HWANGE
COLLIERY COMPANY LIMITED
(Incorporated in Zimbabwe)

ZSE Share Code: HCCL.ZW ISIN: ZW0009011934 | JSE Share Code: HWA ISIN: ZW0009011934 | LSE Share Code: HWA ISIN: ZW0009011934

Hwange Colliery Company Limited

Condensed Interim Financial Results

FOR THE HALF YEAR ENDED 30 JUNE 2018

Chairperson's Statement and Letter

On behalf of the Board of Directors, I present the unaudited financial results of Hwange Colliery Company Limited for the half year ended 30 June 2018.

Financial Performance

The Company's financial performance for the period under review improved in comparison to the same period in the 2017 financial year. The Company's revenue increased by 62 % to US$30.5 million for the comparable period last year from US$18.8 million in 2018. The increase in revenue is attributed to an increase in sales volume of 51% and increased prime grades in the sales mix. The loss decreased by 6% to US$23 million recorded in 2017 from US$24.5 million for the period under review.

Operations

Production improved significantly to 819,859 tonnes from 565,298 tonnes achieved during the same period in 2017, representing an increase of 45%. Though favourable than the comparable period in 2017, the company's production performance for the period under review fell 22% short of budgetary target of 1,047,026 tonnes. This was attributable to working capital constraints. The improved production has seen the company regaining its market share lost in prior years.

Total sales tonnage was 682,152 from 450,452 for the same period last year against a budget of 1,242,880. HPS sales to Hwange Power Station increased by 70% to 376,695 tonnes from 221,646 tonnes and HCC/HIC coal sales increased by 54% to 268,570 tonnes from 174,201 tonnes.

The cost of sales increased by 46% to $30.6 million in 2017 from $20.9 million driven by sales volumes which increased by 231,700 tonnes.

Scheme Of Arrangement

The Company's scheme of arrangement with its creditors afforded the Company moratorium while building the financial resources to capacitate the Company to meet its financial obligations in favour of its creditors. The Board remains confident that the turnaround efforts shall yield the desired results.

Outlook

The Company's half year performance demonstrates that increased production can be achieved. This increase will be complemented by some targeted effeciency interventions that are expected to impact positively on the costs of sales. That being said, the Company's strategic priorities for the second half of the year (H2, 2018) will continue to be the following;

a) **Increased Production**
Through to year end, the company shall focus on a sustainable monthly production tonnage of 300,000 tonnes per month inclusive of the mining contractor's contribution. Further, since the Company managed to resuscitate the underground mine operations, it shall focus on mining high value coking coal. This is with the resuscitation of the Company's own coke oven battery in mind that beneficiation of coking coal to coke shall create more value for the Company. While the Company has engaged the National Railways of Zimbabwe as a solution to its external logistics, there are still challenges which the Company is still engaging NRZ for a solution.

b) **Open Cast Mining**
The Company's open cast operation contributed 296,958 tonnes for the half year which represents 36% 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 secure working capital to address these.

c) **Resuscitation of Underground Mine Operations**
The Company diligently pursued the resuscitation of its underground mine operations which was out of production since July 2015 after its continuous miner had a major breakdown. The company has managed to bring back the underground mine into operation producing an average of 15 000 tonnes per month since January 2018. 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.

d) **Coke Production**
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 the resuscitation of its own coke oven battery while it shall still continue exploring options for the takeover of the HCGC Battery.

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

f) **Western Areas Development**
The Company concluded an Exploration Agreement with Fugro Earth Resources to undertake exploration and drilling of the Western Areas Concession. Commencement of works is expected in the last quarter of the current financial year.

g) **Improve efficiencies and competitiveness**
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.

Dividend

In view of the loss position, the board has not proposed an interim dividend for the period under review.

Directorate

During the period under review, Mr S.T Makore resigned from his position as the Company's Managing Director effective 23 May 2018.

There are still vacancies on the Board. The Board is engaging shareholders in connection with filling the casual vacancies on the Board.

Appreciation

Whilst the Company was still in a loss position, the financial results demonstrate signs of recovery resultant from a concerted team effort to turnaround the Company. The Board is grateful for the support rendered by all stakeholders to its turnaround plans.

I would like to express my gratitude to my fellow Directors, Management and Staff for their collective efforts and dedication to the Company.

J. MUSKWE (MRS)
Acting Chairperson
13 August 2018

Operational Review

I have pleasure in submitting my report on the Company's operations for the half year ended 30 June 2018.

