HWANGE
COLLIERY COMPANY LIMITED
(Incorporated in Zimbabwe)

The HCCL Financial Results are available on the following websites:
www.hccl.co.zw, www.zse.co.zw

Hwange Colliery Company Limited

ABRIDGED AUDITED FINANCIAL RESULTS

For the year ended 31 December 2022

MAIN OPERATIONS
Hwange Colliery Company Limited P.O. Box 123, Hwange, Zimbabwe.
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ADMINISTRATOR'S LETTER

OVERVIEW

The operating economic environment for the year under review was stable, with some price discovery challenges affecting the company's input costs and profitability. Despite these challenges, the market was buoyed by a strong demand for both thermal and coking coal, which positively pushed sales.

FINANCIAL PERFORMANCE

Revenue improved by 139.76% from ZWL32.42 billion in 2021 to ZWL77.73 billion in 2022 on an inflation-adjusted basis. This was largely driven by the increase in sales tonnes.

Gross profit increased by 226.20% from ZWL7.10 billion prior year to ZWL23.16 billion in inflation adjusted terms this year. The Company posted a loss of ZWL8.6 billion for the year. The loss was mostly attributed to exchange rate impact on legacy debts. Legacy debts contributed ZWL30.70 billion of unrealised losses in inflation adjusted terms.

REVIEW OF OPERATIONS

Coal production increased by 63% while sales volumes increased by 45% compared to the prior year. Despite the remarkable increase in production and sales compared to the previous year, the underground mine section was affected by delays in the commissioning of new equipment, while the market for NPD (nuts, peas, and duff) and Duff products was depressed. Going forward, the company intends to continue increasing coking coal production and sales, which will in turn increase capacity to discharge obligations to creditors as well as create a positive balance sheet in the medium term.

The Company continues to place emphasis on a low-cost, high-productivity strategy. This has enabled the organization to significantly reduce costs while remaining viable. Tight controls remain on costs, and this has had a very positive impact on cash flows as well. The strategy of low capital investment, low risk of losses, and high production output by outsourcing opencast mining also continued in the period under review.

The strategic priorities for the year were as follows:
The business maintained its certification to the three (3) ISO standards on Health and Safety, Environmental Management and Quality Management. Operations were guided by strict adherence to these standards.

Overall, 2022 was a **safe** year with no fatal accidents. The Company achieved a lost-time injury frequency rate of 1.06. This was a notable achievement. This commendable performance was a product of initiatives implemented by the organisation through increasing safety awareness and behaviour, system implementation, and technology adoption. HCCL has embraced a risk- and opportunity-based approach to all its operations to enhance its journey to zero harm.

On the **health** front, robust measures aimed at preventing and managing incidents related to non-communicable diseases were established through a wellness policy.

The **quality** of products produced was managed throughout the value chain using the Integrated Business Management System (IBMS). This ensured that our production was done safely, with minimal negative impact on the environment, and that quality products were delivered to our customers**.**

The focus during the period under review was on increasing production and sales of high value coking coal. Raw coking coal and clean coking coal sales increased by 36%, from 594,482 tonnes in 2021 to 808,315 tonnes in 2022. The total coal produced by opencast operations was 3,128,884 tonnes, a 73% increase in production from the previous year.

A total of 1,198,539 tonnes of coal were delivered to Hwange Power Station during the course of the year, which was an increase of 63% from the previous year. Deliveries into the power station were, however, negatively affected by challenges at the power station and limited stock holding space at the same.

Underground mine coal production declined by 24% compared to the previous year. This was mainly due to delays in commissioning the new underground mining equipment due to COVID-19 restrictions that affected the movement of the engineers from the Original Equipment Manufacturers.

OUTLOOK

As a part of efforts to increase production, the Company entered into an equipment mobilisation and coal offtake agreement through which it will receive new underground mining equipment valued at USD15 million over a period of two years. A consignment of the equipment worth USD6 million has since been received and commissioned into operation. This is expected to increase underground production to 50,000 tonnes by mid-2023.

The Company has also engaged new mining contractors to open three new opencast pits to guarantee coking coal annual production of 772,000 tonnes per year.

On the coal processing front, the Company acquired two new washing plants that will be commissioned during the second half of 2023. The washing plants will be located near the mining areas to reduce hauling and processing costs.

The development of the Option Area has started with the boxcut and mining of a portal that will lead to the underground mine. This new mine will augment the production of coking coal from the current 3 Main underground mines. Coal production from the Option Area is scheduled for 2024.

The Company has a thrust in 2023 to grow its market share of coking coal sales in neighbouring countries. Advanced plans to develop dedicated solutions for the delivery of coking coal and coke products in the region are underway.

