HWANGE
COLLIERY COMPANY LIMITED
(Incorporated in Zimbabwe)

Hwange Colliery Company Limited

ABRIDGED AUDITED FINANCIAL RESULTS

For the year ended 31 December 2020

ADMINISTRATOR'S LETTER

OVERVIEW

Hwange Colliery Company Limited ("the Company") remains under administration in terms of the Reconstruction of State-Indebted Companies Act [Chapter 24:27] ("the Reconstruction Act"). The appeal by the Minister of Justice, Legal and Parliamentary Affairs ("the Minister") to the Supreme Court in the matter of the confirmation of the Reconstruction Order remains pending, and administration continues as normal.

In terms of the Reconstruction Act, the Minister replaced Bhekitemba Moyo as Administrator in October 2020, after conclusion of a 2-year tenure. The new Administration team comprises Eng. Dale Sibanda as Administrator, with Munashe Shava and Mutsa Remba as Assistant Administrators.

The year 2020 was affected by the effects of Covid 19. The Company was not spared from the negative impact of the pandemic, and various safety measures were put in place in order to protect workers and ensure operations continuity during the period under review. Despite the challenges, it is pleasing to note that operations continued throughout the year and production and sales actually increased. We report hereunder the achievements for the year.

FINANCIAL PERFORMANCE

On a historic cost basis, the Company's performance improved from a gross profit of ZWL 182 million for the year ended 31 December 2019 to a Gross profit of ZWL 471 million for the year under review. The net loss position however increased from ZWL 91 million to ZWL 640 million due to an exchange loss of ZWL 1.4 billion on legacy foreign creditors. On an inflation adjusted basis, the gross profit and net profit decreased from ZWL 1.9 billion and ZWL 6.9 billion to ZWL 1 billion and ZWL 1.5 billion respectively.

Revenue increased by 13% from ZWL3.954 billion in 2019 to ZWL 4.468 billion in 2020 on an inflation adjusted basis. On a historical basis, it increased by 622.5% from ZWL422.2 million in 2019 to ZWL3.050 billion in 2020. This was largely due to a combination of an increase in high value coking coal sales and regular product price adjustments in line with market value.

REVIEW OF OPERATIONS

Production increased by 22% during the period under review, with the main challenges having been shortage of diesel and foreign currency to import spares and consumables as well as the negative effects of the Covid-19 pandemic. The sales volumes however increased by only 10% compared to 2019 mainly as a result of influence of Covid-19 on the market and logistics, as well as the reduced thermal coal offtake. Going forward, the Company has targeted to increase production and sales. For this, some significant capital is required, and this will be a key focus area of the Administration going forward. Increased production and sales will in turn increase capacity to discharge obligations to creditors as well as create a positive balance sheet in the medium term. The strategic priorities for the Company's year-end were the following:

a) **Safety, Health, Environment and Quality**
The Company successfully gave adequate focus to Covid-19 precautionary measures, both protection of its workers and for the greater Hwange Community. We are pleased to report all Covid-19 cases reported during the period under review were successfully treated and there were no fatalities reported from the virus.

There has also been an improvement on the lost shift injury frequency rate due to initiatives like people focus, systems implementation and technology embracing. Regrettably, the company recorded a fatality during the last quarter of the year. HCCL embraced a risk/opportunity-based approach to operations aimed at zero harm. Top risks included Acid Mine Drainage, for which an Environmental Management Plan (EMP) to manage its effects is now in place. Likewise, robust measures aimed at reducing similar incidents related to non-communicable diseases were established through a Wellness policy.

The organization has successfully obtained Certification Audits for Environmental Management System - ISO 14001:2015 and Occupational Health and Safety System ISO 45001:2018 standards.

b) **Coal Production**
During the year under review, focus was on increasing production and sales of high value coking Coal. Coking coal sales increased by 6.5% from 223 662 tonnes in 2019 to 238 112 tonnes in 2020. The coking coal sales volumes were however limited by washing capacity constraints as the HMS plant was antiquated and needed retooling. The plant was completed and the plant was commissioned in April 2021.

c) **Open Cast Mining**
Total coal mined by Opencast operations was 1,104,036 tonnes, a 46% increase in production from the previous year. Total coal from HCCL's JKL pit was 353,143 tonnes, a 21% decrease in production from 2019, while at Chaba Mine, the Contractor Zhong Jian mined a total of 750,893 tonnes, a 145% increase in production from 2019 done by the previous contractor, Mota Engil.

A total of 658,031 tonnes of coal was delivered to Hwange Power Station during the course of the year, which was 18% increase from previous year. Deliveries into the power station were however negatively affected by plant challenges in the power station and limited stock holding space.

d) **Underground Mining**
3Main Underground Mine coal production was 49% below the previous year. This was mainly because the Underground was affected for some months by a major breakdown on the Continuous miner which had to be taken out of the mine for major repairs. The Continuous Miner is back in operations but remains unreliable and approaching its end of life. It will shortly be due for replacement in order to stabilise underground production.

e) **Fixed and Mobile Plant Repair**
Significant investment has been made in new equipment as well as repairs and maintenance of the existing plant and equipment. Open cast mine was equipped with a track dozer and a grader to ensure that the loading and haulage equipment are fully supported. Repair work on the HMS washing plant was completed and the plant was commissioned in April 2021. The company also purchased a number of utility vehicles for both operations and service departments.

f) **Beneficiation Plans**
The intended takeover of the Hwange Coal Gasification Company (Private) Limited ("HCGC") Coke Oven Battery pursuant to a BOOT Agreement with its Chinese partners is still pending. In the medium term, benefit is seen in construction of another battery to participate in the coke market, which has high value and significant foreign currency earning potential.

g) **Cost Control**
The Company continues to put emphasis on a low-cost high productivity strategy. This has enabled it to significantly reduce its costs. Tight controls remain on costs, but these are affected by exchange rate driven inflation.

OUTLOOK

Strategic plans to unearth the Company's potential are being developed and these include:-

a) **Increasing the volume of high value and margin coking coal**
Apart from the current underground mining operations which are producing an average of 30 000 tonnes per month, plans are underway to develop a second underground mining section in the medium term, so that coking coal production will double when the new section is fully operational. In addition, opencast operations at the JKL pit will continue in order to increase high value coking coal in the product mix. The current JKL operation is producing an average of 50 000 tonnes per month and the target is to increase production to 100 000 tonnes per month by end of 2021.

b) **Fixed Plant Repair and Restoration to Capacity**
The main thrust as we move into 2021 is to ensure that we fully capacitate our opencast mine by addressing all bottlenecks in the mining process. Efforts to facilitate procurement of equipment due for replacement have commenced. Likewise, some work will be done to continue to stabilise the washing capacity at both the HMS plant and the Jig and Floatation plant.

c) **Rebuild of Coke Oven Battery.**
Bidders were invited to tender for the full rebuild of the Company's original coke oven battery which was shut down in mid-2014. The tender is for the rebuild of the by-products plant and ancillary plants and also for the supply of a completely new coke oven battery together with the by-products and ancillary plant.

d) **Option Area and Lubimbi Development**
The development of the Option Area and Lubimbi coal fields is planned for the medium term. The Company has therefore started community engagements at Lubimbi in preparation for the mining process. The Company is also looking at the prospects of electricity generation at Lubimbi to complement the mining process. Preparatory work towards mining Option Area has likewise begun.

e) **Increase of Export Sales Volumes**
The Company aims to grow its market share of coking coal sales in neighbouring countries, as its coking coal and coke meet quality specifications in the ferro-chrome industries and smelters. Plans to develop dedicated solutions for the delivery of coking coal and coke products in Zimbabwe and the region are underway. The Company will continue in 2021 with the momentum it gathered at the end of 2020 on exports, after it was negatively affected by Covid 19 during the first half of 2020.

