HWANGE
COLLIERY COMPANY LIMITED
(Incorporated in Zimbabwe)

CONDENSED INTERIM FINANCIAL RESULTS

For the six months ended 30 June 2020

PROUDLY PROVIDING MORE THAN JUST COAL

ADMINISTRATOR'S LETTER

It is our pleasure to present the reviewed financial results of Hwange Colliery Company Limited for the half year ended 30 June 2020.

OVERVIEW

The Economic environment continues to be challenging, as evidenced by high levels of unemployment, foreign currency shortages and rampant inflation which was reported at 761.02% on a year on year basis for the period ended 31 August 2020. This has been exacerbated by the lockdown for at least half of the period under review, which was necessitated by the advent of COVID - 19. At the peak of the problem the Country was operating under level 5, which meant that there was limited activity within the industrial sector, which had a negative impact on both production and sales.

Notwithstanding the above our performance continues to improve albeit at a slower pace than originally envisaged.

FINANCIAL PERFORMANCE

On an inflation adjusted basis, the performance improved from a gross profit of ZWL 394 million and a net loss of ZWL 2.3 billion to a gross profit of ZWL 560 million and after tax profit of ZWL 577 million, which is pleasing. On a historic cost basis, the Company's performance improved from a gross profit of ZWL 34 million for the same period in 2019 to a gross profit of ZWL 357 million for the six months under review. It is interesting to note that prior to the Company being placed under administration, it was making gross losses for a sustained period. The company however, had a net loss position of ZWL 992 million for the period under review compared to the net profit of ZWL 3.5 million for the same period in 2019 due to an exchange loss of ZWL 1 billion on legacy foreign creditors. Total legacy foreign creditors currently stand at USD 20 million and therefore this problem will persist until these have been fully settled. Revenue increased by 28% from ZWL 827 million in 2019 to ZWL 1 billion for the six months under review on an inflation adjusted basis and on historical basis it increased by 916% from ZWL 70 million to ZWL 709 million. This was largely due to a combination of an increase in high value coking coal sales as well as frequent adjustments to product prices in line with changes to the interbank rates.

REVIEW OF OPERATIONS

Total production increased by 84% from 325,114 tonnes in 2019 to 596, 876 tonnes for the period under review. This was largely due to an increase in production by the contractor. Our target going forward is to ensure that production is skewed to own mining as it is not only cheaper but more reliable particularly given cash flow challenges that have dogged the Company in the recent past. Owing to the above a recapitalisation programme has been embarked on, which if successful will result in production increasing by at least 50% in the coming year. We need to consistently produce 200,000 tonnes a month to have a sustainable business.

MINING DIVISION

a) Occupational Health and Safety

HCCL managed to extend its fatality free shift record, as at 30 June 2020 we have accumulated 1.8 million fatality free shifts. The organisation has gone for 926 days without any fatality. There are a number of factors behind this overall improvement in safety namely people focus, systems implementation and application of new and more effective technology. Regrettably, the number lost time injuries slightly increased from five (5) in half year 2019 to six (6) in half year 2020 resulting in the Lost Time Injury Frequency Rate (LTFR) deteriorating by 10.5% from 1.99 in the first half of 2019 to 2.2 in first half of 2020. However, we continue on the journey to achieving zero harm. HCCL's integrated Wellness Programme encompassing both physical and mental health, was interrupted by the Covid-19 pandemic. Employee wellness and behaviour continues to be key to safe production in the workplace and achievement of the 'zero harm' vision. There was also a very strong focus on Covid-19 pandemic which meant adopting new alternatives of working safely across the mine.

b) Environment

There were no major issues of environmental non-compliance reported from the internal and external audits carried out during the first half of the year. HCCL underwent SAZ Certification audits for ISO14001:2015 Environmental Management Systems Standard. Rehabilitation of the mined out areas and maintenance of slurry dams remained a challenge due to equipment shortages, however, the organisation is committing to resume the rehabilitation in the second half of 2020. All water abstraction permits were received and complied with, efforts are being made to improve water conservation strategies and enhance water recycling/ reuse current efforts. HCCL continued to comply with the waste management legislative requirements during the period under review. In compliance with the solid waste and effluent regulations, domestic waste landfills regulations all the licence and permits are up-to-date and complied with. The organization has successfully underwent Certification Audits for the two standards i.e. Environmental Management System - ISO 14001:2015 and Occupational Health and Safety System ISO 45001:201.