Overview

An operating plan for the half year was adopted from the five year strategic plan aimed at increased and least cost production. This five year strategic plan was a culmination of a company-wide approach involving and incorporating inputs from staff in all departments.

Coal Production and Sales

Mining- Open pit mining increased from an average of 68,986 metric tonnes per month in the first quarter and peaked at 300 000 metric tonnes per month in June.

Local Sales - The increased production and sales enabled the company to retain key customers and grow its market share. Sales for the half year ended 30 June 2018 were 0.68 million metric tonnes which represented a 51% increase compared to the same period last year. Thermal coal still contributed the largest portion of sales while industrial coal sales to the industrial customers and the tobacco sector also grew. Coking coal sales will be a major area of focus and growth as the production from 3 Main underground increases. The ultimate strategy will be coke production which is hinged on the Company's resuscitation of its own coke oven battery.

Export Sales -The Company's largest export market was Zambia. Export of industrial coal and coke 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 5% compared to the target of 20% contribution.

Coal Processing

Coke Oven Battery - Refurbishment of the Hwange Colliery coke oven battery is planned to start in the 4th quarter of 2018.

Estates Division Performance

Revenue grew by 62% to $4.9 million compared to the previous year. The revenue was generated from the following segments: real estate (56%), retail (29%), hospitality (8%) and education (7%)

Medical Services Division Performance

The Medical Services Division generated revenue of $986,522 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 ISO 9001:2015 by the month of August 2018 and has also embarked on Integrated Business management System (IBMS) targeting certification by third quarter 2019.

Outlook

The operating plan for the second half of the year (H2, 2018) will continue to focus on increased production and improved efffeciencies. 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 costs in line with industry best practises.

Innovative ways to deal with the scheme obligations will be explored while production of high margin and value coking coal will be increased.

Appreciation

The Board, Management and staff showed resilience and remained focused on its turnaround plan implementation. I would like to thank the Acting Chairperson, Mrs J. Muskwe and the entire Board, management and staff for their support, dedication and relentless commitment during the period under review and look forward to their support through to year end.

S. MANAMIKE
Managing Director (Acting)
13 August 2018

Statement On Corporate Governance

Hwange Colliery Company Limited follows the principles and general guidelines set out by the King Reports on Corporate Governance and the National Code on Corporate Governance. As a tri-listed Company, it also complies with the listing requirements of the Zimbabwe Stock Exchange, Johannesburg Stock Exchange and the London Stock Exchange.

Codes Of Practice

The Board has established policies and procedures regulating its own processes to ensure good corporate governance.

Directorate

The Company's Articles of Association provide for a maximum of ten (10) directors of which one (1) of them is a Managing Director who is given executive functions. The Board is chaired by a non-executive director. Directors meet at least quarterly and these directors are subject to retirement by rotation and re-election by Shareholders in accordance with the Company's Articles of Association.

Directors' Interests

In terms of good corporate governance and as provided by the Companies Act (Chapter 24:03) and the Company's Articles of Association, directors are required to declare in writing during the year, whether they have material interests in any contracts or arrangements of significance with the Company which could give rise to conflict of interest. No such conflicts have been reported during the period under review.

Board Meetings Attendance

Details of attendance by the Directors at Board and Committee meetings for the half year ended 30 June 2018 are set below:

NAME OF DIRECTOR	MAIN BOARD		HUMAN RESOURCES		AUDIT		MARKETING		TECHNICAL	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Pos-sible	Attended	Pos-sible
Mrs J Muskwe	3	4	4	4	-	-	4	4	-	-
Mr S T Makore	4	4	4	4	4	4	4	4	4	4
Mrs N Masuku	4	4	-	-	4	4	-	-	4	4
Mr E N Tome	3	4	-	-	3	4	3	4	3	4
Mr V Vera	4	4	-	-	2	4	3	4	2	4

Internal Controls

The Board reviews the effectiveness of the internal controls through the Audit Committee and through executive management reporting to the Board. Business plans, budgets and authorisation limits for the approval of significant expenditure, including investments are appraised and approved by the Board.

The Company complies with the Zimbabwe Stock Exchange listing rules regarding dealings in the Company's shares and has adopted a share dealing code to ensure compliance by the directors and applicable employees.

Shareholder Relationships

During the year the Company met with shareholders at an annual general meeting which was held on 29 June 2018.