COVID 19 Update

The Company continues to operate cautiously during the lockdown period which commenced on 31 March 2020 as it is considered to be offering essential services according to SI 83 of 2020. Several measures were taken to ensure the safety of the employees and the other stakeholders. The company operations were however affected by the pandemic as some customers and suppliers are closed due to lockdown. The company will continue to operate cognisant of the business risks posed by the pandemic.

ZSE LISTING

The Zimbabwe Stock Exchange suspension owing to administration, continues.

DIRECTORATE

There are no directors in place due to administration.

APPRECIATION

I would like to express my gratitude to the administration team, management and Staff for their collective efforts and dedication to the Company.

Eng D S. Sibanda (MR)
Administrator

26 May 2021

OPERATIONAL REVIEW

INTRODUCTION

IIt is my privilege to present a review of the operations of Hwange Colliery Company Limited for the year ended 31 December 2020.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

Employee wellness and behaviour remains key to safe production and the Company's 'zero harm' vision. Covid 19 prevention measures, and risk and opportunity based approaches, also resulted in the adoption of new alternatives of working safely across the Mine.

There were no occupational diseases reported during the period under review.

There has been an improvement on the lost shift injury frequency rate owing to attention to three key initiatives in our strategy, namely, people focus, systems implementation and technology embracing.

Regrettably, the company recorded a fatality during the last quarter of the year. Robust measures aimed at reducing similar incidents have been implemented through a Wellness policy.

The organisation managed to close the year without any significant environmental management statutory requirements violations. One of the top risks HCC faced was Acid Mine Drainage, for which an Environmental Management Plan (EMP) was successfully put in place.

Certification Audits for the Environmental Management System - ISO 14001:2015 and Occupational Health and Safety System ISO 45001:2018 were successfully concluded.

We are pleased with the achievements on the journey to zero harm. We are grateful for the stakeholder support during the period under review.

OUR RESERVES STATEMENT

The table below shows a reconciliation of the ore reserves of the company's mines

Coal Resource, Reserve Statement As At 31 December 2020

	RESERVE (Mt)	RESOURCE (Mt)
OPENCAST		
JKL	7.5	13.8
Chaba	14.5	50.3
No.1 Pillars	6.6	7.3
No. 3 Pillars	0	51.5
TOTAL OPENCAST	**28.6**	**122.9**
UNDERGROUND		
3 Main	40.1	171.1
Option Area	0	220.5
Chaba West	0	75.2
Block F	0	16.8
TOTAL UNDERGROUND	**40.1**	**483.6**
GRAND TOTAL	**68.7**	**606.6**

COAL PRODUCTION

	POWER COAL	INDUSTRIAL/COKING
COAL		
3 Main Underground	-	136,137
JKL Pits	174,738	178,405
Chaba Pits	339,582	411,311
Total Coal Produced	**514,320**	**725,853**

Total production amounted to 1,240,173 tonnes of coal and was 75.6% of the budget of 1,640,000 tonnes.

OPERATIONS

OPENCAST

The 2020 production year began with focus on managing Covid-19 and resource challenges at the mines.

At the JKL pit, the Company built-up its dump truck fleet to required levels and acquired and outsourced support equipment and services to compliment and guarantee minimum production levels. The Mine's main challenges remained low working capital inflows and shortage of foreign currency to acquire critical spares and consumables.

Heavy rains towards the end of the year flooded the pits and affected production from December into 2021. Total coal mined by Opencast operations totalled 1,104,036 tonnes, a 46% increase in production from the previous year.

A total of 658,031 tonnes of coal was delivered to Hwange Power Station during the course of the year which was 18% increase from previous year.

UNDERGROUND

Production at 3Main Underground Mine was impacted by a major breakdown on the continous miner which had to be taken out of the mine for major repairs. The continuous miner is approaching its end of life and will be due for replacement.

Consequently, the Underground mine Run of Mine (RoM) coal production during the year was 136,137t, against a budget of 360,000t. This was a 49% decrease in production from the previous year.

A new sandvik LHD was acquired to compliment production.

PROJECTS

The company has put to public tender the resuscitation of the old Coke battery as well as construction of a new Greenfield coke battery.

Preparatory works for exploration and development of the Lubimbi East and West coal fields are commencing, as are 3main Underground infill exploration works.

The company is also looking at beneficiation of old slurry dumps to generate power from low scale generating units using coal gasification technology.

Conveyor interlock and communication system for the underground mine was partially commissioned. Full commissioning will be done when the control voltage transformers are acquired.

Change house construction project for the underground mine has not been completed and is expected to be completed in 2021.

PROCESING - METALLURGICAL OPERATIONS AND LOGISTICS

A total of 642 197 tons raw coal was processed at both Chaba and No 2 plants against a target of 1 410 396 tons which is 46% attainment of the target.

Focus during the year was on major repair works to the HPS Plant, which has since been commissioned in 2021. The jig and floatation plant and wet screens plant also require repair works, although critically, focus on processing efficiencies as well as latest methods is now key.

ESTATES DIVISION PERFORMANCE

The Division has four revenue streams, namely, Real Estate, Retail, Hospitality and Education. Revenue for the year increased by 712% from $32,539,743 in 2019 to $263,221,054 in 2020. Real Estate accounted for 80% of revenues as other streams suffered from the effects of Covid19-induced restrictions.

Total costs in 2020 were 794% higher than in 2019 at $269,182,079 as a result of the increase in labour costs, power costs and legacy cost adjustments. Net loss for the year was $4,122,004 compared to a profit of $2,324,748 in the previous year.

Actions to improve the Division's performance will include:
• Increasing commercial space by engaging in BOOT arrangements with potential investors;
• Stringent debt collection to boost cashflows;
• Refurbishment of retail facilities to improve customer experience; and
• Diversification of product ranges.

Planned projects were slowed down mainly by Covid19-induced restrictions. The Division undertook the Zimbabwe Open University Hwange Campus project and undertook major repairs on employee housing.

MEDICAL SERVICES DIVISION.

Financial year 2020 revenue was 776% higher than Financial Year 2019. Revenue for 2020 was $56.7M compared to $6,4M in 2019. This was due to two upward reviews of national medical services tariffs during the year in response to the inflationary environment.

A provisional cumulative loss of $9,55M was recorded for the financial year 2020 compared to a loss of $4.2M in 2019. The loss was a result of local currency depreciation, increased input costs as well as salary adjustments.

Revenue performance was 87% above budget. Expenditure was pushed up by inflation and costs of consumables and sundries and establishment and equipping of an Isolation Centre to combat Covid19.
The Employee Wellness Programme spearheaded by the Division in 2019 was successfully rolled on into 2020. After the December 2020 programme, the plans for 2021 were put in place to be implemented after lifting of lockdown restrictions. This will change the programme from an event into a continuous wellness process

COVID19.