c) Open Cast Mining

Total coal from combined HCCL open cast pits was 518,303 tonnes, a 143% increase in production from 2019 including 331,296 tonnes mined by contractor Zhong Jian who started in February 2020.Total coal mined by Opencast JKL operations totalled 187,007 tonnes, a 13% decline in production from the previous year. This was largely due to continuous breakdown of equipment which is a challenge as the equipment is now antiquated. Most of these problems are currently being addressed and we are cautiously optimistic that they will be resolved by the end of first quarter next year. A total of 321,290 tonnes were delivered to Hwange Power Station during the period under review including contractor deliveries. The commissioning of the ESC 12 Rockdrill plant had a significant positive impact in addressing coal sizing requirements as in accordance with the new supply agreement with Zimbabwe Power Company (ZPC).

The mine continued to be constrained by low working capital inflows and the shortage of adequate foreign currency to acquire critical spares and consumables. The Covid-19 pandemic also impacted negatively on the movement of spares across the borders and also locally within the borders. This resulted in long lead times in acquiring critical spares.

d) Underground Mining

Coal production at 3Main Underground Mine at 78, 573 tonnes which was 32% below budget during the first half of 2020. The successful commissioning of the Continuous Miner (CM) was done at the beginning of second quarter of 2020, albeit late, due to the additional scope of work on the scheduled major repair works on the CM. Corrective maintenance on the CM is planned in the second half of the year, to eliminate challenges encountered in the first half of 2020. In-line with the Life of Mine (LOM) schedule, the CM shall relocate from East Production panel to West Development panel before end of the year. A new Load, Haul and Dump (LHD) machine has been ordered and will be delivered before end of September 2020. The new LHD is envisaged to markedly impact production positively by improving underground S/Car road conditions, reducing time to repair and increasing reliability of underground mining machines. Plans are in place to adequately optimize the underground mine by introducing a third shuttle car.

e) Processing

A total of 217 557 tonnes were processed against a target of 480 000tonnes (45, 3% achievement). Plans were put in place to improve the monthly production by increasing haulage capacity and also availing spares and service kits for the plants and mobile equipment. The Coal preparation plant managed to produce 85 093 tonnes against a target of 240 000 tonnes (36% achievement). The production was also affected by low coal supply, fuel outages and engineering breakdowns. Haulage capacity was improved and spares were availed as means to increase the plant utilization and product. Coking coal was produced using the Jig and Flotation plant and 44 060 tonnes of coking coal were produced against a target of 90 000 tonnes (49% achievement). Plant breakdowns and low coal supply affected the production during the months under review. The Heavy Medium Separating plant is under renovations so as to improve the coking coal production figures. The plant is expected to bring an additional 21 000 tonnes of coking coal per month.

f) Fixed and mobile plant repair and restoration of full capacity.

Focus for the first half was on working capital availability for plant and machinery in order to improve availability. Repairs work on the HMS washing plant is at an advanced stage and has been delayed by foreign currency constraints and is expected to be commissioned in the fourth quarter of 2020. Utility vehicles were also purchased for the public relations and finance department.

g) Coke Production

HCCL plans to resume coke production from January 2023, as plans are underway to acquire a new coke oven battery and by-products recovery plant. This will see an increase in revenue and sales for the company. Plans are also underway to acquire a new modular washing plant that will be located close to the mine. It will result in reduction in haulage costs and overall production costs.The intended takeover of the Hwange Coal Gasification Company (Private) Limited (HCGC) Coke Oven Battery pursuant to a BOOT Agreement with its Chinese partners in HCGC is still pending.