A. MASIYA
Company Secretary
20 September 2018

Hwange Colliery Company Limited

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FOR THE HALF YEAR ENDED 30 JUNE 2018

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Condensed Statement Of Profit Or Loss And Other Comprehensive Income

for the six months ended 30June 2018

`		Notes	6 months to 30 June 2018 USD Unaudited	6 months to 30 June 2016 USD Unaudited	Year 31 December 2017 USD Audited
Revenue		5	30 538 196	18 814 733	54 497 858
Cost of sales			(30 682 115)	(20 957 538)	(53 150 059)
Gross (loss)/profit			(143 919)	(2 142 805)	1 347 799
Other income			558 174	218 760	795 358
Other gains and losses (net)			-	(3 609)	(3 609)
Marketing costs			(323 038)	(333 237)	(1 232 479)
Administrative costs			(10 825 269)	(6 415 219)	(25 098 636)
Care and maintenance costs			(4 119 607)	(5 278 313)	-
Operating loss			(14 853 659)	(13 954 423)	(24 191 567)
Loss on disposal of treasury bills			-	(5 921 389)	(6 521 040)
Finance cost			(8 147 736)	(4 623 896)	(13 062 019)
Share of loss from equity accounted investments			-	(63 113)	(63 113)
LOSS BEFORE TAX			(23 001 395)	(24 562 821)	(43 837 739)
Income tax		6 -	-	-	
LOSS FOR THE PERIOD/ YEAR			(23 001 395)	(24 562 821)	(43 837 739)
Other comprehensive income:					
Other comprehensive income for the period/year, net of tax			-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR			(23 001 395)	(24 562 821)	(43 837 739)
Attributable loss per share	- basic	6	(0.13)	(0.13)	(0.49)
	- diluted	6	(0.13)	(0.13)	(0.49)
Headline loss per share	- basic	6	(0.13)	(0.13)	(0.48)
	- diluted	6	(0.13)	(0.13)	(0.48)
	- diluted	**6**	(0.13)	(0.13)	(0.48)

Condensed Statement Of Financial Position

as at 30 June 2018

	Notes	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
ASSETS				
Non- current assets				
Property, plant and equipment	7	104 062 428	112 433 601	107 569 137
Investment property	8	4 490 000	4 490 000	4 490 000
Investments accounted for using the equity method	9	14 753 031	14 753 031	14 753 031
Intangible assets	10	592 882	862 411	699 313
Exploration and Evaluation		685 813	-	-
Inventories non - current portion		8 138 714	9 218 421	8 138 714
		132 722 868	141 757 464	135 650 195
Current assets				
Stripping activity asset	11	6 462 360	-	8 871 563
Inventories	12	19 151 915	22 381 506	13 413 017
Trade and other receivables	13	18 339 519	22 021 505	31 427 775
Cash and cash equivalents	14	5 056 509	30 130 558	8 864 181
		49 010 303	74 533 569	62 576 536
Total assets		181 733 171	216 291 033	198 226 731
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	15	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
Accumulated losses		(325 431 087)	(283 154 774)	(302 429 692)
		(234 583 356)	(192 307 043)	(211 581 961)
Non-current liabilities				
Finance lease liability	16.1	600 000	700 000	600 000
Borrowings	17.1	154 003 630	145 940 958	150 312 838
Long term creditors	18.2	59 703 306	184 776 428	210 226 851
4% Debentures	19	123 999 364	-	-
Income tax liability		10 054 850	-	10 054 850
		348 361 150	331 417 386	371 194 539
Current liabilities				
Finance lease liability	16.2	390 969	397 723	390 969
Borrowings	17.2	12 605 825	-	-
Trade and other payables	18.1	35 845 937	53 162 651	24 364 013
4% Debentures	19	4 093 352	-	-
Provisions	20	15 019 294	13 565 466	13 859 171
Current tax liability		-	10 054 850	-
		67 955 377	77 180 690	38 614 153
Total equity and liabilities		181 733 171	216 291 033	198 226 731

Condensed Statement Of Cash Flows

for the six months ended 30June 2018

	Notes	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
Cash generated form operating activities				
Loss before taxation		(23 001 395)	(24 562 821)	(43 837 739)
Adjustment for non-cash items		14 036 861	11 820 397	25 040 660
Net effect of changes in working capital		22 400 608	16 523 635	(229 085 781)
Net cash (utilised in)/ generated from operations		13 436 074	3 781 211	(247 882 860)
Interest paid		-	(28 656)	-
Tax paid		-	-	-
Net cash (utilised in)/generated from operating activities		13 436 074	3 752 555	(247 882 860)
Cash flows from investing activities				
Purchase of property, plant and equipment		(2 551 902)	(13 443)	(1 707 063)
Proceeds from disposal of assets		-	-	-
Exploration and Evaluation		(685 813)	-	-
Net cash utilised in investing activities		(3 237 715)	(13 443)	(1707 063)
Cash flows from financing activities				
Proceeds from borrowings		12 518 150	-	52 284 000
Repayment of borrowings		-	(125 000)	(4 335 506)
Long term creditors		(26 524 181)	-	210 226 979
Net cash generated from/(utilised in) financing activities		(14 006 031)	(125 000)	258 175 473
Net (decrease)/increase in cash and cash equivalents		(3 807 672)	3 614 112	8 585 550
Cash and cash equivalents at beginning of the period/year		8 864 181	465 977	278 631
Cash and cash equivalents at end of period/year	14	5 056 509	4 080 089	8 864 181

Condensed Statement Of Changes In Equity

for the six months ended 30 June 2018

	Share capital USD	Non-distributable reserves USD	Share premium USD	Revaluation reserve USD	Accumulated losses USD	Total USD
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 period (unaudited)	-	-	-	-	(23 001 395)	(23 001 395)
Balance at 30 June 2018 (unaudited)	45 962 789	4 358 468	577 956	39 948 518	(325 431 087)	(234 583 356)
Balance at 1 January 2017	45 962 789	4 358 468	577 956	39 948 518	(258 591 953)	(167 744 222)
Total comprehensive loss for the period (unaudited)	-	-	-	-	(24 562 821)	(24 562 821)
Balances at 30 June 2017 (unaudited)	45 962 789	4 358 468	577 956	39 948 518	(283 154 774)	(192 307 043)
Balance at 1 January 2017	45 962 789	4 358 468	577 956	39 948 518	(258 591 953)	(167 744 222)
Total comprehensive loss for the year (audited)	-	-	-	-	(43 837 739)	(43 837 739)
Balances at 31 December 2017 (audited)	45 962 789	4 358 468	577 956	39 948 518	(302 429 692)	(211 581 961)

Notes To The Condensed Interim Financial Statements

for the six months ended 30 June 2018

1 Nature of operations

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.

2 Basis of preparation of the condensed financial statements

The condensed interim financial statements for the six months ended 30 June 2018 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 2017, 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 board of directors on 19 September 2018.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2017.

4 Estimates

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 December 2017.

		Notes	6 months to 30 June 2018 USD Tonnes	6 months to 30 June 2017 USD Tonnes	Year 31 December 2017 USD Audited
5	**Revenue**				
	Coal sales				
	HCC/HIC		268 570	174 021	510 459
	HPS coal		376 695	221 646	669 124
	Coal fines and breeze		36 724	51 542	103 922
	Total coal sales		681 989	447 209	1 283 506
	Coke tonnes		163	3 243	4 979
	Total sales		682 152	450 452	1 288 485
			USD	**USD**	**USD**
	Mining		24 570 948	15 457 085	44 292 950
	Estates		4 980 727	3 082 171	668 434
	Medical Services		986 522	275 477	9 536 474
	Total		30 538 196	18 814 733	54 497 858
6	**Taxation**				
	Current tax		-	-	-
	Deferred tax		-	-	-
			-	-	-

6 Loss per share

6.1 Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period/year.

Loss attributable to shareholders	(23 001 395)	(24 562 821)	(43 837 740)
Weighted average number of ordinary shares in issue	183 757 366	183 757 366	183 720 699
Basic loss per share	(0.13)	(0.13)	(0.24)

6.2 Diluted

Loss used to determine diluted loss per share	(23 001 395)	(24 562 821)	(43 837 740)
The weighted average number of ordinary shares for the purpose of diluted loss per share, reconciles to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:			
Weighted average number of ordinary shares in issue	183 757 366	183 757 366	183 720 699
Weighted average number of ordinary shares for diluted loss per share	183 757 366	183 757 366	183 720 699
Diluted loss per share	(0.13)	(0.13)	(0.24)

Directors: J. Muskwe (Acting Chairperson), S. Manamike (Acting Managing Director), N. Masuku, V. Vera, E. N. Tome.

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FOR THE HALF YEAR ENDED 30 JUNE 2018

Notes To The Condensed Interim Financial Statements

for the six months ended 30 June 2018

	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
6 Loss per share (continued)			
6.2 Diluted (continued)			
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 loss and basic loss:			
IAS 33 - Losses	(23 001 395)	(24 562 821)	(43 837 740)
Non - recurring items:			
Proceeds on sale of scrap	(234 205)	(3198)	(90 037)
Retrenchement costs	-	-	4 382 064
Loss on disposal of Treasury Bills	-	-	6 521 040
Tax effect of the above	-	-	(2 260 089)
Headline losses	(23 235 600)	(24 566 019)	(35 284 762)
Weighted average number of ordinary shares in issue	183 757 366	183 757 366	183 720 699
Headline loss per share	(0.13)	(0.13)	(0.19)
7 Property, plant and equipment			
Carrying amount at the beginning of the period/year	107 569 137	119 261 362	119 261 362
Additions	2 551 902	77 120	1 707 063
Disposals	-	-	-
Depreciation charge for the period/year	(6 058 611)	(6 904 881)	(13 399 288)
Carrying amount at the end of the period/year	104 062 428	112 433 601	107 569 137
8 Investment property			
Fair value	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 Bulawayo with an administration building thereon.

	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
8.1 The following amount has been recognised in profit or loss:			
Rental income	226 162	175 318	528 879
9 Investment in equity accounted investments			
Investments in associates (note 11.1)	-	-	-
Investments in joint venture (note 11.2)	14 753 031	14 753 031	14 753 031
	14 753 031	14 753 031	14 753 031
9.1 Investments in associates			
Carrying amount as at beginning of period/year	-	63 113	63 113
Share of loss	-	(63 113)	(63 113)
Carrying amount at the end of the period/year	-	-	-

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 USD 146 254 (2017: USD 336 428) for Zimchem Refiners (Private) Limited as the cumulative losses exceed the carrying amount of the investment in associate.

The Company did not recognise losses for the period amounting to USD 35 371 (2017: 887) for Clay Products (Private) Limited as the cumulative losses exceed the carrying amount of the investment in associate.

	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
9.2 Investment in joint venture			
Carrying amount as at 1 January	14 753 031	14 753 031	14 753 031
Share of loss	-	-	-
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 method.

	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
10 Intangible assets			
Opening carrying amount	699 313	968 842	968 842
Additions	-	-	-
Impairment losses	-	-	-
Amortisation charge	(106 431)	(106 431)	(269 529)
Closing carrying amount	592 882	862 411	699 313

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 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
11 Stripping activity asset			
Carrying amount at 1 January	8 871 563	-	-
Pre-stripping costs incurred	2 895 112	-	8 871 563
Costs charged/(credited) to cost of sales	(5 304 315)	-	-
Closing carrying amount	6 462 360	-	8 871 563
12 Inventories			
Raw materials / consumables	10 089 391	13 107 614	9 144 098
Finished goods			
Coal and coal fines	9 062 524	9 273 892	4 268 919
Coke	-	-	-
	19 151 915	22 381 506	13 413 017
13 Trade and other receivables			
Trade	16 414 023	16 746 975	22 013 350
Other	1 925 495	5 274 530	9 414 425
	18 339 519	22 021 505	31 427 775
14 Cash and cash equivalents			
For the 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:			
Bank and cash balances	5 056 509	30 130 558	8 864 181
Bank overdraft	-	-	-
	5 056 509	30 130 558	8 864 181
15 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	27 559 358	27 559 358	27 559 358
5 962 366 Ordinary shares issued under share option scheme	1 514 039	1 514 039	1 514 039
	29 073 397	29 073 397	29 073 397
67 557 568 ''A" Ordinary shares of USD0.25 each	16 889 392	16 889 392	16 889 392
	45 962 789	45 962 789	45 962 789
16 Lease liability			
16.1 Non current			
Finance lease liabilities due after one year	600 000	700 000	600 000
16.2 Current			
Finance lease liabilities due within one year	390 969	97 723	390 969

17 Borrowings

Borrowings relate to loans from the Govenment of Zimbabwe, CABS and CBZ with an average borrowing cost of 7%. CBZ loan is securitized against immovable property and an assignment of proceeds from two major customers in a ring fence arrangement. The CABS loan is guaranteed by the Reserve Bank of Zimbabwe.

	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
17.1 Non current			
Loans due after one year	154 003 630	145 940 958	150 312 838
17.2 Current			
Bank overdraft	-	-	-
Loans payable within one year	12 605 825	-	12 605 825
18 Trade and other payables			
18.1 Trade and other payables- Current			
Trade	1 485 510	23 356 436	9 382 539
Other	34 360 427	29 806 215	14 981 474
	35 845 937	53 162 651	24 364 013
18.2 Trade and other payables- Long term			
Trade	-	60 843 209	73 277 839
Other	59 703 306	123 933 219	136 949 011
	59 703 306	184 776 428	210 226 850

19 Debentures

Debentures have been issued to creditors as per the terms of the Creditors Scheme of Arrangement. Regulatory approvals were obtained prior to the issuing of the debentures will be paid quarterly with effect from June 2019.

	30 June 2018 USD Unaudited	30 June 2017 USD Unaudited	31 December 2017 USD Audited
Current	4 093 352	-	-
Long term	123 999 364	-	-
	128 092 716	-	-
20 Provisions			
20.1 Provision for rehabilitation			
At the beginning of the period/year	7 217 507	6 371 883	6 371 883
Additional provisions made during the period/year	733 084	370 024	845 624
At the end of the period/year	7 950 591	6 741 907	7 217 507
20.2 Other provisions			
Leave pay and other provisions	7 068 703	6 823 559	6 641 664
Total provisions	15 019 294	13 565 466	13 859 171

21 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 USD	Estates USD	Medical services USD	Total USD
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	1 057 248	30 807 804
Segment operating loss/profit	(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
30 June 2017				
Revenue				
From external customers	15 457 085	3 082 172	238 332	18 777 588
From other segments	-	239 111	813 377	1 052 488
Total segment revenues	15 457 085	3 321 283	1 051 709	19 830 076
Segment operating loss	(14 783 974)	(852 602)	(633 329)	(16 269 906)
Segment assets	300 973 607	11 700 447	13 584 191	326 258 245
Segment liabilities	300 973 607	19 225 347	23 194 584	343 393 538
31 December 2017				
Revenue				
From external customers	44 292 950	9 536 474	668 434	54 497 858
From other segments	-	540 728	1 327 596	1 868 324
Total segment revenues	44 292 950	10 077 202	1 996 030	56 366 182
Segment operating (loss)/profit	(29 592 836)	(210 158)	(909 514)	(30 712 508)
Segment assets	106 838 702	-	7 345 987	114 184 689

22 Going concern

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

Net current liability position

The company's current liabilities exceeded its current assets by USD 17 677 138 as at 30 June 2018 (30 June 2017: 2 647 121; 31 December 2017 current assets exceeded current liabilities: USD 23 962 383). This is attributable to a portion of the scheme debt which is now due within the next 12 months and losses incurred in the 6 month period. The losses are a result of high fixed overheads associated with the Company's operations and lower than plan production in the period. In mitigation the company has reengaged a contractor to provide mining services at its open cast mine and has relocated the company's open cast operation to JKL pit in an effort to increase high margin coking coal production. The following plans are also being implemented to ensure that the operation returns to profitability:

3 Main Underground Mine Resuscitation

Resuscitation of 3 Main underground mine is on course with receipt of the underground mining suite having began mid June and by mid July all equipment was on site and in the process of being commissioned. The receipt of equipment will see underground mining operations coming back online with full production capacity of 50,000 tonnes per month expected to be achieved by end of September 2018. The operation will be producing coking coal.

Expansion of 3 Main Underground mine

The Company is actively looking at ways to increase production from its underground mine through the introduction of a second continous miner section. This should see production from the underground operations doubling from 50,000 tonnes per month to 100,000 tonnes per month. This project is being aggressively persued to ensure adequate feed is available for the former ZISCO cokeworks now under ZIMCOKE. The cokeworks are expected to be operational from 2nd quarter 2019.

Coke Oven Battery

Following the resuscitation of underground mining operations which provide the coking coal feed for the HCCL battery the Company put out a tender for the refurbishment of its coke oven battery. The tender is currently being adjudicated. Resucitation of the battery should see the company's profitability improve in the medium term.

Disposal of houses and town infrastructure

The Company is also looking at disposing part of its housing stock and town infrastructure to reduce its debt and financing costs. Valuations have been carried out and are being analysed.

Operating loss

The operating loss of USD 14 853 661 (30 June 2017: USD 13 954 423; 31 December 2017: USD 24 191 567) is mainly attributable to the lower revenue recorded in the period under review. The Company's current initiatives are expected to reverse the general poor production and trading performance.

23 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.

23.1 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 position.

23.2 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.