Covid19 hit the country with lockdowns enforced from March 2020 to year end. The Company procured all required PPE, chemicals and detergents. One clinic, Number 1 North was converted into an infectious diseases isolation centre and all required equipment was procured and commissioned. All Covid-19 cases managed by the Medical Services Division recovered (100% recovery rate). There was strict enforcement and compliance with laid down protocols as set by the Government of Zimbabwe and the World Health Organisation.

Patient Management System

A Patient Management and Administration software system [PMS] acquired to manage the Billing and Management Information was implemented. The system has however not bedded down well as the vendor did not come in for implementation as contractually agreed but left everything to HCCL ICT who had to learn the system as they implemented it.

Staff Training and Development

All professional staff with professional practicing licences expiring December 2020 were renewed for 2021. Most continuing professional development (CPD) points were amassed through webinars and online workshops due to Covid19 lockdown measures which precluded face to face training and workshops. In-House/in service training, was severely curtailed because of lock down restrictions and work arrangements reducing staff numbers at work at any given time.

By year end, there were 91 students in training at the School of Nursing. 22 students completed their RGN course successfully.

LEGAL AND REGULATORY

As a good corporate citizen the company endeavours to meet national and regional laws and regulations. The areas of interest are safety, competition, corporate governance, listing and disclosures, environment, labour and taxation. The Company's reputation is exposed if compliance with laws and regulations are not adhered to. The Company and or its officers have to be protected from penalties or criminal sanctions by conducting its business within the confines of the laws and regulations. During the year under review, Following its placement under administration in terms of the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] ("the Reconstruction Act"), there were no board meetings. To ensure good corporate governance and statutory compliance, the company has established policies and procedures regulating its processes.

HUMAN RESOURCES, TRAINING AND SKILLS DEVELOPMENT

As at December 2020 the global staff complement stood at 1950 compared to 2022 that was there is December 2019. The company progressed well on clearing the scheme of arrangement legacy debt, tremendous progress was also done on the payments of the back pays and employees were timeously paid their monthly salaries which led to a harmonious industrial relations climate. The introduction of the payment of a hybrid salary of the of the Zimbabwean dollar[ZWL] salaries with a USD component further boosted the morale of the employees.

Despite the economic challenges, employees maintained peace and harmony and hence remained positive and hopeful about the company's turnaround programme. Engagements between Management and employees' leadership continued to be done through various channels of communication. The company continued to invest in manpower training and development through apprenticeship and nurse training. Hwange Colliery has always taken pride in its capacity and capability to provide training to youths. A combined total of 196 youths were trained as student nurses and apprentices. There were no Graduate learners during the year under review as they were projections to recruit them in the First Quarter of 2021.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company continues on its scaled down approach to fragmented Corporate Social Responsibility (CSR), and is focused on production and business sustainability.

Local community support included:

• providing support and accommodation at its guest units to flash floods victims in Hwange, as well as providing disaster management technical guidance to the Civil Protection Unit (CPU) in early 2020;
• Borehole constructions and repairs in the community, as well as provision of clean water to residents of the town;
• handover of poultry projects start-up capital, inputs, ancillary equipment and infrastructure to wives of workers at Lusumbami and Makwika village sites;
• Various support towards the Covid-19 intervention initiatives including expertise in the Hwange District taskforce for the refurbishment of the District Hospital into a COVID-19 isolation centre and a Covid-19 Rapid Response Team to the entire district;
• donations to a number of organisations including those affected by COVID-19;
• Various donations in cash and kind to local community initiatives, and vulnerable groups; and
• A National Tree Planting day as part of Environmental Corporate Social Responsibility.

IMPROVED EFFICIENCIES AND COMPETITIVENESS

As the Company increases the thrust on the core business of mining, it will also look at ways of allowing other entities and mining companies within the concession to assist in the running of town services 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.

CONCLUSION

I would like to express my gratitude to the administration team, management and Staff for their collective efforts and dedication to the Company.

DR C. ZINYEMBA
ACTING MANAGING DIRECTOR

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

		Inflation Adjusted		Historical	
	Notes	2020 ZWL 000	2019 ZWL 000	2020 ZWL 000	2019 ZWL 000
Revenue	5	4 468 640	3 954 207	3 050 637	422 228
Cost of sales		(3 450 666)	(2 060 379)	(2 579 804)	(239 913)
Gross profit/(loss)		1 017 974	1 893 828	470 833	182 315
Other income	7	118 261	25 461	112 553	2 285
Other losses and gains	8	(1 082 612)	(1 275 560)	(1 052 792)	(256 742)
Marketing costs		(17 078)	(14 020)	(11 586)	(1 301
Administrative costs		(755 623)	(591 082)	(572 787)	(77 276)
Gain on net monetary position		1 894 401	10 142 544	-	-
Operating profit/loss before interest and tax		1 175 324	10 181 171	(1 053 779)	(150 719)
Finance costs	9	(48 648)	(259 630)	(28 499)	(19 023)
Share of profit/(loss) from equity accounted investments	10	2 843	-	1 390	-
Profit/(loss) before tax	**11**	**1 129 519**	**9 921 541**	**(1 080 887)**	**(169 741)**
Income tax expense	12	441 157	(2 989 839)	441 157	78 632
PROFIT/LOSS FOR THE YEAR		1 570 676	6 931 702	(639 730)	(91 110)
Other comprehensive income:					
Gain on revaluation property, plant and equipment		192 635	-	8 668 517	2 380 202
Tax effect of revaluation		(47 619)	-	(2 142 857)	(588 386)
		145 016	-	6 525 660	1 791 816
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 715 692	6 931 702	5 885 930	1 700 706
Attributable profit/(loss) per share					
- basic	13.1	9.34	37.73	(3.48)	(0.50)
- diluted	13.2	8.55	37.73	(3.48)	(0.40)
Headline profit/(loss) per share					
- basic	13.21	8.53	37.14	(3.50)	(0.52)
- diluted	13.3	8.53	37.14	(3.50)	(0.52)

HWANGE
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Hwange Colliery Company Limited
ABRIDGED AUDITED FINANCIAL RESULTS
For the year ended 31 December 2020

STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Notes	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
ASSETS					
Non current assets					
Property, plant and equipment	14	11 160 546	11 097 866	11 160 547	2 473 970
Investment property	15	442 075	360 341	442 075	80 328
Investments accounted for using the equity method	16	414 565	411 722	16 167	14 777
Intangible assets	17	4 118	4 769	53	274
Inventories - non current portion	18	263 128	128 173	6 545	5 892
Stripping activity asset	19	-	40 994	-	1 471
		12 284 433	12 043 865	11 625 387	2 576 712
Current assets					
Inventories	20	735 012	663 387	558 405	89 377
Trade and other receivables	21	520 728	575 074	520 728	128 197
Cash and cash equivalents	23	63 774	51 053	63 774	11 381
		1 319 514	1 289 514	1 142 907	228 955
Total assets		**13 603 947**	**13 333 379**	**12 768 294**	**2 805 667**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	2 022 422	2 022 421	45 963	45 963
Share premium		22 966	22 966	578	578
Non-distributable reserve		191 778	191 778	4 358	4 358
Revaluation reserve		-	-	8 357 424	1 831 764
Retained earnings/(Accumulated losses)		5 454 087	3 883 414	(1 167 877)	(528 147)
		7 691 253	6 120 579	7 240 446	1 354 516
Non current liabilities					
Finance lease liability	26	-	1 794	-	400
Borrowings	27.1	187 496	806 074	187 496	179 692
Long term creditors	28	1 835 774	2 461 053	1 835 775	548 627
Income tax liability	29	10 055	45 105	10 055	10 055
Deferred tax liability		2 596 301	2 989 839	2 211 454	509 754
		4 629 626	6 303 865	4 244 780	1 248 528
Current liabilities					
Finance lease liability	26	-	2 365	-	527
Borrowings	27.2	150 032	-	150 032	-
Trade and other payables	28	824 059	791 514	824 059	176 447
Provisions	30	308 977	115 057	308 977	25 649
		1 283 068	908 936	1 283 068	202 623
Total equity and liabilities		13 603 947	13 333 379	12 768 294	2 805 667