CORPORATE SERVICES

1) Estates

Profit for the half year was ZWL 7, 5 million compared to a budget of ZWL 8, 1 million and revenue amounted to ZWL 54, 7 million against a budget of ZWL 72,1 million. This was attributed to the COVID - 19 induced restrictions which severely affected the other three segments' performance by limiting full operations to only the first quarter of the year. Operations affected included beer halls, clubs, filling stations, schools, lodges and guest houses. All costs increased owing to the prevailing hyperinflationary environment, slowing down the planned house maintenance drive. Major projects currently in progress include the By-pass food court on the Bulawayo-Victoria Falls highway, TM Pick 'n' Pay refurbishment and the Zimbabwe Open University campus construction. Projects on the horizon include the construction of a standard truck stop to serve trucks picking coal from HCCL and surrounding mines as well as the refurbishment of filing stations and vehicle servicing centres.

2) Medical

Loss for the half year was ZWL 8.2 million compared to a budgeted loss of ZWL 0.5 million and revenue amounted to ZWL 13 million against a budget of ZWL 15.1 million. This is attributed to the COVID-19 induced restrictions which severely affected the operations and also resulted in increased costs to control and fight the spread of the pandemic. The division bought and commissioned a self-steam generating autoclaving machine for sterilisation of equipment and theatre/wound care procedures linen. It does not rely on the boilers. A Digital Film Processor was leased to replace equipment that had broken down. The plan is to buy own new digital x-ray machine which is work-in progress. Patient Management System is now in use. System integrity checks are being run.

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 were closed due to lockdown. The company will continue to operate and is fully aware of the potential risk to the business of the pandemic until it is under control.

ZSE LISTING

The Zimbabwe Stock Exchange suspension owing to the Company's placement under administration in terms of the Reconstruction of State-Indebted Companies Act [Chapter 24:27], continues. However the company continues to report its financial status every quarter in line with ZSE rules and regulations.

OUTLOOK

A lot of work has gone into stabilisation of the operations of the business. However due to the current status of the Company, it has been challenging to obtain both working capital and long term financing for the business. It is however pleasing to note that as the Company's fortunes continue to improve a lot of funders are now interested in extending lines of credit to the business. As a result we are confident that the operations will stabilize within the next 6 to 12 months. Our immediate target is to consistently produce at least 200,000 tonnes a month by the end of first quarter next year.

Plans are currently underway to settle all local currency denominated legacy creditors, save for government within the next six months.

APPRECIATION

On behalf of the administration team we would like to thank management and staff for a decent set of results in spite of all the challenges.

B. MOYO
ADMINISTRATOR

DR C. ZINYEMBA
ACTING MANAGING DIRECTOR

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2020

			INFLATION ADJUSTED		HISTORICAL COST	
		Notes	30 June 2020 ZWL 000	30 June 2019 ZWL 000	30 June 2020 ZWL 000	30 June 2019 ZWL 000
Revenue		7	1 060 270	826 869	709 417	69 849
Cost of sales			(539 402)	(432 864)	(352 801)	(35 714)
Gross profit			520 868	394 005	356 616	34 135
Other income			4 245	3 601	3 290	264
Other losses (net)			(1 219 887)	-	(1 056 285)	-
Marketing costs			(5 139)	(4 337)	(3 636)	(365)
Administrative costs			(279 645)	(256 446)	(194 837)	(23 015)
Care and maintenance costs			-	(5 409)	-	(646)
Impairment reversal			-	50 197	-	5 995
Gain / (loss) on net monetary position			1 660 918	(2 347 999)	-	-
Operating loss			681 360	(2 166 388)	(894 852)	16 368
Finance cost			(16 674)	(155 534)	(9 644)	(12 845)
PROFIT/(LOSS) FOR THE PERIOD			**664 686**	**(2 321 922)**	**(904 496)**	**3 523**
Income tax		**8**	**(87 252)**	**-**	**(87 252)**	**-**
PROFIT/(LOSS) FOR THE PERIOD			577 434	(2 321 922)	(991 748)	3 523
Other comprehensive income:						
Gain on revaluation property, plant and equipment			-	-	-	-
Tax effect of revaluation			-	-	-	-
TOTAL COMPREHENSIVE PROFIT/ (LOSS) FOR THE PERIOD			577 434	(2 321 922)	(991 748)	3 523
Attributable loss per share	- basic	9.1	3.14	(12.64)	(5.40)	0.02
	- diluted	9.2	3.14	(12.64)	(5.40)	0.02
Headline loss per share	- basic	9.3	3.14	(12.92)	(8.38)	(0.01)
	- diluted	9.3	3.14	(12.92)	(8.38)	(0.01)

