.

The cost of sales increased by 16% to \$35.7 million from \$30.6 million for the prior year comparative period. As a result, the company posted a gross profit of ZWL\$34 million compared to a gross loss of ZWL\$144,000 in prior

In May 2017, HCCL entered into a scheme of arrangement with its creditors in terms of Section 191(2) of the Companies Act (Chapter 24:03) ("the Scheme") to restructure short term debt into long term debt

While the proposed Scheme was sound, and long-term debt is a necessary mechanism to liquidate the Company's debts, the Scheme itself was not successful, as a number of the objectives were not met and ultimately, the Company lacked capacity to fund the Collection Account to settle interest due to creditors. The Scheme was therefore overtaken by the placement of the Company under Administration.

The Administrator recognizes the obligations of the Company under the Scheme, including but not limited to, debentures, and proposed payments to employees and other creditors. These will be incorporated into the Administrator's proposed scheme of reconstruction, as modified where necessary, to comply with the

The Company adopted a low cost high productivity strategy. This has remained an on-going strategy and shall be monitored through to year end

The Company is engaging contractors to do pillar mining on old M block underground mine workings. Coal production is expected in the last quarter of the current financial year.

As the Company increases the thrust on the core business of mining, it will also look at ways of weaning non-core activities such as road maintenance, electrical power distribution and sewage treatment. The adoption of enterprise resource planning systems to automate the administration of the business will also improve efficiencies and lower the cost per ton of coal produced.

In view of the operating position, the company is not able to pay a dividend

The economic environment continues to be challenging, however, I am happy with the progress made to date and remain confident that the various interventions made, will result in a positive turnaround of the company's fortunes. We are grateful for the support rendered by all stakeholders as we embark on this tough but achievable

I would like to express my gratitude to the Administration team, Management and Staff for their collective efforts



OPERATIONAL REVIEW

I have pleasure in submitting my report on the Company's operations for the half year ended 30 June 2019.

An operating plan for the half year was adopted from the strategic guidelines and initiations adopted from the

Mining- Open pit mining averaged 32,073 metric tonnes per month whilst underground mining averaged 21,000 metric per month during the period under review.

cal Sales - Sales for the half year ended 30 June 2019 were 0.57 million metric tonnes which represented a 15.97% decrease compared to the same period last year. Thermal coal contributed 40.5% of sales while industria coal sales to the industrial customers and the tobacco sector contributed 59.5%. Coking coal sales will be a major

area of focus and growth as the production from 3 Main underground and JKL increases. The ultimate strategy will be coke production which is hinged on the Company's establishment of its own coke oven battery. Export Sales -The Company's largest export market was Zambia. Export of industrial coal to this market contributed to the export revenue. Trial orders of industrial coal to new blue chip customers in Zambia and

South Africa were also undertaken. These new customers will be a source of market share growth for the export business. Export sales contributed only 4% compared to the target of 20% contribution.

Estates Division Performance Revenue grew by 22% to \$6.1 million compared to the previous year. The revenue was generated from the following segments: real estate (54%), retail (34%), hospitality (6%) and education (6%)

The Medical Services Division generated revenue of \$1.3 million in the period under review. Service provision has improved significantly due to improved cash flows after the introduction of an externally managed medical aid.

Safety, Health, Environment And Quality
The Company's objective is zero harm to the environment, people and equipment. During the period under review, no fatality was recorded. The company is pursuing recertification on IBMS (ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018) by the end of the year.