STATEMENT OF CASHFLOWS
as at 31 December 2020

	Notes	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		1 129 519	9 921 541	(1 080 887)	(169 741)
Adjustment for non-cash items:					
Foreign exchange gain/(loss)		1 444 357	336 791	1 414 538	332 580
Insurance claim	7	-	(120)	-	(27)
Finance costs	9	48 648	85 336	28 499	19 023
Impairment of assets (reversal)	14	-	(26 891)	-	(5 995)
Depreciation	14	317 528	46 762	157 106	10 424
Fair value adjustment on investment property		(361 747)	(340 200)	(361 747)	(75 838)
Share of (profit)/loss from equity accounted investments		(2 843)	-	(1 390)	-
Amortisation	17	435	955	213	213
Allowance for credit losses		120 447	-	120 447	-
Gain/(loss) on net monetary position		(1 894 401)	(10 142 544)	-	-
Operating cash flow before changes in working capital		**801 943**	**(118 369)**	**276 779**	**110 640**
Changes in working capital:					
(Increase) in inventory		(960 379)	(320 775)	(469 694)	(71 508)
Decrease in stripping activity asset		1 471	-	1 471	-
(Decrease) in receivables		(802 628)	(431 911)	(392 531)	(96 283)
Increase in provisions		579 340	42 567	283 328	9 487
Increase/(decrease) in trade and other payables		1 324 207	362 986	647 612	80 918
Cash utilised in operating activities		943 954	(465 512)	346 978	33 254
Interest paid		(21 545)	-	(10 537)	-
Net cash flows utilised in operating activities		**922 409**	**(465 512)**	**336 441**	**33 254**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(187 574)	(211 578)	(175 167)	(18 061)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/increase in long-term creditors		(470 559)	50 866	(230 128)	11 339
Proceeds from borrowings		209 603	28 520	197 765	6 358
Repayment of borrowings		(256 207)	(103 494)	(76 518)	(23 071)
Net cash flows generated from financing activities		**(517 163)**	**(24 106)**	**108 881**	**(5 374)**
Net decrease in cash and cash equivalents		217 672	(701 196)	52 393	9 819
Cash and cash equivalents at beginning of the year		11 377	7 010	11 381	1 563
Effects of changes in exchange rates		(165 275)	745 239	-	-
Cash and cash equivalents at end of year	23	63 774	51 053	63 774	11 381

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Revaluation reserve ZWL	Retained earnings/(Accumulated) losses ZWL	Total ZWL
Balance at 1 January 2019	2 022 421	22 966	191 778	(1 658 455)	-	578 711
Transfer to returned earnings	-	-	-	1 658 455	(1 658 455)	-
Other comprehensive income, net of tax	-	-	-	-	(1 389 832)	(1 389 832)
Profit for the year	-	-	-	-	6 931 698	6 931 698
Balance at 31 December 2019	**2 022 421**	**22 966**	**191 778**	**-**	**3 883 411**	**6 120 577**
Balance at 1 January 2020	2 022 421	22 966	191 778	-	3 883 411	**6 120 577**
Other comprehensive income, net of tax	-	-	-	145 016	-	145 016
Profit for the year	-	-	-	-	1 570 676	1 570 676
Balance at 31 December 2020	2 022 421	22 966	191 778	145 016	5 454 087	7 836 268

HISTORICAL

	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Revaluation reserve ZWL	Retained earnings/(Accumulated) losses ZWL	Total ZWL
Balance at 1 January 2019	45 963	578	4 358	39 949	(380 872)	(290 025)
Effect of change in functional currency	-	-	-	-	(56 165)	(56 165)
Loss for the year	-	-	-	-	(91 110)	(91 110)
Other comprehensive income, net of tax	-	-	-	1 791 816	-	1 791 816
Balance at 31 December 2019	**45 963**	**578**	**4 358**	**1 831 765**	**(528 147)**	**1 354 516**
Balance at 1 January 2020	**45 963**	**578**	**4 358**	**1 831 764**	**(528 147)**	**1 354 516**
Loss for the year	-	-	-	-	(639 730)	(639 730)
Other comprehensive income, net of tax	-	-	-	6 525 660	-	6 525 660
Balance at 31 December 2020	**45 963**	**578**	**4 358**	**8 357 424**	**(1 167 877)**	**7 240 446**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
for the year ended 31 December 2019

1 NATURE OF OPERATIONS AND GENERAL INFORMATION
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 and various retail goods and services. Its activities are Companyed into the following three (3) areas:

i) Mining - the extracting, processing and distribution of coal and coal products.
ii) Medical services - provides healthcare to staff members and the surrounding community.
iii) Estates - the division provides properties for rental and sell retail goods and services.

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

The company's financial statements were authorised for issue by the 26 May 2021.

Presentation currency
These financial statements are presented in Zimbabwean Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Company operates.

2 Statement of compliance
The abridged financial results of the Company have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Company latest annual financial statements. The Company partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019.

IAS 29 'Financial Reporting in Hyper -Inflationary Economies'
The Company adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index(CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors unused to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

Date	Indices	Conversion Factor
31 December 2020	2474.51	1.000
31 December 2019	551.63	4.486

3 Changes in accounting policies

3.1 New and revised standards and interpretations
Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Standards issued but not yet effective

IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships

IFRS 3 Business Combinations: Definition of Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input, and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

4 Summary of accounting policies

4.1 Overall considerations
The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below:

4.2 Foreign currency translation
Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Company's financial statements, all assets, liabilities and transactions of the entities with a functional currency other than the ZWL , are translated into ZWL. The functional currency of the Company has changed from USD to ZWL during the reporting period.

4.3 Investment in associates and joint ventures
Investments in associates and joint ventures are accounted for using the equity method.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost. The company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The carrying amount of the investments is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of the assets and liabilities.

Unrealised gains/losses on transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.4 Revenue recognition
Revenue comprises revenue from the sale of goods and the rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

4.4.1 Sale of goods
Revenue represents sales of coal and related products and is recognised after the following:

To determine whether to recognise revenues, the Company follows a 5 step process:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transactional price to the performance obligations
5. Recognising revenues when/as performance obligation(s) are satisfied.

4.4.2 Dividend income
Dividend revenue from investments is recognised when the Shareholder's right to receive payment has been established.

4.4.3 Interest income
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts, through the expected life of the financial asset to that asset's net carrying amount.

4.4.4 Rendering of services
Revenue from the rendering of services from the hospital, estates and investment property is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

5 REVENUE

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Mining	4 108 491	3 649 509	2 857 210	395 001
Medical services	85 486	56 518	56 034	5 750
Estates	274 663	248 180	137 393	21 478
	4 468 640	**3 954 207**	**3 050 637**	**422 229**

6 SEGMENT REPORTING
For management purposes, the Company is organised into divisions based on its products and services and has three reportable segments, as follows:

-The Mining Division, which mines and sells coal and coal products;
-The Medical services Division, which provides medical services; and
-The Estates Division, which leases property owned by the company.
No operating segments have been aggregated to form the above reportable operating segments.