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

		INFLATION ADJUSTED			HISTORICAL COST		
	Notes	30 June 2020 ZWL 000 Reviewed	30 June 2019 ZWL 000 Reviewed	31 December 2019 ZWL 000 Audited	30 June 2020 ZWL 000 Reviewed	30 June 2019 ZWL 000 Reviewed	31 December 2019 ZWL 000 Audited
ASSETS							
Non - current assets							
Property, plant and equipment	10	6 348 478	1 337 549	6 481 587	2 397 527	82 825	2 473 968
Investment property	11	80 328	107 103	210 453	80 328	4 490	80 328
Investments accounted for using the equity method	12	352 458	352 458	38 713	14 777	14 777	14 777
Intangible assets	13	4 976	10 107	718	168	380	274
Stripping activity asset	14	34 781	34 781	3 855	1 471	1 471	1 471
Inventories non - current portion	15.1	138 334	159 952	15 435	5 892	6 812	5 892
		6 959 355	2 001 950	6 750 761	2 500 163	110 755	2 576 710
Current assets							
Inventories	15.2	337 660	311 053	234 160	207 709	22 679	89 377
Trade and other receivables	16	396 089	378 417	335 866	396 089	45 197	128 197
Cash and cash equivalents	17	27 102	51 684	29 817	27 102	6 173	11 381
		760 851	741 154	599 843	630 900	74 049	228 955
Total assets		7 720 206	2 743 104	7 350 604	3 131 063	184 804	2 805 665
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	18	1 181 173	1 181 173	1 181 173	45 963	45 963	45 963
Non-distributable reserves		112 006	112 006	112 006	4 358	4 358	4 358
Share premium		13 215	13 215	13 215	578	578	578
Revaluation reserve		-	-	-	1 831 765	39 949	1 831 765
Translation reserve		-	5 226	-	-	624	-
Accumulated losses		2 819 759	(2 662 845)	2 242 325	(1 519 896)	(377 349)	(528 148)
		4 126 153	(1 351 225)	3 548 719	362 768	(285 877)	1 354 516
Non-current liabilities							
Finance lease liability	19.1	-	3 349	1 048	-	400	400
Borrowings	20.1	184 025	1 471 333	470 779	184 025	175 732	179 692
Long term creditors	21.1	1 672 747	1 846 276	1 437 352	1 672 747	220 515	548 625
Income tax liability		10 055	237 698	26 343	10 055	10 055	10 055
Deferred tax liability		1 422 764	-	1 335 513	597 006	-	509 754
		3 289 591	3 558 656	3 271 034	2 463 833	406 702	1 248 526
Current liabilities							
Finance lease liability	19.2	-	7 629	1 381	-	911	527
Trade and other payables	21.2	239 692	387 066	462 275	239 692	46 230	176 447
Provisions	22	64 770	140 978	67 195	64 770	16 838	25 649
		304 462	535 672	530 851	304 462	63 979	202 623
Total equity and liabilities		7 720 206	2 743 104	7 350 604	3 131 063	184 804	2 805 665

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For the six months ended 30 June 2020

PROUDLY PROVIDING
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CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2020

INFLATION ADJUSTED

	Share capital ZWL 000	Non-distributable reserves ZWL 000	Share premium ZWL 000	Revaluation reserve ZWL 000	Translation reserve ZWL 000	Accumulated losess ZWL 000	Total ZWL 000
Balance at 1 January 2019	1 181 173	112 006	13 215	39 949	-	(380 872)	965 471
Effect of change in functional currency **(audited)**	-	-	-	-	-	(147 149)	(147 149)
Profit for the year	-	-	-	-	-	938 581	938 581
Other comprehensive income **(audited)**	-		-	1 791 816	-	-	1 791 816
Transfer	-	-	-	(1 831 765)	-	1 831 765	-
Balances at 31 December 2019 **(audited)**	1 181 173	112 006	13 215	-	-	2 242 325	3 548 719
Balance at 1 January 2020	1 181 173	112 006	13 215	-	-	2 242 325	3 548 719
Total comprehensive profit for the year **(reviewed)**	-	-	-	-	-	577 434	577 434
Balances at 30 June 2020 **(reviewed)**	1 181 173	112 006	13 215	-	-	2 819 759	4 126 153