MR MUNASHE SHAVA
ADMINISTRATOR
30 April 2023

PRODUCTION

	31-Dec-22 Tonnes	31-Dec-21 Tonnes
COAL PRODUCTION		
Underground	168 023	221 808
Open Pits	3 128 883	1 804 664
Total Coal Produced	**3 296 906**	**2 026 472**

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Revenue	4	77 733 913	32 419 059	60 017 845	7 505 194
Cost of sales		(54 572 469)	(25 359 320)	(40 155 840)	(5 927 407)
Gross profit		23 161 444	7 059 739	19 895 005	1 577 787
Other income	6	520 071	179 983	424 260	44 178
Other losses and gains	7	(30 717 015)	(3 108 200)	(22 834 044)	(780 795)
Marketing costs		(373 051)	(169 587)	(281 141)	(40 878)
Administrative costs		(14 234 401)	(7 678 566)	(12 965 666)	(1 859 896)
Gain on net monetary position		14 262 814	3 915 058	-	-
Operating (loss)/profit before interest and tax		(7 380 138)	198 427	(15 797 586)	(1 059 604)
Finance costs	8	(1 490 016)	(436 210)	(932 420)	(108 862)
Share of profit/(loss) from equity accounted investments	9	4 645	(19 326)	4 645	(1 414)
Loss before tax	10	(8 865 509)	(257 109)	(16 725 361)	(1 169 880)
Income tax credit	11	236 817	355 431	130 399	80 125
(LOSS)/PROFIT FOR THE YEAR		**(8 628 692)**	**98 322**	**(16 594 962)**	**(1 089 755)**
Other comprehensive income:					
Gain on revaluation property plant and equipment		-	-	-	-
Tax effect on revaluation		-	-	-	-
		-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(8 628 692)**	**98 322**	**(16 594 962)**	**(1 089 755)**
Attributable (loss)/earnings per share	12.1	(46.97)	0.54	(90.33)	(5.93)
Diluted (loss)/earnings per share	12.2	(46.97)	0.54	(90.33)	(5.93)
Headline (loss)/earnings per share	12.2	(47.31)	0.46	(90.52)	(5.91)
	12.3	(47.31)	0.46	(90.52)	(5.91)

HWANGE
COLLIERY COMPANY LIMITED
(Incorporated in Zimbabwe)

Hwange Colliery Company Limited

ABRIDGED AUDITED FINANCIAL RESULTS

For the year ended 31 December 2022

ABRIDGED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
ASSETS					
Non current assets					
Property plant and equipment	13	59 569 360	59 849 161	10 563 170	10 761 079
Investment property	14	4 102 360	4 102 360	458 433	458 433
Investments accounted for using the equity method	15	2 275 993	2 271 348	19 398	14 753
Inventories - non current portion	17	1 041 176	1 098 488	4 687	4 945
		66 988 889	67 321 357	11 045 688	11 239 210
Current assets					
Inventories	18	10 665 919	4 954 646	8 897 302	1 156 729
Prepayments		899 252	-	899 252	-
Trade and other receivables	19	8 586 210	3 356 373	8 586 210	976 371
Cash and cash equivalents	21	880 674	345 541	880 674	100 518
		21 032 055	8 656 560	19 263 438	2 233 618
Total assets		**88 020 944**	**75 977 917**	**30 309 126**	**13 472 828**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22.1	11 174 890	11 174 890	45 962	45 962
Share premium		126 899	126 899	578	578
Non-distributable reserve		1 059 671	1 059 671	4 358	4 358
Revaluation reserve		801 284	801 284	8 357 425	8 357 425
Retained earnings/(Accumulated losses)		22 352 120	30 980 812	(18 852 596)	(2 257 634)
		35 514 864	44 143 556	(10 444 273)	6 150 689
Non current liabilities					
Borrowings	23.1	13 017 031	630 002	13 017 031	183 266
Long term creditors	24	17 938 459	9 525 980	17 938 459	2 771 114
Income tax liability	25	1 281	14 259	1 281	4 148
Deferred tax liability	11.3	13 753 611	13 990 428	2 000 930	2 131 329
		44 710 382	24 160 669	32 957 701	5 089 857
Current liabilities					
Borrowings	23.2	-	182 957	-	53 222
Trade and other payables	24	5 720 714	4 728 380	5 720 714	1 375 489
Provisions	26	2 074 984	2 762 355	2 074 984	803 571
		7 795 698	7 673 692	7 795 698	2 232 282
Total equity and liabilities		**88 020 944**	**75 977 917**	**30 309 126**	**13 472 828**

ABRIDGED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(8 865 509)	(257 109)	(16 725 361)	(1 169 880)
Adjustment for non-cash items:					
Foreign exchange loss		30 717 015	3 108 200	22 834 044	780 795
Finance costs	8	1 490 016	436 210	932 420	108 862
Impairment of assets	13	-	52 454	-	9 040
Depreciation	13	829 184	1 871 457	462 062	429 356
Share of loss/(profit) from equity accounted investments	9	(4 645)	19 326	(4 645)	1 414
Amortisation		-	22 757	-	53
Allowance for credit losses	19	161 685	(127 651)	431 542	(37 134)
Gain on net monetary position		(14 262 814)	(3 915 058)	-	-
Operating cash flow before changes in working capital		**10 064 932**	**1 120 586**	**7 930 062**	**122 506**
Changes in working capital:					
Increase in inventory		(5 653 961)	(2 647 015)	(7 740 315)	(596 725)
Increase in prepayments		(899 252)	-	(899 252)	-
Increase in receivables		(5 229 837)	(479 089)	(7 609 839)	(418 509)
Increase in provisions		687 371	1 055 100	1 271 413	494 593
Increase in trade and other payables		(992 334)	175 046	4 345 225	551 430
Cash utilised in operating activities		(2 023 081)	(685 372)	(2 702 706)	153 295
Interest paid		-	(9 043)	-	(2 039)
Tax paid		(3 081)	-	(2 867)	-
Net cash flows utilised in operating activities		**(2 026 162)**	**(694 415)**	**(2 705 573)**	**151 256**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property,plant and equipment		(556 279)	(195 853)	(271 049)	(55 288)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in long-term creditors		6 834 027	226 688	3 763 033	51 103
Repayment of borrowings		(15 487)	(509 574)	(6 255)	(110 327)
Net cash flows generated from financing activities		**6 818 540**	**(282 886)**	**3 756 778**	**(59 224)**
Net Increase/(decrease) in cash and cash equivalents		4 236 099	(1 173 154)	780 156	36 744
Cash and cash equivalents at beginning of the year		345 541	219 229	100 518	63 774
Effects of inflation		(3 700 966)	1 299 466	-	-
Cash and cash equivalents at end of year	21	**880 674**	**345 541**	**880 674**	**100 518**

ABRIDGED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

INFLATION ADJUSTED

	Share capital ZW$ 000	Share premium ZW$ 000	Non - distributable reserve ZW$ 000	Revaluation reserve ZW$ 000	Retained earnings ZW$ 000	Total ZW$ 000
Balance at 1 January 2021	**11 174 890**	**126 899**	**1 059 671**	**801 284**	**30 882 490**	**44 045 234**
Total comprehensive income for the year	-	-	-	-	98 322	98 322
Balance at 31 December 2021	11 174 890	126 899	1 059 671	801 284	30 980 812	44 143 556
Balance at 1 January 2022	11 174 890	126 899	1 059 671	801 284	30 980 812	44 143 556
Other comprehensive income, net of tax	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	(8 628 692)	(8 628 692)
Balance at 31 December 2022	**11 174 890**	**126 899**	**1 059 671**	**801 284**	**22 352 120**	**35 154 864**

HISTORICAL COST

	Share capital ZW$ 000	Share premium ZW$ 000	Non - distributable reserve ZW$ 000	Revaluation reserve ZW$ 000	Accumulated Losses ZW$ 000	Total ZW$ 000
Balance at 1 January 2021	**45 962**	**578**	**4 358**	**8 357 425**	**(1 167 879)**	**7 240 444**
Comprehensive income for the year	-	-	-	-	(1 089 755)	(1 089 755)
Other comprehensive income, net of tax	-	-	-	-	-	-
Balance at 31 December 2021	**45 962**	**578**	**4 358**	**8 357 425**	**(2 257 634)**	**6 150 689**
Balance at 1 January 2022	45 962	578	4 358	8 357 425	(2 257 634)	6 150 689
Total comprehensive income for the year	-	-	-	-	(16 594 962)	(16 594 962)
Balance at 31 December 2022	**45 962**	**578**	**4 358**	**8 357 425**	**(18 552 596)**	**(10 444 273)**

ABRIDGED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 catergorised 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 Administrator on the 4th of May 2023.

Presentation currency

These financial statements are presented in Zimbabwe 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 used to restate the financial statements at 31 December 2022, using a 31 December 2021 base are as follows:

Date	Indices	Conversion Factor
31 December 2022	13 673	1.000
31 December 2021	3 977	3.438

2.1 Changes in accounting policy and disclosures

Other standards and amendments that are not yet effective and have not been adopted early by the Company include:

2.1.1 Classification of Liabilities as Current or Non-current –Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment will impact how the entity classifies liabilities between current and non current.

Hwange Colliery Company Limited

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ABRIDGED AUDITED FINANCIAL RESULTS

For the year ended 31 December 2022

ABRIDGED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2.1.2 Deferred Tax related to Assets and Liabilities arising from a Single Transaction –Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

2.1.2 Deferred Tax related to Assets and Liabilities arising from a Single Transaction–Amendments to IAS 12

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. This amendment will have an impact on the company should there be changes in accounting policies or estimates.

3 SUMMARY OF ACCOUNTING POLICIES

3.1 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:

3.2 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.

3.3 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.

3.4 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.

3.4.1 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.

3.4.2 Dividend income

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

3.4.3 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.

3.4.4 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.

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
4 REVENUE					
Mining		72 213 015	29 298 025	55 609 582	6 819 229
Medical services		731 752	589 596	559 797	134 207
Estates		4 789 146	2 531 438	3 848 466	551 758
		77 733 913	32 419 059	60 017 845	7 505 194

ABRIDGED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

5 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	Mining ZW$ 000	Services ZW$ 000	Estates ZW$ 000	Total ZW$ 000
2022				
Revenue				
From external customers	72 213 015	731 752	4 789 146	77 733 913
From other segments	-	-	2 341 361	2 341 361
Segment revenues	72 213 015	731 752	7 130 507	80 075 274
Other income	431 802	56 843	31 426	520 071
Cost of sales	(48 457 074)	(1 815 284)	(4 300 111)	(54 572 469)
Marketing costs	(373 051)	-	-	(373 051)
Other gains and losses	(30 706 544)	(10 446)	(25)	(30 717 015)
Administration expenses	(12 988 076)	(120 439)	(1 125 886)	(14 234 401)
Gain on net monetary position	14 262 814	-	-	14 262 814
Segment operating (loss)	(5 617 114)	(1 157 574)	(605 450)	(7 380 138)
Segment assets	82 574 979	531 162	3 749 456	86 855 598
Segment liabilities	50 012 211	1 514 720	979 151	52 506 083
2021				
Revenue				
From external customers	29 298 025	589 596	2 531 438	32 419 059
From other segments	-	28 271	781 032	809 303
Segment revenues	29 298 025	617 867	3 312 470	33 228 362
Other income	84 727	22 901	72 355	179 983
Cost of sales	(21 955 663)	(1 049 932)	(2 353 724)	(25 359 320)
Marketing costs	(169 587)	-	-	(169 587)
Other gains and losses	(3 108 200)	-	-	(3 108 200)
Administration expenses	(6 627 046)	(114 682)	(936 839)	(7 678 566)
Impairment of assets	-	-	-	-
Gain on net monetary position	3 915 058	-	-	3 915 058
Segment operating loss	1 437 314	(552 116)	(686 771)	198 427
Segment assets	59 539 505	46 559	263 097	59 849 161
Segment liabilities	29 718 940	1 100 795	1 014 632	31 834 367

HISTORICAL COST	Mining ZW$ 000	Services ZW$ 000	Estates ZW$ 000	Total ZW$ 000
2022				
Revenue				
From external customers	55 609 582	559 797	3 848 466	60 017 845
From other segments	-	-	2 341 361	2 341 361
Segment revenues	55 609 582	559 797	6 189 827	62 359 206
Other income	360 987	43 742	19 531	424 260
Cost of sales	(35 927 375)	(1 162 807)	(3 068 658)	(40 158 840)
Marketing costs	(281 141)	-	-	(281 141)
Other gains and losses	(22 841 621)	7 552	25	(22 834 044)
Administration expenses	(12 235 945)	(90 032)	(639 689)	(12 965 666)
Segment operating (loss)/profit	(15 315 513)	(641 748)	2 501 036	(15 797 586)
Segment assets	27 974 055	449 396	1 885 675	30 309 127
Segment liabilities	38 259 530	1 514 720	979 151	40 753 401
2021				
Revenue				
From external customers	6 819 229	134 207	551 758	7 505 194
From other segments	-	8 224	227 203	235 427
Segment revenues	6 819 229	142 431	778 961	7 740 621
Other income	21 787	5 333	17 058	44 178
Cost of sales	(5 124 096)	(249 748)	(553 563)	(5 927 407)
Marketing costs	(40 878)	-	-	(40 878)
Other gains and losses	(781 117)	322	-	(780 795)
Administration expenses	(1 686 885)	6 832	(179 843)	(1 859 896)
Segment operating loss	(791 960)	(94 830)	62 613	(1 059 604)
Segment assets	10 671 000	13 544	76 535	10 761 079
Segment liabilities	6 706 760	320 222	295 157	7 322 139

The Administrator currently identifies the Company's three business lines as its operating segments. These operating segments are monitored by the Company's Administrator and strategic decisions are made on the basis of adjusted segment operating results.

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

Sales within Zimbabwe	75 304 097	31 495 215	57 934 713	7 278 985
Sales elsewhere in Sub-Saharan Africa	2 429 816	923 844	2 083 132	226 209
Total revenue	77 733 913	32 419 059	60 017 845	7 505 194

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6 OTHER INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZW$ 000	**2021 ZW$ 000**	**2022 ZW$ 000**	**2021 ZW$ 000**
Insurance claims	62 693	-	56 335	-
Rental income	31 430	72 355	19 536	17 061
Sale of scrap metal	84 038	12 860	47 102	2 662
Hire of Equipment & Labour	232 121	-	224 736	-
Sundry income	109 789	94 768	76 551	24 455
	520 071	179 983	424 260	44 178
7 OTHER LOSSES AND GAINS				
Fair value adjustment on investment property	-	-	-	-
Foreign exchange loss	(30 717 015)	(3 108 200)	(22 834 044)	(780 795)
	(30 717 015)	(3 108 200)	(22 834 044)	(780 795)
8 FINANCE COSTS				
Interest on loans and overdrafts	1 490 016	436 210	932 240	108 862

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.

9 SHARE OF PROFIT/(LOSS) FROM EQUITY ACCOUNTED INVESTMENTS

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

	INFLATION ADJUSTED		HISTORICAL COST	
Notes	**2022 ZW$ 000**	**2021 ZW$ 000**	**2022 ZW$ 000**	**2021 ZW$ 000**
Clay Products (Private) Limited	4 645	(19 326)	4 645	(1 414)
Zimchem Refineries(Private) Limited	-	-	-	-
Hwange Coal Gasification Company	-	-	-	-
	4 645	(19 326)	4 645	(1 414)

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

10 LOSS BEFORE TAX

Profit/(loss) before tax for the year has been arrived at after charging the following:

	INFLATION ADJUSTED		HISTORICAL COST	
Notes	**2022 ZW$ 000**	**2021 ZW$ 000**	**2022 ZW$ 000**	**2021 ZW$ 000**
Expected credit losses	431 542	(127 651)	431 542	(37 134)
Amortisation	-	22 757	-	53
Audit fees	58 195	58 126	41 528	+13 894
Depreciation on property, plant and equipment (note 13)	529 184	1 871 457	462 062	429 356
Impairment of assets (note 13)	-	52 454	-	9 040
Admin fees	2 332 017	972 573	1 800 535	225 156
- Executive Directors	608 434	86 858	176 994	15 122
Employee benefits expense	21 817 401	9 236 063	12 013 356	1 454 739

Employee benefit expense amounting to ZWL 3 898 104 160 (2021: ZWL 781 316 000) was charged directly to cost of sales. In the inflation adjusted accounts, an amount of ZWL 13 400 121 097 (2021: ZWL 1 078 156 000) was charged to cost of sales.

	INFLATION ADJUSTED		HISTORICAL COST	
Notes	**2022 ZW$ 000**	**2021 ZW$ 000**	**2022 ZW$ 000**	**2021 ZW$ 000**
11 INCOME TAX				
11.1 Current tax:				
Current tax	-	-	-	-
Deferred tax	(236 817)	(355 431)	(130 399)	(80 125)
Income tax credit	(236 817)	(355 431)	(130 399)	(80 125)
11.2 Tax reconciliation:				
Profit/(Loss) before tax	(8 865 509)	(257 109)	(16 725 361)	(1 169 880)
Notional tax thereon at a rate of 24.72%	(2 191 554)	(63 557)	(4 134 509)	(289 545)
Tax effect of:				
Non deductible/(taxable) items				
- Income not subject to tax	(218 564)	(48 467)	(118 058)	(13 678)
- Expenses not deductible in determining tax	2 617 161	1 282 406	4 191 177	300 327
Effect of assessed loss on taxable income	(443 860)	(1 525 813)	(75 434)	(77 229)
Income tax (credit)/expense	(236 817)	(355 431)	(130 399)	(80 125)
11.3 Deferred tax movement				
Balance at 1 January	13 990 428	14 345 859	2 131 329	2 211 454
Movement through other comprehensive income	-	-	-	-
Movement through profit/loss	(236 817)	(355 431)	(130 399)	(80 125)
Balance at 31 December	13 753 611	13 990 428	2 000 930	2 131 329

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	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZW$ 000	**2021 ZW$ 000**	**2022 ZW$ 000**	**2021 ZW$ 000**
11.4 Deferred tax Liabilities:				
Capital allowances and other				
Balance at 1 January	24 377 607	17 050 951	2 831 348	700 019
Movement	2 081 055	7 326 656	2 081 055	2 131 329
Balance at 31 December	26 458 662	24 377 607	4 912 403	2 831 348
11.5 Deferred tax assets:				
Assessed loss				
Balance at 1 January	(3 018 381)	(1 918 875)	(802 189)	(441 157)
Movement	(319 847)	(1 099 506)	671 790	(361 032)
Balance at 31 December	(3 338 228)	(3 018 381)	(130 399)	(802 189)

As at year end, the Company had cumulative historic assessed tax losses amounting to ZWL 156 987 000 (2021: ZWL 34 697 000).

12 EARNINGS/(LOSS) PER SHARE

12.1 Basic

	INFLATION ADJUSTED 2022	INFLATION ADJUSTED 2021	HISTORICAL COST 2022	HISTORICAL COST 2021
Profit/(loss) attributable to shareholders	(8 628 692)	98 317	(16 594 562)	(1 089 755)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Basic earnings/(loss) per share	**(46.97)**	**0.54**	**(90.33)**	**(5.93)**

Basic earnings/(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.

12.2 Diluted

For earnings/(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 earnings/(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 earnings/(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 earnings/(loss).

	INFLATION ADJUSTED		HISTORICAL COST	
Notes	**2022 ZW$ 000**	**2021 ZW$ 000**	**2022 ZW$ 000**	**2021 ZW$ 000**
Earnings/(loss) used to determine diluted earnings/(loss) per share	(8 628 692)	98 317	(16 594 962)	(1 089 755)
Weighted average number of ordinary shares in issues	183 721	183 721	183 721	183 721
Diluted(loss)/earnings per share	(46.97)	0.54	(90.33)	(5.93)

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 earnings/(loss) shown below by the number of shares in issue during the year:

	INFLATION ADJUSTED 2022	INFLATION ADJUSTED 2021	HISTORICAL COST 2022	HISTORICAL COST 2021
IAS 33 -Loss for the year	(8 628 692)	98 317	(16 594 962)	(1 089 755)
Non - recurring items:				
Proceeds on sale of scrap	(84 038)	(18 120)	(47 102)	(2 662)
Impairment of assets/(reversal)	-	-	-	9 040
Tax effect of the above	20 799	4 485	11 858	(1 579)
Headline (loss)/earnings	(8 691 931)	84 682	16 630 406	(1 084 956)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Headline earnings/(loss) per share	(47.31)	0.46	(90.52)	(5.91)

12.3 Diluted headline earnings/(loss) per share

	INFLATION ADJUSTED 2022	INFLATION ADJUSTED 2021	HISTORICAL COST 2022	HISTORICAL COST 2021
Profit/(loss) used to determine diluted headline loss per share	(8 691 931)	84 694	(16 630 406)	(1 084 956)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Diluted headline loss per share	(47.31)	0.46	(90.52)	(5.91)

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13 PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED

	Freehold land and buildings ZW$ 000	Plant, machinery and & movables ZW$ 000	Motor vehicles ZW$ 000	Capital work in progress ZW$ 000	Total ZW$ 000
Year ended 31 December 2022					
Cost/gross carrying amount					
Balance at 1 January	46 190 599	19 481 062	1 063 937	640 473	67 376 071
Additions	8 618	132 272	303 081	112 308	556 279
Reclassification of assets	24 453	1 014	507	(32 870)	(6 896)
Balance as at 31 December	46 223 670	19 614 348	1 337 525	719 911	67 925 454
Depreciation and impairment					
Balance at 1 January	2 813 817	4 318 453	283 908	110 732	7 526 910
Depreciation charge for the year	533 535	216 275	79 374	-	829 184
Balance as at 31 December	3 347 352	534 728	363 282	110 732	8 356 094
Carrying amount as at 31 December	**42 876 318**	**15 079 620**	**1 004 243**	**609 179**	**59 569 360**
Year ended 31 December 2021					
Cost/ gross carrying amount					
Balance at 1 January	46 190 599	19 493 881	965 433	620 690	67 270 603
Additions	-	76 751	98 504	20 598	195 853
Reclassification of assets	-	(89 570)	-	(815)	(90 385)
Balance as at 31 December	46 190 599	19 481 062	1 063 937	640 473	67 376 071
Depreciation and impairment					
Balance at 1 January	1 558 340	3 832 129	154 252	58 278	5 602 999
Depreciation charge for the year	1 255 477	486 324	129 656	-	1 871 457
Impairment	-	-	-	52 454	52 454
Balance as at 31 December	2 813 817	4 318 453	283 908	110 732	7 526 910
Carrying amount at 31 December	**43 376 782**	**15 162 609**	**780 029**	**529 741**	**59 849 161**

HISTORICAL COST

	Freehold land and buildings ZW$ 000	Plant, machinery and & movables ZW$ 000	Motor vehicles ZW$ 000	Capital work in progress ZW$ 000	Total ZW$ 000
Year ended 31 December 2022					
Cost/gross carrying amount					
Balance at 1 January	10 395 555	849 851	178 491	87 950	11 511 847
Additions	4 199	64 450	147 677	47 827	264 153
Reclassification of assets	24 453	1 014	507	(25 974)	-
Balance as at 31 December	10 424 207	915 315	326 675	109 803	11 776 000
Depreciation and impairment					
Balance at 1 January	379 784	319 985	39 608	11 391	750 768
Depreciation charge for the year	297 312	120 519	44 231	-	462 062
Balance as at 31 December	677 096	440 504	83 839	11 391	1 212 830
Carrying amount at 31 December	**9 747 111**	**474 811**	**242 836**	**98 412**	**10 563 170**
Year ended 31 December 2021					
Cost/ gross carrying amount					
Balance at 1 January	10 389 096	847 212	154 414	82 195	11 472 917
Additions	6 459	18 760	24 077	5 992	55 288
Reclassification of assets	-	(16 121)	-	(237)	(16 358)
Balance as at 31 December	10 395 555	849 851	178 491	87 950	11 511 847
Depreciation and impairment					
Balance at 1 January	91 748	208 411	9 862	2 351	312 372
Depreciation charge for the year	288 036	111 574	29 746	-	429 356
Impairment	-	-	-	9 040	9 040
Balance as at 31 December	379 784	319 985	39 608	11 391	750 768
Carrying amount at 31 December	**10 015 771**	**529 866**	**138 883**	**76 559**	**10 761 079**

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14 INVESTMENT PROPERTY

	INFLATION ADJUSTED 2022 ZWL 000	INFLATION ADJUSTED 2021 ZWL 000	HISTORICAL COST 2022 ZWL 000	HISTORICAL COST 2021 ZWL 000
Valuation at 1 January	4 102 360	3 989 895	458 433	442 075
Reclassification of assets	-	112 465	-	16 358
At 31 December	**4 102 360**	**4 102 360**	**458 433**	**458 433**

Investment property is comprised of as follows:
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.

Land situated at Stand 701 Bulawayo Township with a residential building thereon.

Land situated at Stand 690 Bulawayo Township with a residential building thereon.

Land situated at Stand 384, Marvel Township, Bulawayo with a residential building thereon.

Note 29.1 sets out how the fair value of the investment properties has been determined.

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

	INFLATION ADJUSTED 2022 ZWL 000	INFLATION ADJUSTED 2021 ZWL 000	HISTORICAL COST 2022 ZWL 000	HISTORICAL COST 2021 ZWL 000
Rental income	31 430	72 355	19 536	17 061

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	INFLATION ADJUSTED 2022 ZWL 000	INFLATION ADJUSTED 2021 ZWL 000	HISTORICAL COST 2022 ZWL 000	HISTORICAL COST 2021 ZWL 000
Investments in associates (note 15.1)	4 645	-	4 645	-
Investments in joint venture (note 15.2)	2 271 348	2 271 348	14 753	14 753
	2 275 993	2 271 348	19 398	14 753

Investments accounted for using the equity method (continued)

15.1 Investments in associates

	INFLATION ADJUSTED 2022 ZWL 000	INFLATION ADJUSTED 2021 ZWL 000	HISTORICAL COST 2022 ZWL 000	HISTORICAL COST 2021 ZWL 000
Carrying amount as at 1 January	-	2 252	-	1 414
Share of profit/loss	4 645	(2 252)	4 645	(1 414)
Carrying amount as at 31 December	4 645	-	4 645	-

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:

15.2 Investment in joint venture

	INFLATION ADJUSTED 2022 ZWL 000	INFLATION ADJUSTED 2021 ZWL 000	HISTORICAL COST 2022 ZWL 000	HISTORICAL COST 2021 ZWL 000
Carrying amount as at 1 January	2 271 348	2 271 348	14 753	14 753

16 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.

17 INVENTORIES - NON CURRENT PORTION

	INFLATION ADJUSTED 2022 ZWL 000	INFLATION ADJUSTED 2021 ZWL 000	HISTORICAL COST 2022 ZWL 000	HISTORICAL COST 2021 ZWL 000
Balance at 1 January	1 098 488	1 453 915	4 945	6 545
Sales	(57 312)	(355 427)	(258)	(1 600)
Balance at 31 December	1 041 176	1 098 488	4 687	4 945
Balance at end of year is classified as follows:				
Non-current portion	1 041 176	1 098 488	4 687	4 945
Current portion (included in inventories note 18)	350 317	293 227	1 577	1 320
	1 391 493	1 391 715	6 264	6 265

The Company accumulated coal fines over the years for which an active market was identified in 2009. Coal fines in excess of the average annual uptake of the product have been classified as non-current assets.

No coal fines were written down in 2022: ZWL nil (2021: ZWL nil).

18 INVENTORIES

	INFLATION ADJUSTED 2022 ZWL 000	INFLATION ADJUSTED 2021 ZWL 000	HISTORICAL COST 2022 ZWL 000	HISTORICAL COST 2021 ZWL 000
Raw materials/consumables	2 032 407	1 347 862	612 530	191 493
Finished goods				
- Coal	8 283 195	3 313 557	8 283 195	963 916
- Coal fines (note 18)	350 317	293 227	1 577	1 320
	10 665 919	4 954 646	8 897 302	1 156 729

During the year ended 31 December 2022, a total of ZWL nil (2021: ZWL55 962 918) worth of inventories was included in profit and loss as an expense resulting from write down of inventories to net realisable value.

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19 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL 000	2021 ZWL 000	2022 ZWL 000	2021 ZWL 000
Trade receivables, gross	8 301 742	2 255 155	8 301 742	656 026
Allowance for credit losses	(542 248)	(380 563)	(542 248)	(110 706)
Trade receivables, net	7 759 494	1 874 592	7 759 494	545 320
Other receivables	826 716	1 481 781	826 716	431 051
	8 586 210	3 356 373	8 586 210	976 371

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 62 500 609 (2021: ZWL 62 743 043) relating to related party receivables.

The Company adopted IFRS 9 "Financial instrustment" 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 (2022:ZWL 431 542 000) has been recognised. The current year ECL reduced as result of more debtors during the last quarter of the year majority of these were in december which has a lower probability of default.
The movement in the allowance for credit losses can be reconciled as follows:

Balance 1 January	380 563	508 214	110 706	147 840
Increase/(Decrease) in allowance for credit losses	161 685	(127 651)	431 542	(37 134)
Balance 31 December	542 248	380 563	542 248	110 706

20 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 COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Related party receivables:				
Hwange Coal Gasification Company	62 493 298	214 826 933	62 493 298	62 493 298
Clay Products (Private) Limited	5 209	-	5 209	-
Zimchem Refineries (Private) Limited	2 102	858 523	2 102	249 745
	62 500 609	215 685 456	62 500 609	62 743 043
Related party payables:				
Hwange Coal Gasification Company	-	-	-	-
Clay Products (Private) Limited	-	4 978 366	-	1 448 210
Zimchem Refineries (Private) Limited	-	-	-	-
	-	4 978 366	-	1 448 210

21 CASH AND CASH EQUIVALENTS

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	880 674	345 541	880 674	100 518

22 SHARE CAPITAL AND RESERVES

22.1 Authorised

204 000 000 Ordinary shares of ZWL0.25 each	12 399 580	12 399 580	51 000	51 000
Issued and fully paid				
110 237 432 Ordinary shares of ZWL0.25 each	6 700 480	6 700 480	27 559	27 559
5 925 699 Ordinary shares issued under share option scheme	368 108	368 108	1 514	1 514
67 557 568 "A" Ordinary shares of ZWL0.25 each	4 106 302	4 106 302	16 889	16 889
	11 174 890	11 174 890	45 962	45 962

23 BORROWINGS

23.1 Long term loans

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Government of Zimbabwe	12 971 606	608 932	12 971 606	177 137
Zimbabwe Asset Management Corporation (ZAMCO)	-	21 070	-	6 129
Pick n Pay	45 425	-	45 425	-
	13 017 031	630 002	13 017 031	183 266

23.2 Short term loans

Pick n Pay	-	182 957	-	53 222
	-	182 957	-	53 222

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23 BORROWINGS

23.3 Borrowing terms

Government of Zimbabwe
In 2014, the Company obtained a loan of USD 13 005 760 from the Export Import bank of India (EXIM), for the purposes of financing the purchase of coal mining equipment. The Export Import Bank of India (EXIM) loan was guaranteed by the Reserve Bank of Zimbabwe, with interest being charged at a rate of LIBOR + 3.5 % p.a. In terms of an arrangement between Export Import bank of India (EXIM) and the Government of Zimbabwe in February 2019, the Government of Zimbabwe took over the responsibility of settlement of the loan to Export Import bank of India (EXIM), with the Company indebtedness in respect of this USD denominated loan now being to the 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.

Zimbabwe Asset Management Corporation (ZAMCO)
Zimbabwe Asset Management Corporation (ZAMCO) took over ZWL 16 201 625 (principal and interest) outstanding on the BancABC loan on 1 September 2015 in a debt restructuring exercise. However, this amount was converted through the scheme of arrangement to a debenture amounting to ZWL 15 571 475 from 14 December 2017. The interest is charged on the debenture at the rate of 7% per annum on the daily debit balance and compounded semi annually. The maturity date for the debenture is 14 December 2025.

24 TRADE AND OTHER PAYABLES- LONG TERM

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Trade	17 933 070	9 525 980	17 933 070	2 771 114
Other	5 389	-	5 389	-
	17 938 459	9 525 980	17 938 459	2 771 114
Trade and other payables- Current				
Trade	4 516 821	3 704 625	4 516 821	1 077 678
Other	1 203 893	1 023 755	1 203 893	297 811
	5 720 714	4 728 380	5 720 714	1 375 489

25 INCOME TAX LIABILITY

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZW$ 000	2021 ZW$ 000	2022 ZW$ 000	2021 ZW$ 000
Balance at 1 January	4 148	34 565	4 148	10 055
Movement	(2 867)	(20 306)	(2 867)	(5 907)
Balance at 31 December	1 281	14 259	1 281	4 148

26 PROVISIONS

Provision for rehabilitation (note 26.1)	219 248	731 046	219 248	212 662
Other provisions (note 26 .2)	1 855 736	2 031 309	1 855 736	590 909
	2 074 984	2 762 355	2 074 984	803 571

26.1 Provision for rehabilitation

At 1 January	212 662	625 195	212 662	181 870
Charged to profit or loss:				
Additional provisions made during the year	6 586	105 851	6 586	30 792
At 31 December	219 248	731 046	219 248	212 662

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.

26.2 Other provisions

Death benefits	171 510	152 467	171 510	44 353
Ministry of Mines	21 224	898 248	21 224	261 301
Leave pay and bonus provisions	1 663 002	980 594	1 663 002	285 255
	1 855 736	2 031 309	1 855 736	590 909

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27 GOING CONCERN

The Company is experiencing the following challenges which have an effect on its ability to continue operating as a going concern:

27.1 Hwange under reconstruction

In October 2018 Hwange Colliery Company was put under reconstruction in terms of section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (chapter 24:27). This was done to rescue the company from the difficulties the company was facing. The company has managed to overcome bottlenecks, clear most of its legacy debts and increase production and sales.

27.2 Low machine availability

The Company experienced low machine availability mainly as a result of technical challenges faced in operating the equipment and indaquate working capital.

In view of the above, the Administrator has assessed the ability of the Company to continue to operate as a going concern and are of the view that the preparation of these financial statements on a going concern basis is appropriate as supported by the following plans which are intended to address these challenges:

27.2.1 Comprehensive production and sales plan

The company has put in place strategies to increase production and sales. It entered into an equipment mobilisation agreement, that will result in the company getting new equipment in excess of USD 15 million in the next two years. This plan will see 3 main underground mine producing an average of 50 000 MT per month of high value coking from mid year 2023. In addition the agreement has a washing plant to increase the washing capacity of high value coking coal.

The company has also engaged new mining contractors to open three new opencast pits to guarantee coking coal annual production of 772,000 tonnes per year.

On the coal processing front, the company acquired two new washing plants that will be commissioned during the second half of 2023. The washing plants will be located near the mining areas to reduce hauling and processing costs.

The coal production increased by 63% during the period under review. The sales volume also increased by 45% compared to prior year. Despite the remarkable increase in production and sales compared to the previous year. The underground mine section was affected by delays in commissioning of new equipment. The market for NPD (nuts, peas, and duff) and Duff products was depressed. Going forward, the Company intends to continue increasing coking coal production and sales, which will in turn increase capacity to discharge obligations to creditors as well as create a positive balance sheet in the medium term.

27.2.2 Cost control and working capital management strategies

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. This will ensure that the company will only spend what they have generated. This will be achieved by ensuring that most customers will be paying upfront on all their orders and also paying most creditors upfront. This will stop the ballooning of liabilities which has pushed the company into negative net current assets position.

27.2.2 Continuing with the scheme of arrangement

The company will continue with the scheme of arrangement agreed payment plan to creditors although the time lines maybe are adjusted a bit through engagements with all the creditors.Subsequent to year end the company comenced setting aside funds towards repayment of foreign debentures.

AUDITORS STATEMENT

These abridged financial statements derived from the audited financial statements of Hwange Colliery Company Limited for the financial year ended 31 December 2022, should be read together with the complete set of audited financial statements of the Company, for the year ended 31 December 2022, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Trevor Mungwazi, Registered Public Auditor 0622.

A qualified opinion has been issued on the audited financial statements of the Company, for the year then ended. The qualified opinion was issued regarding non- compliance with IAS 21 - The Effects of Changes in Foreign Exchange Rates in the prior financial year, IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, financial results of equity accounted investments included in the financial statements not audited, non-compliance with International Accounting Standards (IAS) 40 – Investment Property, completeness of borrowings and going concern.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the financial statements. The key audit matters were with respect to revenue recognition, adequacy of the allowance for credit losses valuation of inventory for coal and coal related products.

The auditor's report on the financial statements and the full set of the audited inflation adjusted financial statements, is available for inspection at the Company's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.