Segment information for the reporting period is as follows:

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000

The Company's revenues from external customers are divided into the following geographical areas:

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Sales within Zimbabwe	4 364 050	3 866 107	2 966 797	412 815
Sales elsewhere in Sub-Saharan Africa	104 587	88 100	83 841	9 413
Total revenue	**4 468 637**	**3 954 207**	**3 050 638**	**422 228**

7 OTHER INCOME

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Insurance claims	-	71	-	27
Rental income	3 072	14 811	1 145	1 108
Sale of scrap metal	5 269	2 925	4 296	223
Sundry income	109 920	7 453	107 112	928
	118 261	**25 460**	**112 553**	**2 286**

8 OTHER GAINS AND LOSSES

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Fair value adjustment on investment property	361 747	235 235	361 747	75 838
Foreign exchange loss	(1 444 358)	(151 0795)	(1 414 538)	(33 2580)
	(1 082 611)	**(1 275 560)**	**(1 052 791)**	**(256 742)**

HWANGE
COLLIERY COMPANY LIMITED
(Incorporated in Zimbabwe)

Hwange Colliery Company Limited
ABRIDGED AUDITED FINANCIAL RESULTS
For the year ended 31 December 2020

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
for the year ended 31 December 2020

9 FINANCE COSTS

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Interest on loans and overdrafts	48 648	259 070	28 499	18 899
Interest on leases	-	560	-	125
	48 648	259 630	28 499	19 024

Interest on loans and overdraft comprise of interest charged on the Government of Zimbabwe treasury bills at a rate of 7% per annum , ZAMCO and EXIM loan and finance lease facilities at an interest rate of 7% and LIBOR + 3.5% per annum respectively.

10 Share Of Losses From Equity Accounted Investments

Included in this amount is the Company's share of loss after tax from:

	Inflation Adjusted		Historical	
Clay Products (Private) Limited	2 843	-	1 390	-
Zimchem Refineries(Private) Limited	-	-	-	-
Hwange Coal Gasification Company	-	-	-	-
	2 843	-	1 390	-

The share of profit of Zimchem Refiners (Private) Limited for 31 December 2019 amounting to ZWL7 927 000 was not recorded in these financial statements as the cumulative share of losses exceeds the carrying amount of the investment in the associate.

Audited financial information for Hwange Coal Gasification Company and Clay products (Private) Limited were not available at the date of publication.

11 Profit/(Loss) Before Tax

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Expected credit losses	120 447	12 546	120 447	2 797
Amortisation	435	8 785	213	213
Audit fees	6 254	20 260	4 166	1 560
Depreciation on property, plant and equipment (note 14)	317 528	148 388	157 106	10 424
Impairment of assets (note 14)	-	(14 2112)	-	(5995)
Directors' emoluments:	-	-	-	-
- Executive Directors	11 618	11 570	4 704	565
- Non-Executive Directors	-	-	-	-
Employee benefits expense (note 11.1)	1 541 014	984 516	519 210	48 593

11.1 Employee benefits expense

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Salaries and other contributions	1 011 344	684 168	494 605	46 481
Contribution to Mining Industry Pension Fund	522 937	293 727	21 312	1 663
Contribution to National Social Security Authority	6 733	6 621	3 293	450
	1 541 014	984 516	519 210	48 594

Employee benefit expense amounting to ZWL 328 038 319 (2019: ZWL 24 792 085) was charged directly to cost of sales. In the inflation adjusted accounts, an amount of ZWL 950 373 786 (2019: ZWL 502 294 505) was charged to cost of sales.

12 Income Tax

12.1 Current tax:

	Inflation Adjusted 2020	Inflation Adjusted 2019	Historical 2020	Historical 2019
Current tax	-	-	-	-
Deferred tax	(441 157)	2 989 839	(441 157)	(78 632)
Income tax (credit)/expense	(441 157)	2 989 839	(441 157)	(78 632)

13 Loss per share

13.1 Basic

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Profit/(loss) attributable to shareholders	1 644 188	6 931 702	(639 730)	(91 110)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Basic profit/(loss) per share	8.95	37.73	(3.48)	(0.50)

Basic profit/(loss) per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

13.2 Diluted

For profit/(loss) per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares being share options granted to employees.

The profit/(loss) used in the calculation of all diluted loss per share measures are the same as those for the equivalent basic loss per share measures, as outlined above.

In the diluted profit/(loss) per share the share options calculation is done to determine the number of shares that could have been acquired (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution; for the share option calculation no adjustment is made to profit/(loss).

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Profit/(loss) used to determine diluted profit/(loss) per share	1 499 172	6 931 702	(639 730)	(91 110)
Weighted average number of ordinary shares in issues	183 721	183 721	183 721	183 721
Diluted profit/(loss) per share	8.16	37.73	(3.48)	(0.50)

13.3 Profit/(loss) per share

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

	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
IAS 33 -Profit/(loss) for the year	1 499 172	6 931 702	(639 730)	(91 110)
Non - recurring items:				
Proceeds on sale of scrap	(5 269)	(2 925)	(4 296)	(223)
Impairment of assets/(reversal)	-	(142 112)	-	(5 995)
Stripping activity asset impairment	-	-	-	-
Loss on disposal of Treasury Bills	-	-	-	-
Tax effect of the above	1 357	37 347	1 106	1 601
Headline profit/(loss)	1 495 260	6 824 102	(642 920)	(95 726)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Headline profit/(loss) per share	8.14	37.14	(3.50)	(0.52)

13.4 Diluted headline profit/(loss) per share

	2020	2019	2020	2019
Profit/(loss) used to determine diluted headline loss per share	1 495 260	6 824 102	(642 920)	(95 726)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Diluted headline loss per share	8.14	37.14	(3.50)	(0.52)

14 Property, plant and equipment

Inflation Adjusted

Year ended 31 December 2020	Freehold land and builidngs ZWL'000	Plant, machinery and movables ZWL'000	Motor vehicles ZWL'000	Capital work in progress ZWL'000	Total ZWL'000
Cost/ gross carrying amount					
Balance at 1 January	8 222 480	3 389 880	143 219	38 783	11 794 362
Revaluation	137 052	53 753	1 829	-	192 635
Additions	-	84 351	29 674	64 101	178 127
Balance as at 31 December	8 359 532	3 527 984	174 722	112 332	12 174 571
Depreciation and impairment					
Balance at 1 January	175 804	495 611	14 534	10 547	696 497
Depreciation charge for the year	106 222	197 922	13 383	-	317 528
Balance as at 31 December	282 026	693 533	27 917	10 547	1 014 025
Carrying amount as at 31 December	8 077 506	2 834 451	146 805	101 785	11 160 546
Year ended 31 December 2019					
Cost/ gross carrying amount					
Balance at 1 January	8 222 480	3 224 952	111 595	23 757	11 582 784
Additions	-	164 928	31 149	15 501	211 578
Reclassification of assets	-	-	475	(475)	-
Balance as at 31 December	8 359 532	3 443 633	145 049	38 783	11 986 997
Depreciation and impairment					
Balance at 1 January	141 480	528 198	9 995	10 547	690 220
Depreciation charge for the year	34 324	109 525	4 539	-	148 388
Impairment	-	(142 112)	-	-	(142 112)
Balance as at 31 December	175 804	495 611	14 534	10 547	696 496
Carrying amount at 31 December	8 046 675	2 894 269	128 685	28 236	11 097 866