HISTORICAL COST

	Share capital ZWL'000	Non-distributable reserves ZWL'000	Share premium ZWL'000	Revaluation reserve ZWL'000	Translation reserve ZWL'000	Accumulated losess ZWL'000	Total ZWL'000
Balance at 1 January 2019	45 963	4 358	578	39 949	-	(380 872)	(290 024)
Effect of change in functional currency **(audited)**	-	-	-	-	-	(56 166)	(56 166)
Loss for the year	-	-	-	-	-	(91 110)	(91 110)
Total comprehensive loss for the year **(audited)**	-	-	-	1 791 816	-	-	1 791 816
Balances at 31 December 2019 **(audited)**	45 963	4 358	578	1 831 765	-	(528 148)	1 354 516
Balance at 1 January 2020	45 963	4 358	578	1 831 765	-	(528 148)	1 354 516
Total comprehensive loss for the year **(reviewed)**	-	-	-	-	-	(991 748)	(991 748)
Balances at 30 June 2020 **(reviewed)**	45 963	4 358	578	1 831 765	-	(1 519 896)	362 768

STATEMENT OF CASH FLOWS

for the six months ended 30 June 2020

	Notes	INFLATION ADJUSTED 30 June 2020 ZWL'000 Reviewed	INFLATION ADJUSTED 30 June 2019 ZWL'000 Reviewed	HISTORICAL COST 30 June 2020 ZW' 000 Reviewed	HISTORICAL COST 30 June 2019 ZWL'000 Reviewed
Cash generated from operating activities					
Loss before taxation		664 686	(2 321 922)	(904 496)	3 523
Adjustment for non-cash items		141 173	(203 931)	81 163	(16 070)
Net effect of changes in working capital		(493 738)	145 724	(283 857)	10 751
Gain/(loss) on net monetary position		(1 660 918)	2 347 999	-	-
Net cash (utilised in)/ generated from operations		(1 348 744)	(32 130)	(1 107 160)	(1 796)
Interest paid		-	-	-	-
Tax paid		-	-	-	-
Net cash (utilised in)/generated from operating activities		(1 348 744)	(32 130)	(1 107 160)	(1 796)
Cash flows from investing activities					
Purchase of property, plant and equipment		(493)	(13 371)	(314)	(1 598)
Net cash utilised in investing activities		(493)	(13 371)	(314)	(1 598)
Cash flows from financing activities					
Repayment of borrowings		-	-	(927)	-
Long term creditors		1 346 522	71 749	1 124 122	8 004
Net cash generated from/(utilised in) financing activities		1 346 522	71 749	1 123 195	8 004
Net (decrease)/increase in cash and cash equivalents		(2 715)	26 248	15 721	4 610
Cash and cash equivalents at beginning of the period/year		29 817	25 436	11 381	1 563
Cash and cash equivalents at end of period/year	17	27 102	51 684	27 102	6 173

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2020

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 2020 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 2019, which have been prepared in accordance with International Financial Reporting Standards; Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96).

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

This condensed interim financial information have been reviewed, not audited.

These condensed interim financial statements were approved for issue by the Administrator on 25 September 2020.

3 New or revised standards or interpretation

IS 29 Financial Reporting in Hyper-Inflationary Economies

The Company adopted IS 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). The conversion factors used to restate the financial statements at 30 June 2020, using a December 2019 base are as follows:

	All items CPI Indices	Conversion Factors
30 June 2019	172.61	8.37
31 December 2019	551.63	2.62
30 June 2020	1445.21	1.00

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2020

4 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 2019.

5 Funtional and presentation currency

These financial statements presented in Zimbabwe Dollars (ZWL) which is the Company's functional and presentation currency and all values are rounded to nearest thousand ($000), except when otherwise indicated.

6 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 2019.

	INFLATION ADJUSTED 6 Months to 30 June 2020 Reviewed ZWL'000	INFLATION ADJUSTED 6 Months to 30 June 2019 Reviewed ZWL'000	INFLATION ADJUSTED 12 Months to 31 December 2019 Reviewed ZWL'000	HISTORICAL COST 6 Months to 30 June 2020 Reviewed ZWL'000	HISTORICAL COST 6 Months to 30 June 2019 Reviewed ZWL'000	HISTORICAL COST 12 Months to 31 December 2019 Reviewed ZWL'000
7 Revenue						
Mining	992 345	740 712	1 034 870	667 805	62 943	395 001
Estates	54 906	71 362	56 270	33 992	5 723	21 478
Medical Services	13 019	14 795	15 062	7 620	1 183	5 749
Total	1 060 270	826 869	1 106 202	709 417	69 849	422 228
Coal sales in tonnes						
HCC/HIC	273 665	279 790	560 674	273 665	279 790	560 674
HPS coal	321 291	232 222	554 618	321 291	232 222	554 618
Coal fines and breeze	42 778	61 226	105 619	42 778	61 226	105 619
Total coal sales	637 734	573 238	1 220 911	637 734	573 238	1 220 911
8 Taxation						
Current tax	-	-	-	-	-	-
Deferred tax	87 252	-	(206 009)	87 252	-	(78 632)
	87 252	-	(206 009)	87 252	-	(78 632)

9 Earnings/(loss) per share

9.1 Basic

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

Profit/(loss) attributable to shareholders	577 434	(2 321 922)	938 581	(991 748)	3 523	(91 110)
Weighted average number of ordinary shares in issue	183 757	183 757	183 757	183 757	183 757	183 757
Basic profit/(loss) per share	3.14	(12.64)	5.11	(5.40)	0.02	(0.50)

9.2 Diluted

Earnings/(loss) used to determine diluted profit/(loss) per share	577 434	(2 321 922)	938 581	(991 748)	3 523	(91 110)

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 for diluted loss per share	183 757	183 757	183 757	183 757	183 757	183 757
Diluted earnings/(loss) per share	3.14	(12.64)	5.11	(5.40)	0.02	(0.50)

9.3 Headline earnings/(loss) per share

Headline earnings/(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 earnings/(loss) and basic loss:						
IAS 33 - Earnings/(losses)	577 434	(2 321 922)	938 581	(991 748)	3 523	(91 110)
Non - recurring items :						
Proceeds on sale of scrap	(780)	(1 114)	(585)	(548 919)	(83)	(223)
Impairment	-	(50 197)	(15 705)	-	(5 995)	(5 995)
Tax effect	-	-	-	-	-	1 601
Headline earnings/(loss)	576 654	(2 373 233)	922 291	(1 540 667)	(2 555)	(95 727)
Weighted average number of ordinary shares in issue	183 757	183 757	183 757	183 757	183 757	183 757
Headline earnings/(loss) per share	3.14	(12.92)	5.02	(8.38)	(0.01)	(0.52)

10 Property, plant and equipment						
Carrying amount at the beginning of the period	6 481 588	1 304 102	209 948	2 473 968	80 136	80 136
Additions	493	13 371	47 318	314	1 597	18 059
Impairment-reversal	-	83 004	15 705	-	5 995	5 995
Revaluation	-	-	6 235 928	-	-	2 380 202
Depreciation charge for the period/year	(133 603)	(62 928)	(27 311)	(76 755)	(4 903)	(10 424)
Carrying amount at the end of the period	6 348 478	1 337 549	6 481 588	2 397 527	82 825	2 473 968
11 Investment property						
Valuation at 1 January	80 328	107 103	210 453	80 328	4 490	80 328
Fair value gains (included in other gains and losses)	-	-	-	-	-	-
	80 328	107 103	210 453	80 328	4 490	80 328

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.

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

Rental income	1 535	2 385	2 902	1 143	166	1 108

12 Investment in equity accounted investments

Investments in associates (note 12.1)	543	543	61	24	24	24
Investments in joint venture (note 12.2)	351 915	351 915	38 652	14 753	14 753	14 753
	352 458	352 458	38 713	14 777	14 777	14 777

12.1 Investments in associates

Carrying amount at the end of the period/year	543	543	61	24	24	24

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2020

	INFLATION ADJUSTED			HISTORICAL COST		
	6 Months to 30 June 2020 Reviewed ZWL'00	6 Months to 30 June 2019 Reviewed ZWL'000	12 Months to 31 December 2019 Reviewed ZWL'000	6 Months to 30 June 2020 Reviewed ZWL'000	6 Months to 30 June 2019 Reviewed ZWL'000	12 Months to 31 December 2019 Reviewed ZWL'000
12 Investment in equity accounted investments (continued)						
12.2 Investment in joint venture						
Carrying amount at the end of the period/year	351 915	351 915	38 652	14 753	14 753	14 753

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.

13 Intangible assets						
Opening carrying amount	7 541	12 672	1 273	274	486	486
Amortisation charge	(2 565)	(2 565)	(555)	(106)	(106)	(212)
Closing carrying amount	4 976	10 107	718	168	380	274

Intangible assets comprise of mining rightsand 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 bedeveloped. Mining rights comprise new coal mining claims acquired during the year. No intangible assets have been pledged as security for liabilities.

14 Stripping activity asset						
Carrying amount at 1 January	34 781	34 781	3 855	1 471	1 471	1 471
Pre-stripping costs incurred	-	-	-	-	-	-
Impairment of stripping activity assets	-	-	-	-	-	-
Impairment of stripping activity assets	-	-	-	-	-	-
Costs charged to cost of sales	-	-	-	-	-	-
Closing carrying amount	34 781	34 781	3 855	1 471	1 471	1 471
15 Inventories						
15.1 Non-current portion						
Finished goods						
Coal and coal fines	138 334	159 952	15 435	5 892	6 812	5 892
15.2 Current portion						
Raw materials/consumables	121 494	86 928	49 857	46 645	8 690	19 030
Finished goods						
Coal and coal fines	216 166	224 125	184 303	161 064	13 989	70 347
	337 660	311 053	234 160	207 709	22 679	89 377
16 Trade and other receivables						
Trade	85 251	251 707	215 506	85 251	30 063	82 257
Other	310 838	126 710	120 359	310 838	15 134	45 940
	396 089	378 417	335 866	396 089	45 197	128 197

17 Cash and cash equivalents

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

Bank and cash balances	27 102	51 684	29 817	27 102	6 173	11 381
18 Share capital						
Authorised						
204 000 000 ordinary shares of ZWL0.25 each	1 310 622	1 310 622	1 310 622	51 000	51 000	51 000
Issued and fully paid						
110 237 432 Ordinary shares of ZWL0.25 each	708 233	708 233	708 233	27 559	27 559	27 559
5 962 366 Ordinary shares issued under share option scheme	38 907	38 907	38 907	1 514	1 514	1 514
	747 140	747 140	747 140	29 073	29 073	29 073
67 557 568 "A" Ordinary shares of ZWL0.25 each	434 033	434 033	434 033	16 890	16 890	16 890
	1 181 173	1 181 173	1 181 173	45 963	45 963	45 963
19 Lease liability						
19.1 Non current						
Finance lease liabilities due after one year	-	3 349	1 048	-	400	400
19.2 Current						
Finance lease liabilities due within one year	-	7 629	1 381	-	911	527
20 Borrowings						
20.1 Non current						
Loans due after one year	184 025	1 471 333	470 779	184 025	175 732	179 692
21 Trade and other payables						
21.1 Trade and other payables- Long term						
Trade	1 533 110	795 453	1 218 543	1 533 110	95 007	465 107
Other	139 637	1 050 823	218 809	139 637	125 508	83 518
	1 672 747	1 846 276	1 437 352	1 672 747	220 515	548 625
21.2 Trade and other payables- Current						
Trade	117 393	179 759	274 783	117 393	21 470	104 883
Other	122 299	207 307	187 492	122 299	24 760	71 564
	239 692	387 066	462 275	239 692	46 230	176 447
22 Provisions						
22.1 Provision for rehabilitation						
At the beginning of the period/year	13 069	72 705	22 751	13 069	8 684	8 684
Additional provisions made during the period/year	7 040	7 159	11 490	7 040	855	4 386
	20 109	79 864	34 241	20 109	9 539	13 070
22.2 Other provisions						
Leave pay and other provisions	44 661	61 114	32 954	44 661	7 299	12 579
Total provisions	64 770	140 978	67 195	64 770	16 838	25 649

23 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.

	INFLATION ADJUSTED			
	Mining ZWL'000	Estates ZWL'000	Medical services ZWL'000	Total ZWL'000
Segment information for the reporting periods is as follows:				
30 June 2020				
Revenue				
From external customers	992 345	54 906	13 019	1 060 270
From other segments	-	32 110	5 686	37 796
Total segment revenues	992 345	87 016	18 705	1 098 066
Segment operating loss/profit	(980 935)	11 021	(9 644)	(979 557)
Segment assets	154 943	131 693	128 785	415 421
Segment liabilities	363 874	207 294	258 472	829 641
30 June 2019				
Revenue				
From external customers	740 712	71 362	14 795	826 869
From other segments	-	4 699	1 325	6 024
Total segment revenues	740 712	76 061	16 120	832 893
Segment operating loss/profit	189 635	14 487	(22 510)	181 61
Segment assets	3 067 919	39 042	15 627 081	18 734 042
Segment liabilities	2 610 150	40 022	30 871	2 681 043

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2020

	INFLATION ADJUSTED			
	Mining ZWL'000	Estates ZWL'000	Medical services ZWL'000	Total ZWL'000
31 December 2019				
Revenue				
From external customers	1 034 870	56 270	15 062	1 106 202
From other segments	-	28 982	1 310	30 292
Total segment revenues	1 034 870	85 252	16 372	1 136 494
Segment operating (loss)/profit	(392 768)	(11 005)	8 904	(394 869)
Segment assets	6 476 221	1 828	3 540	6 481 589
Segment liabilities	3 297 723	64 866	279 781	3 642 370
	HISTORICAL COST			
30 June 2020				
Revenue				
From external customers	667 805	33 992	7 620	709 417
From other segments	-	19 879	3 328	23 207
Total segment revenues	667 805	53 871	10 948	732 624
Segment operating loss	(893 961)	7 348	(8 239)	(894 852)
Segment assets	3 067 919	39 042	24 101	3 131 063
Segment liabilities	2 610 150	40 022	30 871	2 681 043
30 June 2019				
Revenue				
From external customers	62 943	5 723	1 183	69 849
From other segments	-	377	106	483
Total segment revenues	62 943	6 100	1 289	70 332
Segment operating profit/(loss)	15 577	1 808	(1 017)	16 368
Segment assets	154 943	15 729	15 382	186 054
Segment liabilities	363 874	24 759	30 871	419 504
31 December 2019				
Revenue				
From external customers	395 001	21 478	5 749	422 227
From other segments	-	11 062	500	11 562
Total segment revenues	395 001	32 540	6 249	433 789
Segment operating (loss)/profit	(149 916)	(4 201)	3 399	(150 718)
Segment assets	2 471 920	698	1 351	2 473 968
Segment liabilities	1 258 713	85 645	106 790	1 451 149

24 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.

24.1 Credit risk

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

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

24.2 Interest rate risk

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

24.3 Currency risk

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

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

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

25 Events after the reporting period

The Company has evaluated events from 30 June 2020 and there were no subsequent events that needed disclosure.

26 COVID-19

There was a global outbreak of a respiratory disease, Covid -19 in December 2019 which was declared by the World Health Organization as a pandemic in January 2020. Most countries across the globe put a place restrictive measures to curb the spread of the virus. The Zimbabwean government locked down the whole country on the 30th of March 2020, with a few essential service providers being allowed to operate during the first five weeks. The effects of the lockdown on the Company results for the six months ended 31 March 2020 was minimal however, the restrictive measures have a significant negative impact on the operating environment and the Company's operations. Measures to safeguard employees and communities have been implemented. The Company instituted measures to sustain business viability and whilst there remains a high degree of uncertainty regarding the impact of the pandemic on the 2020 financial performance, management is satisfied that the Group will remain a going concern beyond the next twelve months.

AUDITORS' STATEMENT

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

- Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies.
- Fair value determination of transactions, assets and liabilities.

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