The operating plan for the second half of the year (H2, 2019) will continue to focus on increased production and improved efficiencies. However, increased production requires that the Company allocates more funding to its operations which means that it will have to focus on its core business of mining and reduce non-mining

Innovative ways to deal with the legacy debt will be explored while production of high margin and value

Management and staff showed resilience and remained focused on its turnaround plan implementation. I would like to thank the Administrator, Mr. B. Moyo and his team, management and staff for their support. dedication and relentless commitment during the period under review and look forward to their support



CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2019

lebentures, and proposed payments to employees and other creditors. These will be incorporated into Administrator's proposed scheme of reconstruction, as modified where necessary, to comply with the instruction Act.			;	6 months to 30 June 2019 ZWL	6 months to 30 June 2018 ZWL	Year 31 Dec 2018 ZWL
iook e was very little production in the first three months of the year due to a combination of working capital			Notes	Reviewed	Reviewed	Audited
te was very little production in the little time months of the year due to a combination in working daptar traints and antiquated equipment. The last three months have shown some notable improvements as a tit of targeted interventions. The second half has started reasonably well and the strategic thrust for the	Revenue		6	69 849 448	30 538 196	69 144 019
nd half of the year (H2 2019) will be the following.	Cost of sales Gross profit/(loss)			(35 713 948)	(30 682 115)	(72 540 235)
	Other income			263 888	558 174	1 312 918
Increased Production	Marketing costs			(365 214)	(323 038)	(584 759)
The company should be able to comfortably produce 250,000 tonnes per month inclusive of the mining	Administrative costs			(23 015 004)	(10 825 269)	(32 261 863)
contractors' contribution. Further, the company has deliberately decided to mine the JKL Pit and	Care and maintenance costs			(645 900)	(4 119 607)	(6 314 355)
underground which will result in the production of high value coking coal. Going forward, the plan is to	Impairment reversal			5 994 520	-	(19 607 454)
invest in a coke oven battery with beneficiation in mind and this should result in a significant increase in revenues. The company continues to explore pillar mining which if successful, should result in production volumes being north of 300,000 tonnes per month.	Operating profit/(loss)			16 367 790	(14 853 659)	(60 851 729)
volumes being north of 500/000 tornes per month.	Finance cost			(12 844 948)	(8 147 736)	(17 614 462)
Open Cast Mining	Share of loss from equity acc	counted				
The Company's open cast operation contributed 195,173 tonnes for the half year which represents 60%	investments			-	-	23 507
of the total half year production. There are still constraints in the internal logistics and processing section of the value chain. Efforts continue to be made to stabilize the operation for it to be able to consistently	PROFIT/(LOSS) BEFORE	TAX		3 522 842	(23 001 395)	(78 442 684)
produce 120 000 tonnes per month in the 2nd half of the year.	Income tax		7	-	-	-
F	PROFIT/(LOSS) FOR THE	•		3 522 842	(23 001 395)	(78 442 684)
Underground Mine Operations	Other comprehensive income					
The company is working on stabilizing the underground mine operation which averaged 21,000 tonnes per	Other comprehensive income	e for the				
month for the period under review. The target is to bring the operation to 50,000 tonnes per month, which will contribute significantly to the Company's bottom line and enhance exports.	period/year, net of tax			-	-	
will contribute significantly to the company's bottom line and crimance exports.	TOTAL COMPREHENSIVE	DDOETT/(LOSS)				
Processing Plants	FOR THE PERIOD/YEAR	PROITI/(L033)		3 522 842	(23 001 395)	(78 442 684)
The company made some significant efforts to stabilize the Jig and Floatation plant during the first half of	TOR THE PERIOD/ TEAR			3 322 042	(23 001 393)	(70 142 004)
the year. The plan for the 2nd half is to resuscitate the HMS plant so as to increase the washing capacity.	Attributable loss per share	- basic	7	0.02	(0.13)	(0.49)
Coke Production		- diluted	7	0.02	(0.13)	(0.49)
The Company's intended takeover project of the Hwange Coal Gasification Company (HCGC) Coke oven					(= = =)	()
battery pursuant to a BOOT Agreement with its Chinese partners in HCGC was delayed. The Company						
has placed more emphasis and attention on coming up with its own coke oven battery while it continues	Headline loss per share	- basic	7	(0.01)	(0.13)	(0.48)
takeover discussions with HCGC.		- diluted	7	(0.01)	(0.13)	(0.48)

CONDENSED STATEMENT OF FINANCIAL POSITION as at 30 June 2019

		30 June 2019 ZWL	30 June 2018 ZWL	31 Dec 2018 ZWL
	Notes	Reviewed	Reviewed	Audited
ASSETS				
Non- current assets				
Property, plant and equipment	9	82 825 188	104 062 428	80 135 517
Investment property	10	4 490 000	4 490 000	4 490 000
Investments accounted for using				
the equity method	11	14 776 538	14 753 031	14 776 538
Intangible assets	12	380 017	592 882	486 448
Exploration and devaluation		-	685 813	-
Stripping activity asset	13	1 471 273	-	1 471 273
Inventories non - current portion		6 812 230	8 138 714	6 812 230
		110 755 246	132 722 868	108 172 006
Current assets				
Stripping activity asset	13		6 462 360	
Inventories	13 14	22 679 620	19 151 915	16 049 244
Trade and other receivables	15	22 678 630 45 197 257		16 948 244
			18 339 519	31 914 245
Cash and cash equivalents	16	6 173 030	5 056 509	1 562 699
		74 048 917	49 010 303	50 425 188
Total assets		184 804 163	181 733 171	158 597 194
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	17	45 962 789	45 962 789	45 962 789
Non-distributable reserves		4 358 468	4 358 468	4 358 468
Share premium		577 956	577 956	577 956
Revaluation reserve		39 948 518	39 948 518	39 948 518
Translation reserve		624 151	-	55 5 10 510
Accumulated losses		(377 349 534)	(325 431 087)	(380 872 376)
. 1000		(285 877 652)	(234 583 356)	(290 024 645)
Non-current liabilities	40.4	400.000	600.600	F00 000
Finance lease liability	18.1	400 000	600 000	500 000
Borrowings	19.1	175 732 386	154 003 630	169 393 312
Long term creditors	20.2	220 514 760	183 702 670	212 511 251
Income tax liability		10 054 850	10 054 850	10 054 850
Current liabilities		406 701 996	348 361 150	392 459 413
Finance lease liability	18.2	911 190	390 969	811 190
•		911 190		
Borrowings	19.2 20.1	46 220 167	12 605 825	545 455
Trade and other payables		46 230 167	39 939 289	38 644 022
Provisions	21	16 838 462	15 019 294	16 161 75

Total equity and liabilities

CONDENSED STATEMENT OF CHANGES IN EQUITY

ZWL

ZWL

Share Revaluation Translation

ZWL

ZWL

ZWL

ZWL

Share distributable

capital

ZWL

for the six months ended 30 June 2019

Balance at 1 January							
2019	45 962 789	4 358 468	577 956	39 948 518	-	(380 872 376)	(290 024 645)
-							
Total comprehensive loss for the period							
(reviewed)	-	-	-	-	624 151	3 522 842	4 146 993
Balance at 30 June							
2019 (reviewed)	45 962 789	4 358 468	577 956	39 948 518	624 151	(377 349 534)	(285 877 652)
Balance at 1							
January							
2018	45 962 789	4 358 468	577 956	39 948 518	-	(302 429 692)	(211 581 962)
Total comprehensive							
loss for the period (reviewed)	_	_	_	_	_	(23 001 395)	(23 001 395)
(reviewed)						(25 001 555)	(23 001 333)
Balances at 30 June							
2018 (reviewed)	45 962 789	4 358 468	577 956	39 948 518	-	(325 431 087)	(234 583 357)
Balance at 1							
January 2018	45 962 789	4 358 468	577 956	39 948 518	-	(302 429 692)	(211 581 961)
Total comprehensive							
loss for the year						(70.442.604)	(70.442.604)
(audited)	-	-	-	-	-	(78 442 684)	(78 442 684)
Balances at							
31 December							
2018 (audited)	45 962 789	4 358 468	577 956	39 9 4 8 518	-	(380 872 376)	(290 024 645)

CONDENSED STATEMENT OF CASH FLOWS for the six months ended 30 June 2019

		30 June 2019 ZWL	30 June 2018 ZWL	31 Dec 2018 ZWL
	Notes	Reviewed	Reviewed	Audited
Cash generated from operating activities				
Loss before taxation Adjustment for non-cash items Net effect of changes in working capital		3 522 842 (16 068 340) 10 750 550	(23 001 395) 14 036 861 22 400 608	(78 442 684) 51 174 903 21 287 674
Net cash (utilised in)/ generated from operations		(1 794 948)	13 436 074	(5 980 107)
Interest paid Tax paid		-		(1 254 171)
Net cash (utilised in)/generated from operating activities		(1 794 948)	13 436 074	(7 234 278)
Cash flows from investing activities Purchase of property, plant and equipment Exploration and Evaluation		(1 598 231)	(2 551 902) (685 813)	(4 167 008) -
Net cash utilised in investing activities		(1 598 231)	(3 237 715)	(4 167 008)
Cash flows from financing activities Proceeds from borrowings Repayment of borrowings Long term creditors		- - 8 003 509	12 518 150 - (26 524 181)	12 789 048 (2 792 343) (5 896 901)
Net cash generated from/(utilised in) financing activities		8 003 509	(14 006 031)	4 099 804
Net (decrease)/increase in cash and cash equivalents		4 610 331	(3 807 672)	(7 301 482)
Cash and cash equivalents at beginning of the period/year		1 562 699	8 864 181	8 864 181
Cash and cash equivalents	4.5	6 472 020	5.056.500	4 562 600

AUDITORS' STATEMENT

The condensed interim financial results for the six months ended 30 June 2019 have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe). A report on the review has been issued and has an adverse conclusion with respect to the following:

6 173 030

5 056 509

1 562 699

- · Non-compliance with IAS 21, The Effect of Changes in Foreign Exchange Rates;
- · Fair value determination of Property, Plant and Equipment in the prevailing economic environment; and

67 955 377

184 804 163 181 733 171 158 597 194

56 162 426

at end of period/year

The Engagement Partner responsible for this review is Farai Chibisa. The review report on these condensed interim financial results is available for inspection at the company's registered office.

Hwange Colliery Company Limited

CONDENSED INTERIM FINANCIAL RESULTS (continued)

for the six months ended 30 June 2019





NOTES TO THE ABRIDGED FINANCIAL

STATEMENTS (continued)

for the six months ended 30 June 2019

Hwange Colliery Company Limited is a Company whose principal activities include extraction, processing and distribution of coal and coal products and provision of health services, provision of properties for rental and various retail goods and services.

Basis of preparation of the condensed financial statements

The condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards; Companies Act(Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96).

The company is a limited liability company incorporated and domiciled in Zimbabwe. It is listed primarily on the Zimbabwe Stock Exchange (ZSE), and also on the Johannesburg Stock Exchange (JSE) and London Stock Exchange (LSE)

This condensed interim financial information have been reviewed, not audited These condensed interim financial statements were approved for issue by the Administrator on 30

September 2019.

Significant accounting policies The interim financial statements have been prepared in accordance with the accounting policies adopted

highlights, among other issues, were

Funtional and presentation currency During the period under review, the Reserve Bank of Zimbabwe issued a monetary policy statement whose

a) Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively to ZWL/RTGS dollars. ZWL/RTGS dollars become part of the multi-currency system.

in the Company's most recent annual financial statements for the year ended 31 December 2018.

- b) RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic
- c) Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing-buyer willing-seller basis.
- d) Prohibition of the use of foreign currency for domestic transactions with effect from 24 June 2019.

Statutory instrument (SI) 142 of 2019 gave effect to the outlawing of foreign currency for domestic transactions and effectively establishing ZWL as the sole currency. As a result of the currency changes announced by the monetary authorities, the Administrators assessed as required by International Accounting Standard (IAS) 21, the Effects of Changes in Foreign Exchange Rates with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether there was a change in the functional

Based on this assessment, the Company changed its functional and reporting currency to Zimbawean Dollars (ZWL) from United States Dollars with effect from February 2019. The Company translated the statement of financial position as at 31 December 2018 in line with Statutory Instrument 33/2019 in February 2019. The translation bases prescribed by Statutory Instrument 33/2019 and adopted by the company are not in line with IAS 21.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates

In preparing the condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 31

	30 June 2019 ZWL Reviewed	2018 ZWL Reviewed	2018 ZWL Audited
Revenue			
Coal sales			
HCC/HIC	279 790	268 570	705 627
HPS coal	232 222	376 695	742 756
Coal fines and breeze	61 226	36 724	73 826
Total coal sales (tonnes)	573 238	681 989	1 522 209
Coke tonnes	-	163	-
Total sales (tonnes)	573 238	682 152	1 522 209
	ZWL	ZWL	ZWL
Mining	62 943 204	24 570 948	56 787 889
Estates	5 723 169	4 980 726	10 310 850
Medical Services	1 183 075	986 522	2 045 280
Total	69 849 448	30 538 196	69 144 019
Taxation			
Current tax	-	-	-
Deferred tax		-	-

Profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the

30 June

2019

		ZWL Reviewed	ZWL Reviewed	ZWL Audited
	Profit/(loss) attributable to shareholders	3 522 842	(23 001 395)	(78 442 683)
	Weighted average number of ordinary shares in issue	183 757 366	183 757 366	183 720 699
	Basic profit/(loss) per share	0.02	(0.13)	(0.43)
8.2	Diluted	30 June 2019 ZWL Reviewed	30 June 2018 ZWL Reviewed	31 Dec 2018 ZWL Audited
	Profit/(loss) used to determine diluted profit/(loss) per share The weighted average number of ordinary share			
	to the weighted average number of ordinary follows:	shares used in the c	alculation of basic	loss per share as
	Weighted average number of ordinary shares in issue Weighted average number of ordinary	183 757 366	183 757 366	183 720 699
	shares for diluted loss per share	183 757 366	183 757 366	183 720 699
	Diluted profit/(loss) per share	0.02	(0.13)	(0.43)

Headline profit/(loss) per share

Headline loss per share excludes all items of a capital nature and represents an after tax amount. It is calculated by dividing the headline loss shown below by the number of shares in issue during the year.

Reconciliation between headline profit/(loss) and basic loss:

	30 June 2019 ZWL Reviewed	30 June 2018 ZWL Reviewed	31 Dec 2018 ZWL Audited
IAS 33 - Profits/(losses)	3 522 842	(23 001 395)	(78 442 683)
Non - recurring items: Proceeds on sale of scrap Impairment Loss on disposal of Treasury Bills Stripping activity impairment Tax effect of the above	(83 406) (5 994 521)	(234 205)	(241 624) 19 607 454 (892 350) 7 400 290 (4 756 921)
Headline losses Weighted average number of	(2 555 085)	(23 235 600)	(57 325 834)
ordinary shares in issue	183 757 366	183 757 366	183 720 699
Headline loss per share	(0.01)	(0.13)	(0.31)

	ZWL Reviewed	ZWL Reviewed	ZWL Audited
Property, plant and equipment			
Carrying amount at the beginning of			
the period/year	80 135 517	107 569 137	107 569 137
Additions	1 598 231	2 551 902	4 167 008
Impairment-reversal	5 994 520	-	(19 607 454)
Depreciation charge for the period/year	(4 903 080)	(6 058 611)	(11 993 174)
Carrying amount at the end			
of the period/year	82 825 188	104 062 428	80 135 517

In February 2019, the Government of Zimbabwe gazzetted Statutory Instrument 33 which prescribed the take-on balances for assets and liabilities for transactions done prior to 21 February 2019. The values of the assets reflected in the financial statements were computed using an exchange rate of 1:1 between USD and ZWL

Investment property 4 490 000 4 490 000 4 490 000 Investment property comprises of:

- Land situated at Lot 7 of Stand 2185, Salisbury Township Harare with an administration building thereon.

- Land situated at Stand 555, Bulawayo Township

Rental income

10.1 The following amount has been recognised in profit or loss:

11	Investment in equity accounted investment	nents		
	Investments in associates (note 10.1)	23 507	-	23 507
	Investments in joint venture (note 10.2)	<u>14 753 031</u>	14 753 031	14 753 031
		14 776 538	14 753 031	14 776 538
11.1	Investments in associates Carrying amount as at beginning			
	of period/year	23 507	-	-
	Share of loss	-	-	23 507
	Carrying amount at the end of			
	the period/year	23 507	-	23 507

166 297

226 162

465 525

The Company holds a 49% voting and equity interest in Clay Products (Private) Limited. The Company also holds a 44% voting and equity interest in Zimchem Refineries (Private) Limited. The investments are accounted for using the equity method.

The Company did not recognise losses for the period amounting to ZWL 566 507 (2018: USD 146 254.24) for Zimchem Refiners (Private) Limited as the cumulative losses exceed the carrying amount of estment in associate

The Company did not recognise losses for the period for Clay Products (Private) Limited as the cumulative

	30 June	30 June	31 Dec
	2019	2018	2018
	ZWL	ZWL	ZWL
	Reviewed	Reviewed	Audited
2 Investment in joint venture Carrying amount as at 1 January Share of loss	14 753 031	14 753 031	14 753 031
	-	-	-
Carrying amount at the end of the period/year	14 753 031	14 753 031	14 753 031

Hwange Coal Gasification Company (Private) Limited is the only jointly controlled entity and the ultimate ownership interest is 25%. The investment in the joint venture has been accounted for using the equity

		30 June 2019 ZWL Reviewed	30 June 2018 ZWL Reviewed	31 Dec 2018 ZWL Audited
12	Intangible assets Opening carrying amount Amortisation charge	486 448 (106 431)	699 313 (106 431)	699 311 (212 863)
	Closing carrying amount	380 017	592 882	486 448

Intangible assets comprise of mining rights and an enterprise resource planning (ERP) software. The Company acquired the ERP software to support the administration and control of the Company. Some modules for mine planning and marketing are still to be developed. Mining rights comprise new coal mining claims acquired during the year. No intangible assets have been pledged as security for liabilities

30 June

30 June

		2019 ZWL Reviewed	2018 ZWL Reviewed	2018 ZWL Audited
13	Stripping activity asset			
	Carrying amount at 1 January: non current portion current portion	ı - 1 471 273	8 871 563	8 871 563
	Pre-stripping costs incurred	-	2 895 112	-
	Impairment of stripping activity assest Impairment of stripping activity assest	-	-	(7 400 290)
	Costs charged to cost of sales	-	(5 304 315)	
	Closing carrying amount: non current portion current portion	- 1 471 273	6 462 360 -	1 471 273 -
14	Inventories			
	Raw materials/consumables	8 689 735	10 089 391	6 150 610
	Finished goods			
	Coal and coal fines	13 988 895 22 678 630	9 062 524 19 151 915	10 797 634 16 948 244
15	Trade and other receivables	22 0,0 000	17 101 710	20 3 10 2 1 1
13	Trade	30 063 297	16 414 024	8 818 535
	Other _	15 133 960	1 925 495	23 095 710
	-	45 197 257	18 339 519	31 914 245

Cash and cash equivalents

Loans payable within one year

20.1 Trade and other payables- Current

20 Trade and other payables

Trade

31 Dec

2018

30 June

2018

For purposes of statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the period/year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

		30 June 2019 ZWL Reviewed	30 June 2018 ZWL Reviewed	31 Dec 2018 ZWL Audited
	Bank and cash balances Bank overdraft	6 173 030	5 056 509	1 562 699
	Dalik Overulalt	6 173 030	5 056 509	1 562 699
,	Share capital			
	Authorised 204 000 000 ordinary shares of USD0.25 each	51 000 000	51 000 000	51 000 000
	Issued and fully paid 110 237 432 Ordinary shares of USD0.25 each 5 962 366 Ordinary shares issued	27 559 358	27 559 358	27 559 358
	under share option scheme	1 514 039 29 073 397	1 514 039 29 073 397	1 514 039 29 073 397
	67 557 568 "A" Ordinary shares of USD0.25 each	16 889 392 45 962 789	16 889 392 45 962 789	16 889 392 45 962 789
	Lease liability			
.1	Non current Finance lease liabilities due after one year	400 000	600 000	500 000
.2	Current Finance lease liabilities due within one year	911 190	390 969	811 190
	Borrowings			
.1	Non current Loans due after one year	175 732 386	154 003 630	169 393 312
	These loans are unsecured and the interest rates range from 4% to 15% per annum.			
.2	Current			

12 605 825

1 485 510

39 939 289

21 469 943

545 455

16 478 846

	30 June 2019 ZWL Reviewed	30 June 2018 ZWL Reviewed	2018 ZWL Audited
Trade and other payables- Long term			
Trade	95 007 008	59 703 306	89 873 683
Other	125 507 752	123 999 364	122 637 568
	220 514 760	183 702 670	212 511 251
Provisions			
Provision for rehabilitation			
At the beginning of the period/year Additional provisions made during	8 683 675	7 217 507	7 217 507
the period/year	855 586	733 084	1 466 168
At the end of the period/year	9 539 261	7 950 591	8 683 675
Other provisions			
Leave pay and other provisions	7 299 201	7 068 703	7 478 084
Total provisions	16 838 462	15 019 294	16 161 759
	Other Provisions Provision for rehabilitation At the beginning of the period/year Additional provisions made during the period/year At the end of the period/year Other provisions Leave pay and other provisions	Trade and other payables- Long term Trade Other Provisions Provision for rehabilitation At the beginning of the period/year Additional provisions made during the period/year At the end of the period/year At the end of the period/year At the end of the period/year Other provisions Leave pay and other provisions 7 299 201	2019 2018 ZWL Reviewed Reviewed

Segment reporting

Management currently identifies the Company's three business units as its operating segments. These operating segments are monitored by the Company's Board of Directors and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting periods is as follows:

	Mining ZWL	Estates ZWL	Medical services ZWL	Total ZWL
30 June 2019				
Revenue	62.042.204	F 722 160	1 102 075	CO 040 440
From external customers	62 943 204	5 723 169 376 856	1 183 075 105 958	69 849 448 482 814
From other segments Total segment revenues	62 943 204	6 100 025	1 289 033	70 332 262
Segment operating	02 943 204	0 100 025	1 209 033	70 332 202
loss/profit	27 321 173	1 808 118	(1 017 188)	28 112 102
Segment assets	154 942 934	15 729 102	15 381 733	186 053 768
Segment liabilities	363 873 959	24 758 722	30 871 315	419 503 995
		30 June 2019 ZWL Reviewed	30 June 2018 ZWL Reviewed	31 Dec 2018 ZWL Audited
30 June 2018				
Revenue				
From external customers	24 570 944	4 980 395	986 522	30 537 860
From other segments	-	199 218	70 726	269 944
Total segment revenues	24 570 944	5 179 612	1 051 709	30 807 804
Segment operating loss	(14 862 762)	735 827	(726 724)	(14 853 659)
Segment assets	154 942 934	12 685 795	14 104 443	181 733 171
Segment liabilities	363 873 959	24 319 525	28 123 043	416 316 527
31 December 2018 Revenue				
From external customers	56 787 889	10 310 850	2 045 280	69 144 019
From other segments	-	464 906	144 770	609 676
Total segment revenues	56 787 889	10 775 756	2 190 050	69 753 695
Segment operating (loss)/profit	(60 479 482)	(1 237 402)	865 155	(60 851 729)
Segment assets	94 302 313		-	94 302 313

The company is experiencing matters that may cast significant doubt on its ability to continue as a going concern. Management has considered the following matter:

The company's total liabilities exceeded its total assets by ZWL 285 877 652 as at 30 June 2019 (30 June

2018: USD 234 583 356: 31 December 2018 total assets exceeded total liabilities by: USD 290 024 645). This is attributable to high fixed overheads associated with the Company's operations. The losses were also a result of challenges experienced with equipment resulting in an increase in direct costs of production without a corresponding increase in output. The company has reengaged a contractor to provide mining services at its open cast mine in line with its strategy to expand its mining activity. The company refurbished the continuous miner and the related mining equipment and this is expected to improve underground operations. Management, therefore, believes that the

Financial risk management objectives and policies

The Company's principal financial liabilities comprise finance lease liabilities, loans payable, bank overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short term deposits, which arise directly from its operations. Exposure to credit, interest rate and currency risk arises in the normal course of Company's business and these are the main risks arising from the Company's financial instruments.

company's ability to continue to operate is dependent upon future profitability.

24.1 Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company assumes foreign credit risk only on customers approved by the Board and follows credit review procedures for local credit customers

Investments are allowed only in liquid securities and only with approved financial institutions. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the statement of financial

24.2 Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long and short term debt obligations and bank overdrafts. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the Zimbabwean Dollar. The currency giving rise to this risk is primarily the South African

In respect of all monetary assets and liabilities held in currencies other than the Zimbabwean Dollar, the Company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at snot rates where necessary to address short-term imbalances.

The Company's exposure to foreign currency changes for all the other currencies is not significant.

Fair Value Determination of Transactions, Assets and Libility

The determination of fair values presented in the financial statements is affected by the prevailing economic environment. During the course of the period the company traded in both local RTGS dollars and in foreign currency. For the first two months of the year, the official rate between the US dollar and the RTGS balances(RTGS electronic balances, bond notes and coins) was pegged at US\$1: ZWL\$1. On 22 February 2019, the exchange rate between ZWL moved to ZWL\$2.5/US. The Administrators concluded that the valuation of nostro balances and foreign currency assets and liabilities on and before 28 February 2019 were on the 1:1 basis hence costs and revenues for that period were accounted for at an exchange rate of 1:1 between USD and ZWL.

Events after the reporting date

No adjusting or significant events have occurred between the reporting date and the date of authorisation of these financial statements.

Contigent Liability	30 June	30 June	31 Dec
	2019	2018	2018
	ZWL	ZWL	ZWL
	Reviewed	Reviewed	Audited
Foreign creditors	207 232 434	_	_

The Company recognised a contigent liability relating to a possible exchange loss arising from its legacy foreign creditors that were registered with Reserve Bank of Zimbabwe (RBZ) at 1:1 in line with Exchange Control Directive RU28 of 2019 dated 22 February 2019. The Exchange control directive RU28 of 2019 and Exchange Control Circular 08 dated 24 July 2019, required all companies with legitimate foreign creditors to register them with and pay to the RBZ the equivalent outstanding amount at a rate of 1:1to the United States Dollar. The Company had legacy debt of USD 36 827 302 and ZAR 7 473 379. The RBZ will take over the foreign debt at 1:1 to the USD and then will pay the company's suppliers in foreign currency. Pending final remittance to the respective foreign creditors by the Central Bank, the Company has recognised a contigent liability taking into account exchange losses therefrom. A contingent liability may possibly arise from the exchange rate volatility before the RBZ fully settles the foreign creditor. The contingent liability takes into consideration that the RBZ may fail to pay the creditor and the whole amount may then have to be paid by the Company by securing the foreign exchange on the interbank market. The foreseeable exchange loss was calculated using the interbank rate as at 30 June 2019. The exchange loss calculated using the interbank rate as at 30 September 2019 amounts to