Historical

Year ended 31 December 2020	Freehold land and builidngs ZWL'000	Plant, machinery and movables ZWL'000	Motor vehicles ZWL'000	Capital work in progress ZWL'000	Total ZWL'000
Cost/gross carrying amount					
Balance at 1 January	1 832 979	755 682	31 928	8 645	2 629 234
Additions	-	75 172	26 445	73 549	175 167
Revaluation	8 556 117	16 358	96 042	-	8 668 517
Balance as at 31 December	10 389 096	847 212	154 413	82 194	11 472 918
Depreciation and impairment					
Balance at 1 January	39 191	110 483	3 240	2 351	155 265
Depreciation charge for the year	52 557	97 928	6 622	-	157 106
Balance as at 31 December	91 748	208 411	9 862	2 351	312 371
Carrying amount at 31 December	10 297 348	638 801	144 551	79 844	11 160 547
Year ended 31 December 2019					
Cost/ gross carrying amount					
Balance at 1 January	102 834	119 513	3 328	5 296	230 971
Additions	-	12 433	2 173	3 455	18 061
Revaluation	1 730 145	623 736	26 321	-	2 380 202
Reclassification of assets	-	-	106	(106)	-
Balance as at 31 December	1 832 979	755 682	31 928	8 645	2 629 234
Depreciation and impairment					
Balance at 1 January	36 780	108 784	2 921	2 351	150 835
Depreciation charge for the year	2 411	7 694	319	-	10 424
Impairment	-	(5 995)	-	-	(5 995)
Balance as at 31 December	39 191	110 483	3 240	2 351	155 264
Carrying amount at 31 December	1 793 788	645 199	28 687	6 295	2 473 970

14.1 Leases

The Company has certain property that is held under a lease arrangement. As at 31 December 2020, the carrying amount of the property is ZWL 85 751 135 (2019: ZWL 37 737 531) and is included in freehold land and buildings. Finance lease liabilities are secured by the related assets held under finance leases. Future minimum lease payments at 31 December were as follows:

Inflation Adjusted
Minimum lease payments due

	Within 1 year ZWL'000	1 to 5 years ZWL'000	After 5 years ZWL'000	Total ZWL'000
31 December 2020				
Principal repayments	-	-	-	-
Finance charges accrued	-	-	-	-
Total	-	-	-	-
31 December 2019				
Principal repayments	2 692	449	1 346	4 486
Finance charges accrued	(326)	-	-	(326)
Total	2 366	449	1 346	4 160

Historical
Minimum lease payments due

	Within 1 year ZWL'000	1 to 5 years ZWL'000	After 5 years ZWL'000	Total ZWL'000
31 December 2020				
Principal repayments	-	-	-	-
Finance charges accrued	-	-	-	-
Total	-	-	-	-
31 December 2019				
Principal repayments	600	100	300	1 000
Finance charges accrued	(73)	-	-	(73)
Total	527	100	300	927

The lease agreement includes fixed lease payments and a purchase option at the end of the lease term. The agreements are non-cancellable but do not contain any further restrictions.

No contingent rents were recognised as an expense in the reporting periods under review, and no future sublease income is expected to be received as all assets are used exclusively by the Company.

15 Investment property

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Valuation at 1 January	80 328	125 106	80 328	4 490
Fair value gains (included in other gains and losses)	361 747	235 235	361 747	75 838
At 31 December	442 075	360 341	442 075	80 328

15.1 The following amount has been recognised in the statement of comprehensive income:

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Rental income	3 072	14 811	1 145	1 108

16 Investments accounted for using the equity method

	Inflation Adjusted 2020 ZWL'000	Inflation Adjusted 2019 ZWL'000	Historical 2020 ZWL'000	Historical 2019 ZWL'000
Investments in associates (note 16.1)	3 498	655	1 414	24
Investments in joint venture (note 16.2)	411 067	411 067	14 753	14 753
	414 565	411 722	16 167	14 777

16.1 Investments in associates

	Inflation Adjusted 2020	Inflation Adjusted 2019	Historical 2020	Historical 2019
Carrying amount as at 1 January	655	655	24	24
Share of profit/	2 843	-	1 390	-
Carrying amount as at 31 December	3 498	655	1 414	24

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

The shares are not publicly listed on a stock exchange and hence published price quotes are not available. The aggregate amounts of certain financial information of the associates can be summarised as follows:

16.2 Investment in joint venture

	Inflation Adjusted		Historical	
Carrying amount as at 1 January	**411 067**	**411 067**	**14 753**	**14 753**

17 Intangible assets

Inflation Adjusted

	Exploration and evaluation asset ZWL'000	Mining rights ZWL'000	ERP development and other software ZWL'000	Total ZWL'000
2020				
Cost/ Gross carrying amount				
Balance at 1 January 2020	215	5 573	56 524	62 311
Additions	-	-	-	-
Balance at 31 December 2020	215	5 573	56 524	62 311
Amortisation and impairment				
Balance at 1 January 2020	-	5 181	52 362	57 543
Amortisation	-	20	414	435
Impairment	215	-	-	215
Balance at 31 December 2020	215	5 201	52 776	58 193
Carrying amount 31 December 2020	**-**	**372**	**3 748**	**4 118**
2019				
Cost/ Gross carrying amount				
Balance at 1 January 2019	215	5 573	56 524	62 311
Additions	-	-	-	-
Balance at 31 December 2019	215	5 573	56 524	62 311
Amortisation and impairment				
Balance at 1 January 2019	-	4 768	43 990	48 757
Amortisation	-	413	8 372	8 785
Balance at 31 December 2019	-	5 180	52 362	57 542
Carrying amount 31 December 2019	215	393	4 162	4 769

Historical

	Exploration and evaluation asset ZWL'000	Mining rights ZWL'000	ERP development and other software ZWL'000	Total ZWL'000
2020				
Cost/ Gross carrying amount				
Balance at 1 January 2020	8	200	2 029	2 236
Additions	-	-	-	-
Balance at 31 December 2020	8	200	2 029	2 236
Amortisation and impairment				
Balance at 1 January 2020	-	181	1 782	1 963
Amortisation	-	10	203	213
Impairment	8	-	-	-
Balance at 31 December 2020	8	191	1 985	2 183
Carrying amount 31 December 2020	**-**	**9**	**44**	**53**
2019				
Cost/ Gross carrying amount				
Balance at 1 January 2019	8	200	2 029	2 236
Additions	-	-	-	-
Balance at 31 December 2019	8	200	2 029	2 236
Amortisation and impairment				
Balance at 1 January 2019	-	171	1 579	1 750
Amortisation	10	-	203	213
Balance at 31 December 2019	-	181	1 782	1 963
Carrying amount 31 December 2019	8	19	247	274

The Company has an enterprise resource planning (ERP) software that supports the administration and control of the Company. Some modules for mine planning and marketing are still to be developed. Mining rights comprise coal mining claims which are yet to be mined. No intangible assets have been pledged as security for liabilities.

17.1 Mining rights

The Company has four (4) mining concessions, Hwange option area, Hwange Concession, Lubimbi East and Lubimbi West. The special grants, Lubimbi East and Lubimbi West measure 9 648, 4 200 and 10 995 hectares of minable area respectively and were awarded by the Government of Zimbabwe on 31 July 2015. These Concessions will increase the life of the mine by an estimated 50 years.

Hwange Colliery Company Limited

ABRIDGED AUDITED FINANCIAL RESULTS

For the year ended 31 December 2020

HWANGE
COLLIERY COMPANY LIMITED
(Incorporated in Zimbabwe)

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19. Stripping activity asset

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance at 1 January	40 994	40 994	1 471	1 471
Current year pre-stripping costs	-	-	-	-
Provision for impairment	(40 994)	-	(1 471)	-
Balance at 31 December	-	40 994	-	1 471
Balance at end of year allocated as follows:				
Non-current assets	-	40 994	-	1 471
Current assets	-	-	-	-
Balance at end of year	-	40 994	-	1 471

20 Inventories

	Inflation Adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Raw materials/consumables	127 478	268 327	90 369	19 030
Finished goods	-	-	-	-
- Coal	466 306	305 582	466 306	68 121
- Coal fines (note 18)	69 511	89 478	1 729	2 226
	663 296	663 387	558 405	89 377

During the year ended 31 December 2020, a total of ZWL 29 733 976 (2019: ZWL 1 385 212) worth of inventories was included in profit and loss as an expense resulting from write down of inventories to net realisable value.

No reversal of previous write-downs was recognised as a reduction of expense in 2020: nil (2019: nil)

21 Trade and other receivables

Trade receivables, gross	574 972	491 872	574 972	109 650
Allowance for credit losses	(147 840)	(122 880)	(147 840)	(27 393)
Trade receivables, net	427 132	368 993	427 132	82 257
Other receivables	93 596	206 081	93 596	45 940
	520 728	575 074	520 728	128 197

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Included in trade receivables is an amount of ZWL 21 539 736 (2019: ZWL 1 319 923) relating to related party receivables (note 22.2).

The Company adopted IFRS 9 "Financial instrument" from 1 January 2018 which resulted in changes in the accouting policy on trade receivables. The Company elected the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, the credit risk and credit profile of each receivable was considered on an individual basis.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an increase in allowance for credit losses of ZWL 120 447 069 (2019:ZWL 2 796 999) has been recognised.

The movement in the allowance for credit losses can be reconciled as follows:

Balance 1 January	27 393	110 334	27 393	24 596
Increase in allowance for credit losses	120 447	12 546	120 447	2 797
Balance 31 December	147 840	122 880	147 840	27 393

The table below describes the credit loss allowance recognised on balance sheet.

Trade receivable	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Gross carrying amount	131 824	115 387	85 563	65 155	177 044	574 972
Average expected loss rate	18.3%	6.6%	17.5%	2.9%	82%	25.7%
Credit loss allowance	**8 006**	**7 597**	**13 332**	**1 753**	**117 152**	**147 840**

22 Related party balances and transactions

Included in the trade receivable and trade payable balances are related party balances that resulted from transactions that occurred between Hwange Colliery Company Limited and its related parties.

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Related party receivables:				
Hwange Coal Gasification Company	21 304	5 849	21 304	1 304
Clay Products (Private) Limited	-	62	-	14
Zimchem Refineries (Private) Limited	236	10	236	2
	21 540	5 921	21 540	1 320
Related party payables:				
Hwange Coal Gasification Company	4 339	19 463	4 339	4 339
Zimchem Refineries (Private) Limited	263	95	263	21
	4 602	19 558	4 602	4 360

23 Cash and cash equivalents

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
For purposes of statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts.				
Bank and cash balances	63 774	51 053	63 774	11 381
Bank overdrafts	-	-	-	-
	63 774	51 053	63 774	11 381

24 Share capital and reserves

204 000 000 Ordinary shares of ZWL0.25 each	2 244 065	2 244 065	51 000	51 000
Issued and fully paid				
110 237 432 Ordinary shares of ZWL0.25 each	1 212 647	1 212 647	27 559	27 559
5 925 699 Ordinary shares issued under share option scheme	66 619	66 619	1 514	1 514
67 557 568 ''A'' Ordinary shares of ZWL0.25 each	743 155	743 155	16 889	16 889
	2 022 421	2 022 421	45 962	45 962

25 Lease liability

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2019 ZWL'000	2020 ZWL'000
Non-current	-	1 794	-	400
Current	-	2 365	-	527
	-	4 159	-	927
The lease liability carrying amount is disclosed as follows:				
26.1 OK Zimbabwe				
Long term portion	-	1 794	-	400
Add: Short term portion	-	2 365	-	527
	-	4 159	-	927
Lease liability				
Principal	-	4 486	-	1 000
Repayment/(Finance charges capitalised)	-	(326)	-	(73)
	-	4 160	-	927

This OK Zimbabwe lease is a Build Operate and Transfer agreement for the establishment of a supermarket building which OK Zimbabwe funded the construction of the building for its own occupation for a period of nine years and eleven months. The estimated cost of construction is ZWL 1 000 000 and the interest rate is 10 % per annum.

26 Borrowings

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
26.1 LONG TERM LOANS				
Reserve Bank of Zimbabwe	4 171	-	4 171	-
Government of Zimbabwe	167 850	728 089	167 850	162 308
Zimbabwe Asset Management Corporation (ZAMCO)	15 475	77 985	15 475	17 385
	187 496	806 074	187 496	179 693
Less current portion of loan	-	-	-	-
	187 496	806 074	187 496	179 692
27.2 Short term loans				
Loinette	39 365	-	39 365	-
CBZ	57 444	-	57 444	-
Pick n Pay	53 222	-	53 222	-
	150 031	-	150 031	-

27.3 Borrowing terms

Export Import Bank of India (EXIM)

This is a USD 13 005 760 (principal and interest) loan guaranteed by the Reserve Bank of Zimbabwe, taken for the purposes of financing the purchase of coal mining equipment. Interest is charged at a rate of LIBOR + 3.5 % p.a. The Governement of Zimbabwe took over the loan in February 2019.

Government of Zimbabwe

As part of the ongoing restructuring plan, the Government of Zimbabwe through the Ministry of Finance and Economic Development issued treasury bills of USD 41 million and USD 18.216 million in settlement of the Mota Engil and RBZ/PTA Bank loan, respectively. The Government of Zimbabwe has agreed that the Government support be treated as a loan payable over 15 years with a 7% interest per annum in accordance with the provisions of the scheme of arrangement.

An additional USD 52.3 million worth of treasury bills were issued towards the Scheme of Arrangement bringing the total support from the Government of Zimbabwe to USD 111.5 million worth of treasury bills, as approved by the Ministry of Finance and Economic Development.

28 TRADE AND OTHER PAYABLES

	Inflation Adjusted		Historical	
Trade and other payables- Long term	2020 ZWL'000	2019 ZWL'000	2019 ZWL'000	2020 ZWL'000
Trade	1 835 774	2 086 405	1 835 774	465 107
Other	-	374 648	-	83 518
	1 835 774	2 461 053	1 835 774	548 625
Trade and other payables- Current				
Trade	482 721	470 488	482 721	104 883
Other	341 338	321 026	341 338	71 564
	824 059	791 514	824 059	176 447

29 INCOME TAX LIABILITY

Balance at 1 January	10 055	45 105	10 055	10 055
Movement	-	-	-	-
Balance at 31 December	10 055	45 105	10 055	10 055

30 Provisions

Provision for rehabilitation (note 30.1)	181 869	58 627	181 869	13 069
Other provisions (note 30.2)	127 108	56 430	127 108	12 579
	308 977	115 057	308 977	25 649
30.1 Provision for rehabilitation				
At 1 January	13 069	38 954	13 069	8 684
Charged to profit or loss:				
Additional provisions made during the year	168 800	19 673	168 800	4 386
Amounts used during the year	-	-	-	-
At 31 December	181 869	58 627	181 869	13 069

The Company has an obligation to undertake rehabilitation and restoration when environmental disturbance is caused by the ongoing mining activities. The provision for rehabilitation costs recognised in these financial statements relates to previously mined areas.

The rehabilitation provision included in the financial statements is an estimate of the cost that will be incurred for the rehabilitation and restoration of the environment. The Directors are aware of the Company's responsibility for the rehabilitation and restoration of the environment and have come up with an estimate of the costs that would be incurred to rehabilitate and restore the mined areas.

30.2 Other provisions

Death benefits	15 224	21 985	15 224	4 901
Leave pay and bonus provisions	111 884	34 444	111 884	7 678
	127 108	56 430	127 108	12 579

AUDITOR'S STATEMENT

These summary financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe), in accordance with International Standards on Auditing.

The auditors have issued an adverse audit opinion on the inflation adjusted financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies, going concern, financial results of equity accounted investments, and the revenue streams and inventory for some of the divisions in the Company.

The Auditors have included a section on key audit matters. The key audit matters were with respect to the allowances for credit losses and income taxes. There is an emphasis of matter regarding the impact of COVID-19 pandemic on the Company's operations. The auditor's report on the inflation adjusted financial statements which form the basis of these financial results is available for inspection at the Company's registered office.

The Engagement Partner on the audit resulting in this auditor's report is Farai Chibisa (PAAB Number 0547).

Grant Thornton

INDEPENDENT AUDITORS' REPORT

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To the members of Hwange Colliery Company Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of Hwange Colliery Company Limited as set out on pages 9 to 50, which comprise the inflation adjusted statement of financial position as at 31 December 2020, the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly, in all material respects, the inflation adjusted financial position of Hwange Colliery Company Limited as at 31 December 2020, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Other Business Entities Act (Chapter 24.31).

Basis for Adverse Opinion

Non-compliance with IAS 21 on the accounting of comparatives and transactions for the period

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. On 20 February 2019, a Monetary Policy

Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019.

In order to comply with SI 33/2019, the RTGS transactions and balances for the prior year were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Company changed the functional currency on 22 February 2019 in compliance with SI 33/2019. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019.

In addition, foreign currency denominated transactions and balances for the year were translated into the functional and presentation currency using exchange rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in these financial statements.

Had the Company applied the requirements of IAS 21, many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be material and pervasive to the financial statements, taken as a whole.

Non-compliance with International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 - Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2020. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the consolidated financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

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 Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Limitation of scope

Included in the company's revenue and inventory are amounts attributable to the medical services and estates divisions, which account for 10% and 3% of the total revenue and inventory of the company, respectively. There were inadequacies noted in relation to the record keeping and controls over revenue and inventory for the medical services and estates divisions. As a result, there were no satisfactory auditing procedures that we could perform to obtain reasonable assurance that revenues and inventories for the medical services and estates divisions were properly recorded.

Financial results of equity accounted investments included in the financial statements not availed.

As described in **note 16** to these financial statements, financial information for the Company's investments in the joint venture arrangement with Hwange Coal Gasification Company Limited were not availed for our review. In addition, the financial information for Zimchem Refiners (Private) Limited and Clay Products Limited was unaudited. Accordingly, we were unable to determine whether any adjustments might be necessary to the share of profit from equity accounted investments, and the effect this might have on the financial statements.

Going concern

As described in **note 33** to these financial statements, Hwange Colliery Company is in its third year under reconstruction in terms section 4 of the reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27). This was done to rescue the company from the current difficulties which resulted in the total liabilities of the company exceeding total assets.

As more fully disclosed in **note 33** to these financial statements the Company's Administrator has initiated the following amongst other turnaround initiatives:

- Implementation of a sales plan which will be driven by the sale of high value coking coal to mainly coke batteries and industry.
- Implementation of a plan to fully capacitate the open cast mine as well as increase the haulage capacity, the washing capacity and replacement of the continuous miner and shuttle cars.
- The company will also continue with the already implemented tight cost control and working capital management system which is allocating most of the cash resources towards the operations requirements.
- The company will continue with the scheme of arrangement agreed payment plan to creditors although the timelines maybe are adjusted through engagements with all the creditors.

The ability of the Company to continue operating as a going concern is dependent on the success of the turnaround initiatives being pursued by the Company's Administrator.

We draw attention to **note 40** to the financial statements, which describes the uncertainties relating to the possible effects of the COVID-19 pandemic on the Company.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key Audit Matter
Allowance for credit losses The Company has trade receivables amounting to ZWL 520 728 000 and allowance for credit losses of ZWL 147 840 000 as disclosed in note 21 to the financial statements and form a major portion of the Company's assets. We considered this area a key audit matter as it requires the application of subjective assumptions and judgement by management.	• We reviewed the methodology and assumptions used in determining the allowance for credit losses by reference to internal and external evidence, as well as the appropriateness of the process of making such estimates. • Performed an independent assessment of the allowance for credit losses and compared our results to the management estimate so as to ascertain the adequacy of allowance for credit losses. We considered management's judgement to be reasonable and we satisfied ourselves that the allowance for credit

	losses provided by the Company is adequate and appropriate.
Valuation of inventory for coal and coal related products The inventory of the company includes coal and coal related products and most of the costs of production are fixed costs. The Company is currently operating at below full capacity and there is a risk that the unit cost of production exceeds the net realisable value of the coal and coal related products upon sale to customers. The Company sells coal fines to cement and brick manufactures and has included in its inventories, coal fines valued at ZWL 332 639 000 as at 31 December 2020. Coal fines are a by-product from crushing and processing of coal various sizes of coal products. The valuation of coal and coal related products has been considered a key audit matter.	Our audit procedures included attendance at year-end physical inventory counts to observe how management and the experts/surveyors involved quantified the inventory. • We considered the competence of the surveyors as evidenced by certification, license or recognition by the appropriate professional board. • We reviewed the results of their reports, and sought to understand and corroborate the reasons for significant or unusual movements in inventory quantities. • We reviewed the methods and assumptions used by the experts. • We reviewed the most recent prices at which coal and coal related products had been sold to customers and verified whether the inventory was carried at the lower of cost and net realisable value. • Reviewed the financial statements to ascertain whether the inventory for coal and coal related products had been correctly classified as either current or non-current assets. • Inspected the financial statements to ascertain whether management had made appropriate disclosures with regards to coal and coal related products. We are satisfied that coal and coal related products, including coal fines, have been properly classified and accounted for in the financial statements.

Other information

The Administrator is responsible for the other information. The other information comprises the Administrator's' Report which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the 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 our opinion, except for the non-compliance with International Accounting Standards as described in our Basis for Adverse Opinion, the Financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business entities Act (Chapter 24:31) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

The engagement partner on the audit resulting in this Independent auditor's report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton ……………31 May 2021
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE