ZIMBABWE CONSOLIDATED DIAMOND COMPANY

THE DIAMOND COMPANY

ANNUAL REPORT 2021

Unlocking Sustainable Diamond Value for Zimbabwe

ZIMBABWE CONSOLIDATED DIAMOND COMPANY
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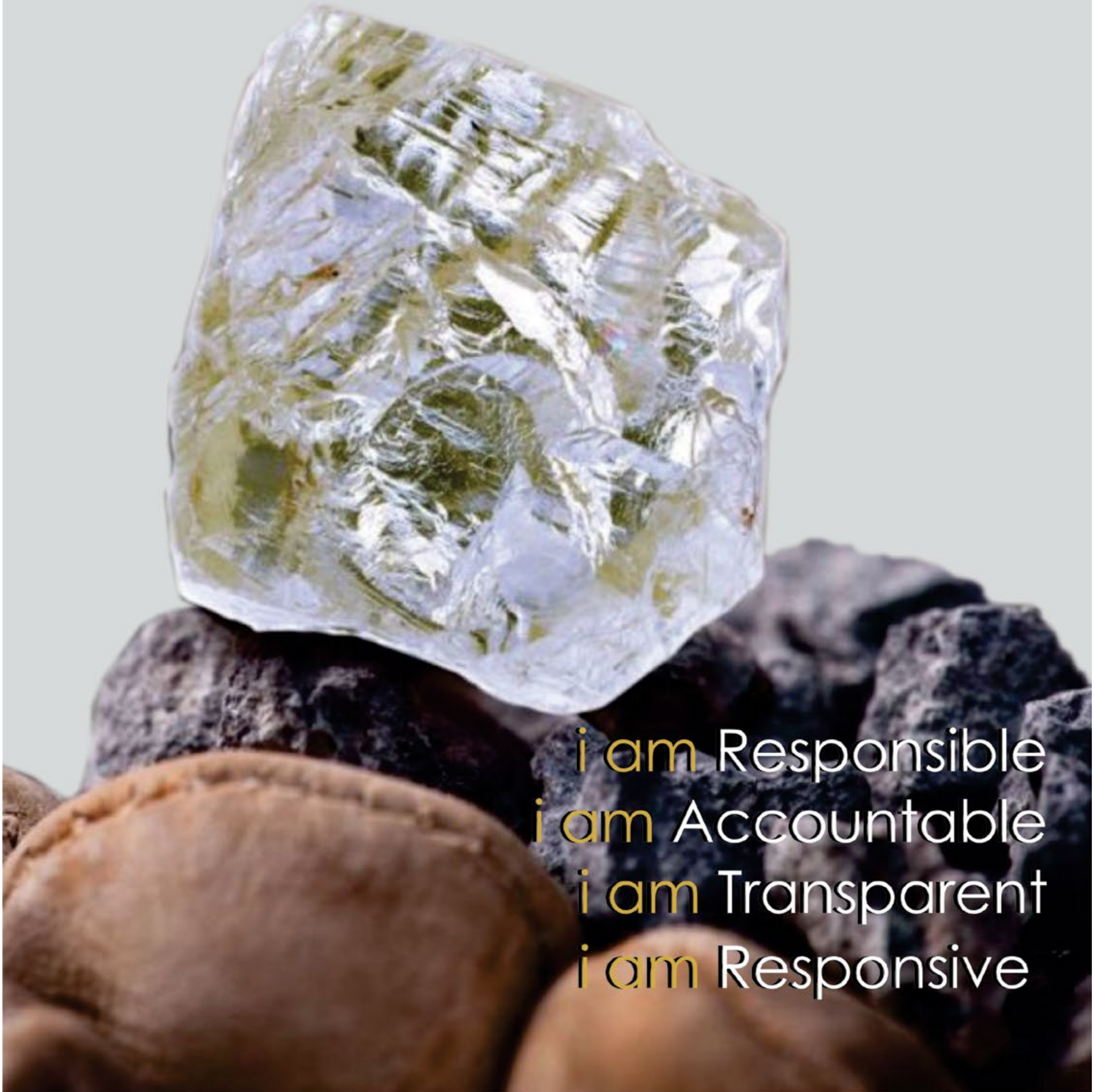

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i am diamond
Unlocking Sustainable Diamond Value For Zimbabwe

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COMPANY PROFILE

1. ZCDC COMPANY PROFILE

Registration Number: 4943/2015
Registered office

Address:
No. 35-37 Cosham Road
Borrowdale
Harare
Telephone Number
+263 (242) 852 401-4

BANKERS:
FBC Bank
Private Banking
Belgravia
Harare

CABS
Northridge Park
Borrowdale
Harare

CBZ
Saphire
Harare

AFC Commercial Bank
Nelson Mandela Avenue
Harare

1.1. COMPANY BACKGROUND

Zimbabwe Consolidated Diamond Company (Pvt) Ltd (ZCDC) was formed following the March 2015 Government decision to consolidate diamond mining in Marange under a wholly owned Government Company.

Government's objective was to ensure that there would be transparency, accountability and optimal commercial exploitation and marketing of Zimbabwe's diamonds that would benefit ordinary Zimbabweans.

ZCDC is wholly owned by the Government of Zimbabwe through Defold Mine (Pvt) Ltd which has 100% shareholding in the Company.

ZCDC was formed with the following mandate;

- To enhance adequate investment in diamond mining beyond alluvial;
- To explore for kimberlitic resources and build bankable mining reserves;
- To enhance contribution to the fiscus and community development;
- To enable Government to manage more efficiently operations and exploitation of the country's diamond resources;
- To achieve better accountability and transparency in diamond mining.

2. DIRECTORS AND EXECUTIVE MANAGEMENT PROFILES

Zimbabwe Consolidated Diamond Company (Pvt) Ltd is governed through the Board of Directors which takes accountability for the business strategy and performance. The day to day running of the business is delegated to executive management who are accountable to the Board for the execution of the agreed strategy.

The profiles of the Board members and Key Executive Management are detailed below.

MR MUNASHE SHAVA

Board Chairman

1. Mr Munashe Shava (Chairman)

- He is a Global Mining Executive and Mining StartUps Expert
- Possesses Multi commodity and geographic management and leadership experience, both during times of economic expansion and rapid market contraction.
- Member at the following institutions: Mine Managers' Association of Zimbabwe, The Southern Africa Institute of Mining and Metallurgy and Institute of Directors Zimbabwe
- Mr Shava is currently the Chief Operating Officer and project leader - Great Dyke Investments (March 2014- Current)
- General Manager and Chief Executive Officer -Apex Minerals (Sep 2012 - Feb 2014)
- Mine Manager and General Manager-Marange Resources (Feb 2010- Aug 2012)
- Mine Manager and General Manager- Noventa Ltd (Hamc Limitada) Mozambique (Oct 2007 – Jan 2010)
- Mine Manager and General Manager-River Ranch Diamond Mine (Mar 2005 - Sept 2007)
- Senior Mining Engineer-Zimbabwe Platinum Mines (May 2002 – Feb 2005)
- Senior Mining Superintendent-Anglo American Corporation Zimbabwe Ltd. (Sept 1997 – April 2001)
- Mine Overseer -Kinross Gold Corporation (Jan 1994 – Aug 1997)
- He holds a Master of Science Leadership and Change Management, Leeds Becket University, 2011
- Advanced Certificate in Project Management, University Of Cape Town, 2016
- Mining Engineering Diploma, Zimbabwe School Of Mines, 1995
- Full Blasting Licence, Ministry of Mines and Mining Development, 1996
- Mine Manager's Certificate of Competency Part 1, Ministry of Mines and Mining Development,2004
- Post Graduate Diploma in Applied Corporate Governance and Strategic Leadership.

ENG CLARA. P. SADOMBA

Vice Board Chairperson

- She has over 24 years experience in the chemical and mineral processing industry at operational, middle and executive managerial levels.
- Eng. Sadomba is currently the General Marketing Manager with Zimasco (Pvt) Ltd since April 2009.
- She joined Zimasco (Pvt) Ltd in November 1991 as a graduate trainee and has held several positions over the years including being the Plant Metallurgist, Laboratory Manager and Metallurgical Services Manager.
- She sits on the Mining Industry Pension Fund Board and is a member of various professional bodies such as the Engineering Council of Zimbabwe, Zimbabwe Institute of Engineers and Southern African Institute of Mining and Metallurgy. She has also worked for Chemist- Genkem Pvt Ltd (June 1991- Oct 1991) and Quality Assurance Officer- Saltrama Plastics Pvt Ltd (Jan 1991- May 1991).
- Eng. Sadomba boasts of a Masters in Eng. Metallurgical Engineering (McGill University, Montreal, Canada,1996)
- Bachelor of Technology Applied Chemistry & Chemical Technology, (University of Zimbabwe, 1987-1990).

MR THOMAS LUSIYANO

Board Member

- Thomas has vast experience in leading and managing at executive and operational levels in the mining and recovery value chain.
- He is the current Managing Director of Bindura Nickel Corporation Limited (BNC) Ltd since November 2020.
- He has been:
  1. Managing Director- Gold Fields of Shamva (July 2018-Oct 2020)
  2. General Manager- Gold Fields of Shamva (May 2017- July 2018)
  3. Chief Executive Officer -Mbada Diamonds (Dec 2014- April 2017)
  4. Acting CEO/ Mine Manager- Mbada Diamonds (March 2014- Nov 2014)
  5. Mine Manager- Mbada Diamonds (Oct 2012- Nov 2014)
  6. Mine Manager- Skyview Minerals (April 2012-Sept 2012)
  7. Operations Planning Manager - Zimplats (March 2011- March 2012)

  Thomas also worked for Metallon Gold Zimbabwe, Lusjim Enterprises Private Limited, Zimbabwe Mining Development Corporation and Shabani and Mashaba Mines.

  He holds a Master of Commerce in Economics Degree (Midlands State University, 2019).

  - Masters of Commerce in Strategic Management and Corporate Governance Degree (Midlands State University, 2017)
  - Masters' Degree in Business Administration (University of Zimbabwe 2011)
  - Bachelor of Science Honours Degree in Mining Engineering, (University of Zimbabwe 2000)
  - Bachelor of Commerce Accounting Honours Degree (Midlands State University)
  - Mine Manager's Certificate of Competence (Ministry of Mines and Mining Development Zimbabwe, 2008)
  - Full Blasting Licence, Zimbabwe (Ministry of Mines and Mining Development Zimbabwe, 2000)

MS DOROTHY R. S. MAKONI
Board Member

- Her areas of expertise are strategic Marketing, Project Management, Portfolio Management, Contract Negotiations, Gemmology and Diamond evaluation.
- Dorothy worked at the Minerals Marketing Corporation of Zimbabwe (MMCZ) for 38 years and her most recent post was the Marketing Executive Non-Metals (2003- August 2021)
- She joined MMCZ in September 1984 having been seconded from the Ministry of Mines and Mining Development where she worked as an Administrative Assistant for eight months between 1983- 1984.
- At MMCZ, she was the Sales Trainee and Gemmology Trainee, MMCZ, (Jan 1985-Dec 1985)
- Assistant Gemmologist, MMCZ (1986-1988)
- Sales Executive II, MMCZ (1989-1995)
- Sales Executive I, MMCZ (1996-1997)
- Deputy Divisional Manager, MMCZ (1998-2002)
- She is a holder of a Bachelor of Science General Degree Geology and Botany, University of Zimbabwe, 1983
- Gemmological Diploma, German Gemmological Centre, 1985
- National Diploma in Information Processing, Harare Polytechnic,1989
- National Diploma in Business Computer Programming, Harare Polytechnic,1991
- He has certificates in Rough Diamond Evaluation, Diamond Training Centre, 2007
- Management Development Programme, Mandel Training Centre, 1997
- Introduction to Windows, CITMA College, 1995
- Junior Management Development Programme, Management Institute, 1988.

MR GEORGE D. MAWERE
Board Member

- George is the Head of Human Resources at Mimosa Mining Company Zvishavane having assumed that position in April 2010.
- He was previously the Human Resources Manager- Zimasco Pvt Ltd- Middle and North Dyke Division (Jan 2007-March 2010)
- George has also worked for Anglo American Corporation- Zimbabwe Alloys Limited: North Dyke Mines where he joined in April 1995 as a Graduate Learner Personnel Officer and later served as Personnel Officer, Senior Human Resources Officer (Mines and Industrial Relations) and Group Senior Human Resources Officer, a post he held from July 2002 until his departure in December 2006.
- He holds a Master's in Business Administration- University of Zimbabwe, Awarded University Book Prize.
- Bachelor of Science in Psychology Honours Degree - University of Zimbabwe.

MRS REGINA MLALAZI

Board Member

- Regina is a seasoned Information Communication Technology (ICT) Consultant with over 35 years of experience in the ICT industry.
- She has worked in various industries such as Public Sector, Mining, Financial, Retail and Wholesale.
- Regina worked for Twenty Third Century Systems where she served as Project Manager and Data Migration Manager (July 2011- Nov 2021).
- She retired in November 2021.
- She also worked as Group Information Technology Manager-Red Star Holdings Pvt Ltd (Feb 2004-June 2011)
- Associate Director- KPMG Zimbabwe (Jan 2001- Jan 2004)
- Information Technology Director-Ernest & Young, (Sept1999- Dec 2000)
- Information Systems and Communications Manager-BHP Minerals Zimbabwe, (Jan 1996- August 1999)
- Information Technology Manager-Wankie Colliery Company (April 1985- December 1995)
- Consultant-Peat Marwick (Nov 1983- March 1985)
- Analyst Programmer- Tobacco Sales Zimbabwe (Jan 1983- Oct 1983)
- Information Technology Manager- Government Of Zimbabwe (April 1982-Dec 1983)
- She holds a Bachelor of Science Honours Degree Computer Studies, Polytechnic of Wales, United Kingdom, 1982
- Certificates in International Consulting Skills Certification, Louis Allen Management, Middle Management, Managing Industrial Relations and Finance for Non-Financial Managers.

DR. DOUGLAS ZIMBANGO

Board Member

- He is an executive who has excelled in Organisational Leadership, Strategic Management and Human Resources Management.
- He is currently the Board Chairman with TelOne (Pvt) Ltd, an Executive Director at Medserv Global Health Private Limited and an Independent Consultant.
- He has previously held the positions of Chief Executive Officer-Bigtime Strategic Group Zimbabwe and South Africa (Jan 2017- May 2019)
- Managing Director- Zimbabwe Posts (Pvt) Ltd (Nov 2006- Sept 2016)
- Depot Manager Bulawayo Main Centre- Delta Corporation (1993-1999)
- Branch Manager- Redstar Wholesalers (1991-1993)
- Manager's Assistant- Standard Chartered Bank Zimbabwe Limited (1988-1991)
- Has served on various Boards including the Southern Africa Postal Operators Association, National Building Society and Post Properties (Pvt) Ltd.
- He is a Doctor of Philosophy in Organisational Leadership-Zimbabwe Open University, 2015
- He also holds a Masters of Business Administration-National University of Science & Technology, 2003
- Bachelor of Business Studies Honours Degree, University of Zimbabwe, 1987.
- Institute of Marketing Management Diploma-The Institute of Marketing Management, South Africa.
- Institute of Bankers Diploma II-The Institute of Bankers, Zimbabwe.
- Management Development Programme Certificate-Mandel Training Centre, Zimbabwe
- Associate Diploma-Chartered Institute of Transport.

2.2 EXECUTIVE MANAGEMENT PROFILES

DR MARK MABHUDHU
Chief Executive Officer

Dr. Mark Mabhudhu is an extraordinary Chief Executive Officer, He is not new to the mining industry, but an expert with experience spanning 28 years with 25 of those years being in the diamond industry alone, both locally and internationally at senior executive and board levels. His geographical mobility in the industry is punctuated by extensive knowledge in mining gold, platinum and related minerals with vast experience in De Beers, one of the world's largest diamond mining companies.

Dr. Mabhudhu started his career in 1990 at Rio Tinto Cam Dump Gold Retreatment Plant as a Metallurgical Student on attachment

He later joined Lomagundi /Alaska Smelting and Refinery (Zimbabwe Mining Development Corporation), again as a metallurgical student on attachment.

In 1993, he was employed by Auridiam Zimbabwe (Pvt.) Ltd – River Ranch Diamond Mine for three years

Process Metallurgical Engineer -BHP Zimbabwe (Pty) Ltd – Hartley Platinum Mine (1996-1999)

Dr. Mabhudhu then joined Debswana Diamond Mining Company – Jwaneng Mine in 1999 – April 2009. He rose through the ranks from Mineral process engineer through to the Technical Process Manager and finally Strategy Executive of the organization.

He was appointed the inaugural CEO of PAASOL Resources Zimbabwe (Pty) Ltd in August 2009-2010

In 2010, he moved to Marange Resources (Pvt) Ltd. where he rose through the ranks to become Acting CEO between 2014–2015.

Dr. Mabhudhu was then appointed Acting Chief Executive Officer of ZCDC in 2016. In 2018, he joined Vast Resources PLC – Diamond Business as a Consultant/Executive Director. In September 2020, Dr. Mabhudhu re-joined ZCDC as the substantive Chief Executive Officer.

He holds

- Bachelor of Science Honours Degree Engineering-Metallurgical, University of Zimbabwe, 1992.
- Postgraduate Diploma in Management Studies, The Buckinghamshire Chilten's University College in UK, 2000.
- Masters in Business Administration, The Buckinghamshire Chilten's University College in UK, 2000.
- Master of Philosophy in Information and Knowledge Management (MIKM), The University of Stellenbosch, South Africa, 2008.
- Doctorate in Engineering (University College in UK), 2022.

MS DUMISANI MASHINGAIDZE

Company Secretary (A)

Ms Dumisani Mashingaidze is the Acting Company Secretary for ZCDC since the 6th of March 2021 and is responsible for the corporate services portfolio which includes the corporate governance advisory and legal advisory functions. Ms Mashingaidze has over 33 years working experience , and her experience spans having worked in private (court) practice, working in the civil society sector in human rights and women 'rights, and has experience working in legal advisory and corporate secretarial roles in the private business sector. She has held senior managerial positions and has held board positions in the civil society sector and the private business sector. She worked in private legal practice and was a partner at Hove Mutasa & Associate Legal Practitioners, then a Director- Harare Legal Projects Centre (A project centre of the Legal Resources Foundation -LRF), a National Coordinator of a UNDP project on Women in Politics and Decision Making ,National Coordinator for Women and Law in Southern Africa-WLSA (Zimbabwe Chapter), Secretary to the Law Society of Zimbabwe, Senior Legal & Regulatory Manager at Econet Wireless (Pvt) Ltd , Head Legal and Corporate Governance in the Reserve Bank of Zimbabwe, Director Advisory Services at AMG Global CA (Z), Executive Programme Coordinator of Afrika Women Leadership Institute, Pretoria in South Africa, Director of the Gender Equality Fund (Zimbabwe) , Legal & Administration Manager -Chamber of Mines Zimbabwe , Company Secretary & Legal Advisor-Jinan Mining (Pvt) Ltd, Legal & Administration Manager -ZCDC

Ms Mashingaidze holds a Master's Degree in Business Administration (MBA), a Post Grad Diploma in Women's Law, a Bachelor of Laws Degree (LLB), and a Bachelor of Law Honours degree (BL Hons), all from the University of Zimbabwe.

She is a keen good corporate governance practitioner who believes in the practice of good governance be it in the public, corporate (for profit) and non-profit sector.

She is also a non-executive director and deputy chairperson of the Board of Directors of the Premier Service Microfinance Company (Pvt) Ltd. A non-executive director on the Board of Directors of National Tyre Services Limited. And she is a Commissioner of the Zimbabwe Media Commission.

COMMISSIONER ELIAS MVERE

Chief Security Officer

Commissioner Mvere is a Senior Law Enforcement Officer with almost 35 years of uninterrupted policing experience with the Zimbabwe Republic Police.

He spent most of his service in the Criminal Investigations Department (CID), Criminal Intelligence Unit (CIU) in Harare and Masvingo Provinces.

Commissioner Mvere has vast experience in operational management and investigations of serious, commercial and money laundering crimes.

He also has immense experience in Regional and International law enforcement operations having worked with SARPCCO in SADC, ARINSA, INTERPOL and the United Nations.

He has worked in the mining environment at Sandawana Emarald Mines in Mberengwa, ZIMASCO Chrome Mines in Shurugwi.

Commissioner Mvere holds a Masters' degree in Business and Economic Intelligence with Mt. Carmel Institute of Business Intelligence, Post Graduate Diploma in Business and Economic Intelligence, Advanced Diploma in Business Management with the University of Zimbabwe (UZ), Diploma and Certificate in Business Management(UZ) , Executive Course in Management of Multinational Peace Keeping Missions(UZ), Certificates in Higher and Lower Law courses (UZ) including a host of other In-house courses with the police and Zimbabwe National Army.

MR. DENNIS MTOMBENI

Mine Manager

Mr. Mtombeni has 27 years of mining experience including gold, graphite, platinum, diamonds and industrial minerals as well contracting.

He started as a cadet with Falcon Gold and was involved in major projects including Eureka Gold Project in 1998 as a Pit Superintendent, Ngezi Platinum Project, 2001 as Production Engineer, River Ranch Diamond Mine in 2006 as Mine Manager and the development of Pickstone-Peerless Project in 2015 as a Mine Manager.

Mr. Mtombeni is a Member of the Association of Mine Managers of Zimbabwe (AMMZ) as well as a Member of the Southern African Institute of Mining and Metallurgy (SAIMM).

He holds a Masters' degree in Business Administration (MBA) from the Midlands State University, an Executive Development Programme Certificate from the Witwatersrand Business School in South Africa, Mining Diploma from the Zimbabwe School of Mines and a Post Graduate Diploma in Business Leadership from the Zimbabwe Open University.


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3. FINANCIAL HIGHLIGHTS (INFLATION ADJUSTED)

Income Statement (ZW$ Million)						
Diamond production: 4,019,206 carats	Sales volumes: 1,278,599 carats	Gross Turnover for the year: $11,101	Cost of sales: $5,279	Gross profit: $5,822	Operating profit for the year $3,400	Comrehensive profit for the year: $1,410

Balance sheet (ZW$ Million)						
Non-current assets: $6,088	Current assets: $7,883	Total assets: $13,971	Capital & reserves: $6,417	Non-current liabilities: $2,867	Current liabilities: $4,688	Total Equity & Liabilities: $13,971

Cashflow (ZW$ Million)			
Net cashflow from operating activities: $2,835	Cashflow from financing activities: ($734)	Cash utilised in investing activities: $2,025	Cash & Cash Equivalents closing balance: ($63)

4. BOARD CHAIRMAN'S STATEMENT

1. Overview

1.1 It is my pleasure to report to the shareholder and all stakeholders on the financial performance and results of the Zimbabwe Consolidated Diamond Company for the year ended 31 December 2021.

1.2 These results are not only pleasing but exceptional and indeed record-breaking since the incorporation of the company. Diamond production reached 4,019,206 carats in 2021, up from 1,375,455 carats achieved in 2020 which is a 192% increase.

1.3 The company achieved a record-breaking profit after tax of ZWL2.53 billion (Historical ZWL1.16), being the first time, the Company has recorded a profit since its inception in 2016.

1.4 This exceptional performance recorded during 2021 was inspite of the difficult operating environment due to the adverse effects of COVID-19. The second half of the year however saw a gradual improvement in business activity owing to the phased re-opening of the economy as the COVID 19 pandemic abated.

1.5 The operating environment was also made challenging by the significant exchange rate distortions in the financial markets, incessant power supply outages as well as policy changes amongst other operational difficulties.

1.6 Given all these challenges, I would also want to reassert ZCDC's continued commitment and resolve to creating shareholder value in a sustainable and environmentally friendly manner.

2. Some Key Changes in the Operating Environment

2.1 Some key changes were instituted in the operating environment. Such included the foreign currency retention threshold which was revised downwards to 60% in January 2021 from 70% during 2020. This change had the impact of reducing the value realized for the company's diamond product as well as negatively impacting the timeous execution of the company's growth projects, which predominantly required foreign currency.

2.2 One such project with a huge bearing on the production capacity improvement which was affected was the phase three expansion for the conglomerate diamond processing plant. This is now scheduled for 2022.

2.3 Further, the country's overall economic performance has been favorable, with an annual growth of 5.1% in 2021, against an estimate of 3.9%. Inflation slowed down during the period under review to close at a year-on-year value of 60.74% (2020: 348.59%).

2.4 Despite the stability of the interbank rate, the comparative rates in the alternative market traded at huge premiums above the interbank rate during the period. This continued to put pressure on the company's profitability as inputs tracked rates in the alternative market.

2.5 Notwithstanding the challenging operating environment which was exacerbated by the COVID-19 pandemic, the Company managed to post exceptional financial performance during the year.

3. Operations Overview

3.1 Despite the challenges in the operating environment as outlined above, ZCDC managed to post encouraging results for 2021. Diamond production went up to 4,019,206 carats in 2021, up from 1,375,455 carats achieved in 2020 which represents a staggering 192% increase.

3.2 The good performance in diamond production achieved is mainly attributable to a significant investment made in the diamond security systems, production process optimization and ramp-up as well as the application of the advanced diamond recovery technology called X-Ray Transmography.

3.3 These achievements were made possible by the collaborative efforts of all employees and all stakeholders who showed the resilience and dedication to work during the difficult times.

3.4 Capital expenditure for the year was ZWL1.18 billion (Historical) and the bulk of this expenditure was towards investment in production ramp-up initiatives.

4. Diamond Cutting & Polishing

4.1 In the furtherance of the country's vision in respect of mineral value addition and beneficiation, ZCDC entered into a toll manufacturing arrangement on its special stones with Aurex Jewelry (Pvt) Limited, a major jewellery manufacturer in Zimbabwe.

4.2 This is in line with the Government's National Development Strategy 1 which seeks to increase the volume of cut and polished diamonds to at least 5% of production by 2025. Results from this initiative will be used to understand the extent and scale of value added as a result of the cutting and polishing of our gemstones.

5. Safety, Health, Environment and Quality

5.1 At ZCDC, nothing takes precedence over preservation of life and the environment as we do business. ZCDC is always driven by its core value of Zero Harm. During 2021, all safety performance indicators remained positive with the Company recording zero fatalities and zero environmental incidents in its operations.

5.2 ZCDC being an ISO certified organization in the three standards of Safety and Health, Environment and Quality, nothing is taken for granted.

5.3 The focused implementation of the business continuity plan in respect of COVID-19 pandemic during the year yielded positive results. The Company managed to vaccinate 100% of its employees against COVID-19 through to the second dose with resounding success.

5.4 It is pleasing to note that the Company has adequate facilities to manage COVID-19 related cases and ailments. In this regard I would like to applaud fellow Board colleagues and management for the continued focus and support in the fight against the pandemic as the business managed to continue operating despite the ravaging pandemic.

6. Our Employees

6.1 We value our people more than anything else in our business. They provide the basis upon which value for the organization is created. Their safety and well-being matters so dearly to us.

6.2 As at the close of 2021, ZCDC had 1 610 employees of which 10% of this are women, a number which continues to grow every year.

6.3 In line with our policy on the recruitment of locals, 64% of the workforce is derived from the Marange host community from where we operate. This number continues to grow as we seek to ensure that our business impacts positively the lives of all the people in the host community and the country at large.

6.4 Sadly, it is with a deep sense of loss that I also report the passing on of a senior management team member Mr. Owen Chatambudza Chihota (Mineral Resources Executive) who passed on the 29th of October 2021. Our heartfelt condolences go out to Mr. Chihota's family, friends and colleagues.

6.5 Despite the difficult operating environment within the country, ZCDC takes great pride in providing the best benefits to its employee base as part of its strategy to retain the best talent in the diamond mining business.

6.6 We strive to become one of the Best Companies To Work For locally as well as internationally as we go into the future.

7. Inflation Adjusted Financial Performance

7.1 In line with the Public Accountants and Auditors' Board (PAAB) pronouncement on the application of IAS29 – "Financial Reporting in Hyperinflationary Environments" for financial years ending on or after 1 July 2019, the financial statements have been restated in accordance with IAS 29.

7.2 The inflation-adjusted total comprehensive profit for the year was ZW$1.36 billion compared to an adjusted prior-year total comprehensive loss of ZW$8.46 billion. The exceptional financial performance recorded during the year is attributable to, amongst other key initiatives, the following:

- Focused implementation of the Diamond Value Management Framework,
- Capacity utilization through increased Overall Equipment Efficiency (OEE),
- Cost containment strategies

7.3 Cash generated from operating activities decreased from ZW$2.29 billion in 2020 to ZW$1.26 billion for the year ended 31 December 2021. The decrease in cash-generating capacity during the year was mainly attributable to COVID-19 related diamond sales disruptions. Such disruptions were more prevalent during the second half of the year.

7.4 Diamond sales were temporarily suspended to pave way for the re-orientation of diamond marketing strategy in the wake of COVID-19 related market disruptions. The Company closed the year with negative net cash of ZW$63.4 million.

8. Dividend

8.1 Subsequent to the improved financial performance of the Company, the Board has declared its maiden dividend for the year ended 31 December 2021.

8.2 This is a milestone achievement in the life of the organization and demonstrates what is possible from the diamond resources if they are well managed as is in this case.

9. Contribution to the Government Treasury/Fiscus

9.1 ZCDC has become one of the main contributors to the country's national coffers. The Company contributes to the Government treasury through various taxes and fees, including Corporate Tax, Royalties, Pay As You Earn, Depletion Fees, Zimdef Levy, Standard Development Levy, and Withholding Tax.

9.2 In 2021, ZCDC's contribution to treasury increased from ZWL377 million in 2020 to ZWL733 million, while foreign currency contribution increased from USD2.9 million to USD8.8 million.

9.3 The increase in foreign currency contributions which comprised mostly royalties and PAYE was driven by the resumption of diamond tenders in 2021, following a COVID-19 induced suspension of tenders for the greater part of 2020.

9.4 Increases in the local currency contributions to the fiscus were mostly a result of a maiden payment of income tax as well as the devaluation of the local currency against major currencies for other tax heads including Pay As You Earn and Depletion Fees.

10. Corporate Social Responsibility

10.1 In line with its strategic thrust, ZCDC continues to invest in Corporate Social Responsibility (CSR) projects to spur Community Development. How well the company does in the community has become the new standard that defines successful diamond mining. It is no longer about gaining the Social License to Operate but to entrench the lasting socio-economic value in the host communities that matters most.

10.2 The community-based projects focus is driven from the Sustainable Development Goals (SDGs), the Diamond Policy and the National Development Strategy (NDS 1).

10.3 In the wake of COVID 19 pandemic, the company took full responsibility of ensuring all COVID related ailments from the community were dealt with by the company.

10.4 The Company continues to implement a deliberate community buying policy, which has seen community farmers supplying various products to the Company.

10.5 ZCDC continues to engage the community on developmental projects and holds in high regard the balance between Community, Company and Country interests in the execution of its business.

11. KPCS Review Visit

11.1 Zimbabwe successfully hosted a Kimberly Process Certification Scheme (KPCS) peer review committee from 15 to 21 May 2022.

11.2 The review team found that Zimbabwe's standards and practices do not only meet the KPCS minimum requirements but exceed them.

11.3 This is a huge endorsement in the manner that Zimbabwe is managing its diamond resources

12. Outlook

12.1 ZCDC remains committed to mining diamonds in a manner that creates value for all its stakeholders. As a result, the Company is progressing with all its major projects which include the completion of the conglomerate diamond processing plant as well as exploration works and that it remains profitable as demonstrated during the year under review.

12.2 The future of the Company remains bright despite the pressures from the operating environment and the threats from COVID-19.

12.3 The Board and Management remain committed to putting in place systems to mitigate the potential impact of COVID-19 on the Company, its employees, contractors and suppliers.

12.4 While this is a big threat by any standard, the measures put in place by management have so far been effective and I am confident that they can continue to deliver positive results going forward.

12.5 The Board and Management will continue to monitor developments related to this pandemic, both locally and internationally and respond accordingly.

12.6 As a responsible corporate citizen, the Company will, as it has always done, comply with all legislation around the management of COVID-19.

13. Appreciation

13.1 My appreciation goes to all our stakeholders who include the Government of Zimbabwe, Ministry of Mines & Mining Development, the Reserve Bank of Zimbabwe, ZCDC Board members, Executives, Management and Staff who remain the mainstay of our success now and periods to come.

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Mr Munashe Shava
Board Chairman


Atlas Copco
FLEXIROC
D65
D60

5. CHIEF EXECUTIVE OFFICER'S STATEMENT

Dr Mark Mabhudhu
ZCDC Chief Executive Officer

1. Preview

1.1. The year 2021 was fraught with significant challenges, many of which were exacerbated by the rampant COVID-19 pandemic which ran havoc across the world with debilitating effects both to people and businesses. ZCDC (Pvt) Ltd was not spared either as its diamond mining business was severely impacted at a global scale.

1.2. Whilst its operating mines remained operational at a local level, it is at the international markets level where everything ground to a screeching halt resulting in ZCDC failing to sell its production for the greater part of the year.

1.3. This scenario resulted in the performance of the company being affected against the set targets. What would have been an exceptional year turned out to be an average year in terms of the financial performance despite the excellent diamond production figures achieved.

1.4. It is noteworthy that the organization significantly turned around its fortunes as a consequence of the focused implementation of the Turnaround Strategy which was adopted and implemented on the arrival of the substantive CEO during the fourth quarter of 2020.

2. The Turnaround Strategy

2.1. In summary, whilst the turnaround strategy focused on an array of issues which were affecting the organization, its main thrust and emphasis was on the following key issues:

a) Revenue improvement and acceleration with emphasis on the implementation of the Diamond Value Management Framework

b) Cost containment and optimization across the business value chain

c) Building organizational capacity and capability to deliver on the revenue improvement and cost containment imperatives

d) Ensuring continued business innovation and sustainability for the long term and

e) Deepened and sustained stakeholder engagement in respect of community relations management.

2.2 The strategic thrust was delineated into the three horizons under which it was formulated.
The three horizons entailed the following:

- **Horizon 1:** Diamonds of Today which focuses on the current operations and how they need to be optimized for maximum value derivation
- **Horizon 2:** Diamonds of Tomorrow which

focuses on future operations out of the exploration and evaluation initiatives

- **Horizon 3:** Life beyond diamond mining which focuses on the sustainable businesses we will leave behind after diamond mining is completed.

2.3 The implementation and performance management focus that went into the turnaround strategy resulted in the resounding success achieved as manifested through the diamond production figures for 2021 which increased by a whooping 194% compared to the 2020 diamond production figures.

2.4 As we execute on the mandate that ZCDC has, we remain guided by our vision of becoming a world class diamond producer for the long term benefit of the nation by 2030, we are always inspired by the purpose for which ZCDC was created of unlocking sustainable diamond value for the benefit of Zimbabwe, the decisions we take and the actions we commit to are all in line with the organizational values of zero harm, integrity, innovation, team work, transparency, results oriented and care. We take full accountability for all we do through our sincere business principles.

2.5 It is therefore my fervent hope that these results from the year 2021 will inspire us even more so that ZCDC can continue to contribute significantly to the national vision 2030 of a prosperous and empowered upper middle-income society through the Ministry of Mines and Mining Development's USD12Bn vision whereupon the diamond sector will contribute USD1Bn on its own.

3. 2021 Global Rough Diamond Industry Performance

3.1. Following a subdued performance during 2020 as a consequence of the COVID-19 pandemic, the rough diamond industry recorded a notable recovery during 2021. Businesses embraced innovative technologies in order to remain afloat in the COVID-19 inflicted environment.

3.2. As a result of such innovative ways, the rough diamond production grew by a notable 4.5% from 111 million carats in 2020 to 116 million carats in 2021. The equivalent global rough diamond sales including stock rebound by a whooping 62% in 2021 to USD14.42 billion from 137 million carats compared to 2020's USD9 billion from 108 million carats sold.

3.3. This diamond industry rebound was largely driven by a combination of robust consumer demand, depleted inventories, and strong balance sheets in the value chain midstream. The higher demand for rough diamonds across the entire assortment range led to firm prices which grew by 21% after having fallen by 7% in 2019 and 11% in 2020 respectively.

3.4. During 2022, the diamond prices are expected to remain strong with growth of around 15% across the assortment range with higher quality stones fetching even more.

3.5. Given the foregoing, ZCDC is fully embracing the Diamond Value Management framework in order to improve product quality and recovery of the full diamond population, with particular emphasis on the recovery of large unbroken stones.

3.6. During 2021, ZCDC recovered 12,157 large stones above 10.8 carats as a result of the reduced diamond damage from as high as 70% down to below 30%. This figure is envisaged to further reduce to below 20% during 2022.

3.7. However, for the cutting and polishing segment of the value chain, revenues increased by 55% while diamond jewelry retail increased by 29%, all rising above pre-pandemic levels by +16% and 11%, respectively during 2021.

3.8. The global diamond jewelry market grew to USD84 billion from a subdued USD65 billion in 2019. This was largely due to strong consumer spending in key markets from recovering economic activity following economic stimulus packages implemented to counter COVID-19 induced slowdowns.

3.9. It is anticipated that with the waning pandemic, this will augur well for a better 2022 in the diamond industry.

4. Environmental, Social and Governance (ESG) Framework

4.1. The focus on environment, social and governance issues continues to grow across the entire diamond industry value chain driven largely by growing responsible sourcing initiatives being implemented. In line with this key environmental compliance requirement, ZCDC had a mine rehabilitation provision of ZW2.2 billion at the end of 2021 set aside for rehabilitation post mining activities. In 2021, a total of 1,756 indigenous trees were planted on reclaimed land.

4.2. Furthermore, ZCDC continues to work with the local community to implement sustainable community development projects in key clusters which include, health, water and sanitation, education, agriculture, sports, and infrastructure development. Recurrent environmental assessments are carried out to check the impact of the company's operations on the local environment in line with regulations and the company's SHEQ policy framework.

4.3. It is noteworthy that ZCDC's diamonds are responsibly and ethically mined in a manner which addresses both community and environmental considerations. Overall, ZCDC remains fully compliant to the tenets of the corporate governance framework in force and has embraced the full ESG reporting framework in all its dealings.

5. 2021 Operations Performance Overview

5.1. The general economy in the country recorded significant gains in the various domains, with steady recovery in mining, agriculture and manufacturing industry. There was a recordable stabilization of commodity prices as well as currency exchange rates subsequent to the introduction of the currency auction system. The GDP is estimated to have grown by 5.8% in 2021 after having shrunk by 6.2% during 2020.

5.2. Annual inflation plummeted from a high of 362.63% in 2020 to close the year at 60.74% following a host of interventions by the Central Bank. Increased foreign currency demand owing to disruptions to global supply chains from COVID-19 pandemic continued to exert pressure on the local currency. The Zimbabwe Dollar dropped from par against the dollar in 2020 to 108.66 as at end of the year. Overall, the economy recorded steady gains following strong performance in key sectors which were recovering post the COVID-19 pandemic.

5.3. In sync with the industry wide recovery, ZCDC's diamond production recorded significant growth of 184% to reach a peak of 4 million carats from 1.4 million carats produced in 2020. ZCDC's production was 82% above its target production for the year of 2.2 million carats.

5.4. Despite the good production achieved, diamond sales were not performed in line with the sales calendar due to temporary suspension as there was a need to ensure that a sustainable sales framework was devised and implemented in line with the MMCZ Act.

5.5. Notwithstanding the impact of the diamond sales suspension on cashflows, the Company managed to sustain its operations from cash reserves and bridging finance facilities. The company further adopted a prudential cashflow management and cost rationalization strategy. Consequently, the revenue for the year 2021 which stands at ZW11.1 billion was 55% below target of ZW24.8 billion.

5.6. Despite the downstream impact of below budget sales on profitability, for the first time since its inception, the company posted a profit of ZW2.5 billion after tax and ZW1.4 billion after a revaluation adjustment. In the prior year 2020, the company recorded a loss of ZW 8.1 billion after tax and ZW8.4 billion after revaluation adjustments.

5.7. The company's net margin for the period under review was 23% which compared favorably to the average global net margin at 22%.

5.8. Total Assets for the company recorded a marginal decrease of 3.71% as at year end from ZW13.9 billion in 2020 to ZW13.4 billion as at the end of the year under review. Accumulated depreciation on PPE of ZW1.5 billion offset the ZW856 million investment in PPE which was mainly targeted at mining and process optimization initiatives. A favorable inventory position of ZW6.8 billion at year end compared to ZW4.7 billion in the prior year sustained a positive current ratio of 1.78 against industry benchmark of at least 1 further asserting the company's ability to meet its current liabilities from stock disposal.

5.9. Notwithstanding the cashflow management strategy employed to counter the effects of the sales moratorium, the cash and cash equivalents at the end of the year were negative at (ZW63.5 million) against ZW1.430 billion in the prior year.

5.10. Cashflow induced capacity constraints resulted in subdued mining throughputs with Total Material Mined (TMM) of 8.3 million tonnes against a budget of 22 million tonnes. Despite this negative variance, the TMM achieved was 159% above the prior year total of 3.2 million tones.

5.11. The realized grade for the period under review was 303 carats per hundred tones (CPHT) compared to 2020's grade of 199.58 CPHT. The production cost per carat in 2021 was US$15.69/carat against a target of US$29.73/carat and a prior year cost of US$32.91/ton.

5.12. The major contribution to this cost reduction was both process and cost optimization initiatives undertaken during the year.

6. 2022 Outlook and Strategic Thrust

6.1. In 2022 the company's business strategy is anchored on the following key initiatives:

6.1.1. Recovery process optimization to enhance value from diamond value management,

6.1.2. Capacity building in mining and processing to support increased TMM targets of 29 million tonnes for 2022.

6.1.3. Capacity utilization through increased Overall Equipment Efficiency (OEE),

6.1.4. Enhanced marketing and sales efforts through market growth and diversification.

6.1.5. Accelerated resource definition to inform mining and investment decisions.

6.1.6. Creating and protecting shareholder value through operational excellency and production efficiency.

6.1.7. Investment in communities under the "diamonds for development" strategy.

6.1.8. Certification in the Initiative for Responsible Mining Assurance standard.

6.1.9. Successful KPCs review visit and execution of duties as KPCS and ADPA Vice Chair and Chair in the subsequent year.

6.2. ZCDC is targeting to produce 4.5 million carats) in 2022 up from 4.2 million carats produced in 2021. Total sales for 2022 are expected to reach US$480 million. An accelerated sales program will be key in achieving this target.

6.3. Subsequent to year 2021, ZCDC successfully hosted the KPCS Review team and was found to be compliant with KPCS minimum requirements.

6.4. The company was also recertified in its IMS systems which comprise of ISO 45001: 2018, 14001: 2015 and ISO 9001: 2015. ZCDC engaged initiative for Responsible Mining Assurance (IRMA) over the IRMA compliance third party Audit for IRMA 50 certification.

7. Appreciation

7.1. On behalf of Management, I take this opportunity to acknowledge and appreciate the support the company continues to receive from the Board of Directors, the shareholder and stakeholders.

7.2. As we drive towards the achievement of our Vision to become a world class diamond producer for the long-term benefit of the nation, support from all stakeholders will remain key. ZCDC remains resolute in contributing to the country's Vision 2030 and will make all efforts to ensure that it achieves its targets.

7.3. Finally, I take this opportunity to thank the employees for their commitment and hard work which is the driving force behind the company's success.

7.4. Together we will ensure that ZCDC takes its place amongst the top diamond producers in the world.

____

Mr Mark Mabhudhu
Chief Executive Officer

6. | CORPORATE GOVERNANCE STATEMENT

The Zimbabwe Consolidated Diamond Company (Pvt) Ltd (ZCDC) is governed by a Board of Directors, appointed by the shareholder. The Board is cognisant of the centrality of good corporate governance to the long-term success of the business. The Board and Management at all levels are committed to enhancing a strong corporate governance framework as a key driver towards attainment of the ZCDC's vision to be "a world class diamond producer."

2. DIRECTORATE

The Board appointed with effect from 24 April 2020 comprised of the following directors:

Mr Wellington Pasipamire	(Non-Executive Chairman)
Mr Peter Chimboza	(Non-Executive Director)
Mr Charles Tawha	(Non-Executive Director)
Mrs Slava G. Chella	(Non-Executive Director)
Mr Jemister Chininga	(Non-Executive Director)

3. SHAREHOLDING

The company is 100% owned by the Government of Zimbabwe, through Defold Mine (Pvt) Ltd, a company under the Ministry of Mines and Mining Development.

4. BOARD MANDATE

The Board sets the strategic direction of the company and monitors its implementation and execution with the key objective of achieving increase of shareholder value. The governance structures and processes are regularly reviewed to achieve effective corporate business practices. The Board takes a stewardship approach to steer the company on a clearly defined path that balances the interests of all the stakeholders. While the Board delegates certain duties to committees and management, it remains accountable for the company's activities.

The Board is committed to improving and promoting good governance of the company in a professional ethical and transparent way. It subscribes to corporate governance tenets enshrined in the Public Entities Corporate Governance Act [Chapter 10:31], as well as the Companies and Other Business Entities Act [Chapter 24:31]. It also strives to adhere to, the requirements of the National Code on Corporate Governance, Zimbabwe, the King Code of Governance Principles (King IV), ZCDC's Memorandum and Articles of Association, as well as all applicable laws and regulations including industry practices such as the Kimberley Process Certification Scheme (KPCS).

5. BOARD COMPOSITION 2021

The Board was appointed on 24 April 2020 and is constituted of five (5) members, four (4) males and one (1) female.

6. BOARD COMMITTEES AND COMPOSITION

In line with good corporate governance tenets, the Board operates through the following Committees:

6.1. Audit, Risk and Compliance Committee

The Audit Risk and Compliance Committee assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, internal controls, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable accounting standards, legal requirements, and corporate governance. The Committee ensures that there are adequate and appropriate risk management systems on financial reporting risks, internal financial controls, fraud risks, and IT risks. The Committee comprised of:

Mrs Slava G. Chella (Non-Executive Committee Chairman)
Mr C. Tawha (Non-Executive Member)
Dr M Mabhudhu (CEO)

6.2. Finance and Investment Committee

The Committee provides financial advice and information to the Board to enable it to effectively execute financial decisions. The Committee oversees development, approval, review and monitoring of budgets, financial plans, policies, procedures, and business performance. The Committee members were:

Mr Jemister Chininga (Non-Executive Committee Chairman)
Mr Peter Chimboza (Non-Executive Member)
Dr Mark Mabhudhu (CEO)

6.3. Human Resources and Corporate Social Investment Committee

The role of the Committee is to assist the Board in fulfilling its corporate governance responsibilities in regard to remuneration, strategic human resources matters and corporate social responsibility issues. The Committee comprised of the following members:

Mr Charles Tawha (Non-Executive Committee Chairman)
Mr Jemister Chininga (Non-Executive Member)
Mrs Slava G. Chella (Non-Executive Member)
Dr Mark Mabhudhu (CEO)

6.4. Technical Committee

The Committee considers the technical elements of the business operations on exploration, production (mining), processing (recovery) and engineering including, safety, health, environmental and security issues and reviews operational risks threats facing the business. The Committee is also responsible for evaluation of new technologies and processes that may benefit the operations of the business. The Committee members were:

Mr Peter Chimboza (Non-Executive Committee Chairman)
Mr Charles Tawha (Non-Executive Member)
Dr Mark Mabhudhu (CEO)

7. BOARD MEETINGS ATTENDANCE

The Board Committees meetings are scheduled quarterly and held before the Board Meetings to enable the Committees to report to the full Board. However Special Board committee as well as Special Board meetings are held when there is urgent business to be discussed. During the year, Board and Board Committees met as several times as detailed in the table 1 below.

Director	Main Board	Audit, Risk & Compliance	Finance & Investment	HR & Corporate Social Investment	Technical	Joint Audit & HR	Joint Audit & Finance	Annual General Meeting
W Pasipamire	6	0	0	0	0	0	0	2
S.G Chella	6	4	0	7	0	1	1	2
P Chimboza	6	0	3	0	3	0	1	2
J Chininga	6	2	3	8	0	1	1	2
C Tawha	5	2	2	7	3	0	1	2
M Mabhudhu	6	3	3	7	3	1	1	2

8. EXECUTIVE MANAGEMENT COMMITTEE MEETINGS

The Executive Management Committee (EXCO), under the Chief Executive Officer, is responsible for delivering the strategic targets set by the Board. In executing its mandate, EXCO meetings are held regularly, focusing on operational issues of the business. Issues arising from the EXCO meetings are submitted to the relevant Board Committee for deliberation and if deemed fit recommendation for approval by the Board.

7. CORPORATE SOCIAL INVESTMENT

Corporate Social Responsibility forms part of our main strategic pillars as an organization. ZCDC holds in high regard, the balance between, community, nation and corporate stakeholder interests in the execution of its business.

Scholarships

- Namatai Chisaenyerwa was the best student in 2020 Form four (4) public examinations at Gandauta Secondary School in Chiadzwa area resulting in ZCDC funding her High School education. She got enrolled at Marange High school where she is doing her "A" Level studies.
- ZCDC funded a full scholarship for Nyasha Razawo who has a prosthetic leg.
- The diamond company also funds for Tinovimbanashe Marange's education at King George Memorial School in Bulawayo, Matabeleland Province. She is a disabled girl child.

Namatai Chisaenyerwa

Health

- ZCDC has a private clinic that attends to at least 100 patients from the community monthly.
- ZCDC has refurbished a local clinic in the Chiadzwa area which has a population of over 4000 people from 11 districts.
- In order to stop the spread of the Coronavirus, ZCDC provides the community with sanitizers, face-masks and conducts regular awareness campaigns about the pandemic.

Below is a table that shows schools that were assisted with sanitizer

School	Number of Schools	Proposed quantity per school (unit)	Unit size (litres)	Total quantity required	Unit prize (USD$)	Total amount budget
Primary	21	10	5	210	6	1 260.00
Secondary	6	10	5	60	6	360.00
Total	27			270		1, 620.00

Infrastructure

Rehabilitation of Roads
ZCDC continues rehabilitating the road network in the Chiadzwa community stretching hundreds of kilometers in collaboration with the Mutare Rural District Council (MRDC).

Renovation of Charasika Primary School classroom blocks
ZCDC refurbished two classroom blocks at Charasika Primary School where pupils were learning either under trees or in dilapidated structures.

Borehole repairs
The company rehabilitated 12 boreholes in Ward 29 and 10 in Ward 30 in the Chiadzwa area to afford the community access to unpolluted water.

Rehabilitation of Agoni Dip Tank
The company reconstructed Agoni Dip tank in Tandirwa Village, Chiadzwa, to enable the community to have an effective dip tank facility so their livestock is not subjected to -tick-borne diseases and other related diseases

Local enterprise development projects

ZCDC has joined hands with the communities in which it operates to come up with local enterprise development projects that create jobs and stimulate sustainable economic activities in those areas. This will lead to genuine empowerment and wealth creation vis-à-vis a welfaristic approach to community social responsibility projects.

Sewing factory

The company refurbished a dilapidated structure in Chiadzwa and turned it into a sewing factory as well as purchased a state-of-the-art sewing machinery. About 111 men and women from the community were trained in various sewing disciplines. The project has created vast employment opportunities in the communities.

Horticulture garden produce

The company provides a market for the readily available horticulture produce within the community.

Livestock purchase

The company encourages the community to rear livestock which in turn it purchases.


BD05

FINANCIAL STATEMENTS

31 December 2021

AUDITED INFLATION ADJUSTED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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ZIMBABWE CONSOLIDATED DIAMOND COMPANY (PRIVATE) LIMITED

AUDITED INFLATION ADJUSTED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION

NATURE OF BUSINESS
Production and selling of diamonds

DIRECTORS

Mr. M Shava	(Board Chairman)
Mrs. R Mlalazi	(Non-Executive Director)
Eng. C Sadomba	(Non-Executive Director)
Dr. D Zimbango	(Non-Executive Director)
Ms. S Makoni	(Non-Executive Director)
Mr. G Mawere	(Non-Executive Director)
Mr. T Lusiyano	(Non-Executive Director)

CHIEF EXECUTIVE OFFICER
Mr. M. Mabhudhu

SECRETARY
Ms. D Mashingaidze

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INDEPENDENT EXTERNAL AUDITORS
Ralph Bomment Greenacre and Reynolds
A correspondent firm of RSM International
143 Chiremba Road
Queenspark
Harare
Tel +263 4 571 988

The Inflation Adjusted Financial Statements are presented in the Zimbabwean Dollar (ZWL)

RESPONSIBILITIES OF DIRECTORS AND APPROVAL OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the inflation adjusted financial statements and related financial information included in this report. It is their responsibility to ensure that the audited annual inflation adjusted financial statements fairly present the state of affairs of the company and are prepared in conformity with the International Financial Reporting Standards and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless either management or the directors intend to liquidate or cease operations or have no realistic alternative but to do so.

The Directors have reviewed the company's cash flow forecast for the year ending 31 December 2022 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The audited annual inflation adjusted financial statements set out on pages **37 to 66,** which have been prepared on the going concern basis, were approved by the directors on 31 / 10 /2022 and were signed on their behalf by:

______________________________	______________________________
Mr. M Shava	Dr. M. Mabhudhu
Board Chairman	Chief Executive Officer

The preparer of these inflation adjusted financial statements is Mr. Charles Gobvu who is the Finance Manager for Zimbabwe Consolidated Diamond Company (Private) Limited.

____

Mr. Charles Gobvu
Finance Manager (PAAB 04013)

________/_______ /2022

Ralph Bomment.
Greenacre & Reynolds

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZIMBABWE CONSOLIDATED DIAMOND COMPANY (PRIVATE) LIMITED

Adverse Opinion

We have audited the inflation adjusted financial statements of Zimbabwe Consolidated Diamond Company (Private) Limited as set out on pages 37 to 66, which comprise the statement of inflation adjusted financial position as at 31 December 2021, the statement of inflation adjusted profit or loss and other comprehensive income, statement of inflation adjusted cash flows, statement of inflation adjusted changes in equity for the year and the notes to the inflation adjusted financial statements, which include a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements do not present fairly the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS's) and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance to IAS 21-The Effects of Changes in Foreign Exchange Rates

ZCDC changed its functional currency from USD to ZWL following the promulgation of statutory instrument 33 of 2019. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019. In addition, during the period under review, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for transactions as required by IAS 21.

In 2021, management presented the financial statements in the Zimbabwean Dollars (ZWL) although the functional currency of the Company's is the United States Dollars (USD). The Company's sales, cost of sales, expenses are predominantly in the United States Dollars. The financial statements which are denominated in the United States Dollars (USD) which would have required presentation of the financial statements in that currency. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the Statement of Profit and Loss, statement of cash flows and statement of financial position. Our opinion was modified appropriately.

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the adjusted financial statements section of our report. We are independent of Zimbabwe Consolidated Diamond Company (Private) Limited accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide separate opinion on these matters. There were no Key Audit Matters in the period under review.

Responsibilities of management and those charged with governance for the inflation adjusted financial statements

Management is responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with IFRS's, and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error. In preparing the inflation adjusted financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the inflation adjusted financial statements

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures,

and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Auditor's responsibilities for the audit of the inflation adjusted financial statements

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In fulfillment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1) (a)

As a result of the matters described in the Basis for Adverse opinion of our report, the inflation adjusted financial statements of the company are not properly drawn up in accordance with the Act and therefore do not give a true and fair view of the state of the company's affairs as at December 2021.

Section 193(2)

We have no further matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already covered in the Basis for Adverse opinion section of our report.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Thamsanqa M. Siwela CA (Z); CA (S.A) Public Accountants and Auditors Board registration number 0476, South African Institute of Chartered Accountants registration number 20050719 and Institute of Chartered Accountants Zimbabwe registration number M3435.

______________________________ **31 /10 /2022**

Thamsanqa Siwela CA (Z); CA (SA)
Ralph Bomment, Greenacre and Reynolds
A Correspondent firm of RSM International
146 Chiremba Road
Queensdale
Harare

STATEMENT OF INFLATION ADJUSTED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Gross revenue		11 101 355 663	8 990 189 355	8 017 321 472	3 907 836 318
Direct selling costs	5	(1 762 340 276)	(1 562 200 566)	(1 272 749 828)	(639 509 610)
Net revenue		9 339 015 387	7 427 988 789	6 744 571 644	3 268 326 708
Cost of sales		(3 516 957 869)	(11 156 004 896)	(2 699 334 298)	(434 845 506)
Gross profit / (loss)		5 822 057 518	(3 728 016 107)	4 045 237 346	2 833 481 202
Other income	6	(118 182)	3 486 332	694 951	971 820
Administrative expenses		(2 356 693 043)	(6 392 912 512)	(1 627 824 735)	(3 138 116 895)
Selling and distribution expenses		(980 569)	(3 766 492)	(870 206)	(353 999)
Other operating expenses		(64 646 331)	(33 503 080)	(51 871 593)	(11 265 748)
Profit /(loss) before interest and tax		**3 399 619 393**	**(10 154 711 859)**	**2 365 365 763**	**(315 283 620)**
Net finance income / (costs)	8	(517 884 665)	832 897 568	(415 489 180)	344 408 915
Monetary gain		611 900 090	2 681 117 641	-	-
Profit / (loss) before tax		**3 493 634 818**	**(6 640 696 650)**	**1 949 876 583**	**29 125 295**
Taxation	9	(911 514 120)	(1 482 501 866)	(736 244 290)	(765 258 679)
Profit / (loss) after tax		**2 582 120 698**	**(8 123 198 516)**	**1 213 632 293**	**(736 133 384)**
Other comprehensive income					
Revaluation		(1 557 577 525)	(451 141 881)	244 925 610	2 829 624 306
Taxation		385 033 164	111 657 615	(60 545 611)	(699 483 128)
Comprehensive income / (loss)		**(1 172 544 361)**	**(339 484 266)**	**184 379 999**	**2 130 141 178**
Total comprehensive income / (loss)		**1 409 576 337**	**(8 462 682 782)**	**1 398 012 292**	**1 394 007 794**

STATEMENT OF INFLATION ADJUSTED FINANCIAL POSITION

	NOTES	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
ASSETS					
Non-current assets					
Property and equipment	12	4 976 995 237	6753 328 829	4 100 146 632	3 766 117 791
Intangible assets	10	1 743 002	2 690 385	1 743 002	1 673 779
Exploration and evaluation assets	13	1 108 124 687	607 791 510	591 141 410	187 116 473
Investment in subsidiary companies	11	-	104 743 900	-	20 295 856
Related party receivables	16	1 623 080	862 226	1 623 080	536 420
		6 088 486 006	**7 469 416 850**	**4 694 654 124**	**3 975 740 319**
Current assets					
Inventories	14	6 758 224 963	4 677 884 092	5 807 362 332	2 739 204 928
Trade and other receivables	15	1 020 228 126	321 571 007	1 020 228 126	200 060 125
Money market investments	17	90 472 378	-	90 472 378	-
Cash and cash equivalents	17	13 757 782	1 430 668 964	13 757 782	890 067 218
		7 882 683 249	**6 430 124 063**	**6 931 820 617**	**3 829 332 271**
Total assets		**13 971 169 255**	**13 899 540 913**	**11 626 474 741**	**7 805 072 590**
EQUITY AND LIABILITIES					
Equity and reserves					
Share capital	18	1 911	1 911	30	30
Shareholders' contribution		5 091 147 047	5 091 147 047	80 000 000	80 000 000
Revaluation reserve		1 060 411 447	2 232 955 808	3 010 323 998	2 825 943 999
Accumulated profits/ (losses)		265 494 436	(2 316 626 262)	349 203 770	(864 428 523)
		6 417 054 841	**5 007 478 504**	**3 439 527 798**	**2 041 515 506**
LIABILITIES					
Non-current liabilities					
Mine rehabilitation provision	20	1 841 486 835	2 059 868 827	1 841 486 835	1 281 513 587
Long term loans	21	-	376 612 120	-	234 303 050
Deferred tax	19	1 025 033 760	2 060 678 023	1 657 866 290	1 513 523 396
		2 866 520 595	**4 497 158 970**	**3 499 353 125**	**3 029 340 033**
Current liabilities					
Short term loans	21	985 410 978	1 342 353 536	985 410 976	835 123 223
Bank overdraft	17	167 686 923	-	167 686 923	-
Trade and other payables	22	1 906 577 442	1 715 768 272	1 906 577 442	1 067 437 074
Amounts due to group companies	16	436 357 694	384 294 382	436 357 694	239 082 443
Other provisions	23	294 891 516	313 029 626	294 891 516	194 746 245
Taxation		896 669 266	639 457 623	896 669 266	397 828 066
		4 687 593 819	**4 394 903 439**	**4 687 593 818**	**2 734 217 051**
Total liabilities		**7 554 114 414**	**8 892 062 409**	**8 186 946 943**	**5 763 557 084**
Total equity and liabilities		**13 971 169 255**	**13 899 540 913**	**11 626 474 741**	**7 805 072 590**

Mr. M Shava
Board Chairperson

31 /10 /2022

Dr. M. Mabhudhu
Chief Executive Officer

31 /10 /2022

STATEMENT OF INFLATION ADJUSTED CHANGES IN EQUITY
INFLATION ADJUSTED

	Share capital	Shareholder contribution	Revaluation reserve	Retained earnings	Total
Balance at 01 January 2020	1 189	3 167 373 587	1 600 401 377	3 612 463 640	8 380 239 793
Total comprehensive income for the year	-	-	(211 204 565)	(5 053 714 651)	(5 264 919 216)
Balance at 31 December 2020	**1 189**	**3 167 373 587**	**1 389 196 812**	**(1 441 251 011)**	**3 115 320 577**
	=====	==========	==========	==========	==========
Uplifted to 31 December 2021	**1 911**	**5 091 147 047**	**2 232 955 808**	**(2 316 626 262)**	**5 007 478 504**
Total comprehensive income for the year	-	-	(1 172 544 361)	2 582 120 698	1 409 576 337
Balance at 31 December 2021	**1 911**	**5 091 147 047**	**1 060 411 447**	**265 494 436**	**6 417 054 841**
	=====	==========	==========	==========	==========

HISTORICAL COST

	Share capital	Shareholder contribution	Revaluation reserve	Retained earnings	Total
Balance at 01 January 2020	30	80 000 000	695 802 821	(128 295 139)	647 507 712
Total comprehensive income for the year	-	-	2 130 141 178	(736 133 384)	1 394 007 794
Balance at 31 December 2020	**30**	**80 000 000**	**2 825 943 999**	**(864 428 523)**	**2 041 515 506**
Total comprehensive income for the year	-	-	184 379 999	1 213 632 293	1 398 012 292
Balance at 31 December 2021	**30**	**80 000 000**	**3 010 323 998**	**349 203 770**	**3 439 527 798**
	=====	=========	=========	=========	=========

STATEMENT OF INFLATION ADJUSTED CASH FLOWS

	Notes	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit / (loss)		3 399 619 393	(10 154 711 859)	2 365 365 763	(315 283 620)
Adjustments for items not affecting cash:					
Depreciation on plant and equipment	**12**	1 737 172 024	1 733 370 016	1 088 165 340	241 205 597
Amortization of intangible asset	**10**	340 336	392 437	211 735	54 437
Loss on disposal of property and equipment		5 522 955	-	4 253 080	-
Movement in provision for rehabilitation costs	**20**	142 729 652	301 417 929	559 973 248	1 037 589 239
Impairment of investment in subsidiary	**11**	104 743 899	1 184 224 354	20 295 856	-
Operating cash flows before changes in working capital		**5 390 128 259**	**(6 935 307 123)**	**4 038 265 022**	**963 565 653**
Net effect of changes in working capital	**24**	**(2 555 024 473)**	**6 642 332 552**	**(2 752 851 175)**	**(990 217 949)**
Net cash flows from operations		**2 835 103 786**	**(292 974 571)**	**1 285 413 847**	**(26 652 296)**
Returns on investments and servicing of finance					
Net finance income / (costs)	**8**	(517 884 665)	832 897 568	(415 489 180)	344 408 915
Monetary gain		611 900 090	2 681 117 641	-	-
Taxes paid					
Movement in tax payable		(1 664 612 092)	(929 457 699)	(153 605 806)	-
Net cash flows from operations		**1 264 507 119**	**2 291 582 939**	**716 318 861**	**317 756 619**
CASH FLOWS FROM INVESTING ACTIVITIES					
Exploration and evaluation	**13**	(500 333 176)	(392 316 379)	(404 024 937)	(169 264 426)
Acquisition of equipment	**12**	(1 524 744 993)	(1 035 199 852)	(1 181 802 608)	(168 000 614)
Net cash utilized in investing activities		**(2 025 078 169)**	**(1 427 516 231)**	**(1 585 827 545)**	**(337 265 040)**
Net cash flows before financing activities		**(760 571 050)**	**864 066 708**	**(869 508 684)**	**(19 508 421)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Movement in loans payable	**21**	(733 554 677)	(468 128 426)	(84 015 297)	766 042 483
Net cash generated from financing activities		**(733 554 677)**	**(468 128 426)**	**(84 015 297)**	**766 042 483**
Net increase/(decrease) in cash and cash equivalents		(1 494 125 727)	395 938 282	(953 523 981)	746 534 062
Cash and cash equivalents at the beginning of the year	**17**	1 430 668 964	1 034 730 682	890 067 218	143 533 156
Cash and cash equivalents at the end of the year	**17**	**(63 456 763)** ==========	**1 430 668 964** =========	**(63 456 763)** ========	**890 067 218** ========
Cash and cash equivalents at the end of the year		**(63 456 763)** ==========	**1 430 668 964** =========	**(63 456 763)** ========	**890 067 218** ========

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Zimbabwe Consolidated Diamond Company (Private) Limited (ZCDC) is 100% owned by the Government of Zimbabwe through the Ministry of Mines and Mining Development. The Company was incorporated in July 2015. The Company conducts mining activities in Chiadzwa and Chimanimani areas under the Special Mining Grants 7978, 7930 and 6871 issued by the Ministry of Mines and Mining Development. ZCDC started mining following the Government of Zimbabwe's order to all diamond mining companies in Chiadzwa area to cease operations after their mining licenses had expired. ZCDC was then mandated to carry out mining activities in all concessions previously mined by the exited companies.

2. BASIS OF PRESENTATION

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) , the International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Zimbabwe Companies and other Business Entities Act (Chapter 24:31) and related Statutory Instruments.

The financial statements are presented in Zimbabwe dollars. They are based on the historical cost convention and adjusted to take account to the effects of inflation in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies). The adjusted amounts are presented side by side with the unadjusted figures from where they are derived. The inflation adjusted financial statements constitute the company's primary financial statements whilst the historical financials are supplementary.

The Zimbabwean economy is considered to be hyperinflationary and as such IAS 29 requires that financial statements prepared be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures be stated in terms of the same measuring unit.

Accordingly, these financial statements have been adjusted, to take account of the changes in the general purchasing power of the Zimbabwe dollar and, as a result, are stated in terms of the measuring unit current at the balance sheet date. The adjustments are based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe Central Statistical Office and published on the Reserve Bank of Zimbabwe's website. The indices and conversion factors applied are disclosed by way of a note.

The main procedures applied in the adjustments of transactions and balances are as follows:

- Monetary assets and liabilities as at the end of the current year being reported on are not adjusted because they are already stated in terms of the measuring unit current at balance sheet date;
- Non-monetary assets and liabilities, and components of shareholders' equity or funds, are adjusted by applying the change in the index from the date or month of the transaction or ,if applicable , from the date of their most recent revaluation to the balance sheet date;
- Equipment and intangible assets are adjusted by applying the change in the index from the date of transaction, or if applicable, from the date of their most recent or last revaluation, to the balance sheet date. Depreciation and amortisation amounts are based on the adjusted amounts;
- Statement of comprehensive income items or transactions, except depreciation and amortization charges as explained above, are adjusted by applying the monthly price indices for the respective months when the income and or expenses were incurred.
- For comparative statement of comprehensive income items or transactions , an average index during the period to the balance sheet date was applied;

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS *(Continued)*

- Gains and losses arising from the net monetary asset or liability positions are included in the profit and loss statement;
- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

Below are the indices used in the conversion of historical amounts to inflation adjusted amounts:

Month	Consumer Price Index	Upliftment factor
December 2020	2 474,51	1,61
January 2021	2 608,79	1,52
February 2021	2 698,89	1,47
March 2021	2 759,83	1,44
April 2021	2 803,57	1,42
May 2021	2 874,85	1,38
June 2021	2 986,44	1,33
July 2021	3 062,93	1,30
August 2021	3 191,19	1,25
September 2021	3 342,02	1,19
October 2021	3 555,90	1,12
November 2021	3 760,86	1,06

2.1 Determination of the functional currency

The financial statements are presented in ZWL which is also the functional currency assessed by management of the Company. According to management that is the functional currency of the primary economic environment in which Zimbabwe Consolidated Diamond Company (Private) Limited operates.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the spot rate on the translation date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year end are recognized 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the company's financial statements in conformity with International Financial Reporting Standards (IFRS's) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur. In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the company financial statements:

3.1 Revenue recognition

Significant accounting policy:

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. The principal activities are ;

Sale of minerals and scrap

Revenue from the sale of minerals and scrap is recognised at a point in time, when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods; and the entity retains neither continuing managerial involvement to the degree usually associated with ownership.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity is entitled in exchange for those goods or services. IFRS 15 introduced a 5-step approach to revenue recognition, which is as follows:-

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognise revenue when (or as) the entity satisfies the performance obligation.

IFRS 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe what might more commonly be known as accrued revenue’ and ‘deferred revenue’, however the IFRS 15 does not prohibit an entity from using alternative descriptions in the statement of financial position. The company has adopted the terminology used in IFRS 15 to describe such balances.

3.2 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that were enacted or substantively enacted at the reporting date in Zimbabwe, where the company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Value Added Tax

Revenue and income are recognized net of the amount of Value Added Tax, except:

- When the goods sold are zero rated or exempt from Value Added Tax. Expenses and assets are recognized net of the amount of Value Added Tax, except:
- When the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated, the amount of Value Added Tax is included. The net amount of Value Added Tax payable to the taxation authority is included as part of payables in the statement of financial position.

3.3 Interest expense

Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

3.4 Interest income

Interest income is recognized on the basis of the effective interest method and is included in finance income.

3.5 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties and these are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including all directors.

3.6 Inventories

Raw materials are valued by aggregating all costs incurred in bringing the inventories to their present location and condition, including the costs of purchase and conversion. In the case of raw materials, no write-down to net realisable value from cost takes place if materials form part of finished goods that are expected to realise their cost or more. The value of the work in progress and finished products is obtained by aggregating all costs incurred in bringing them to their present location and condition, including the costs of purchase and conversion.

The costs of purchase of inventories comprise the purchase price (less trade discounts, rebates and similar items), irrecoverable taxes, and transport, handling and other costs directly attributable to their acquisition. Costs of conversion include costs directly related to the units of production, such as direct labour and systematically allocated fixed and variable production overheads incurred in producing finished goods. Full absorption costing was used to systematically allocate fixed and variable production overheads. Consumables inventories are valued at the lower of cost and net realisable value. Cost was determined using a weighted average cost basis.

3.7 Financial instruments - recognition and measurement

Impairment of financial assets

The company assesses at each reporting date whether there is objective evidence that a financial asset or a company of financial assets is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated, evidence of impairment may include: indications that the debtor, or a company of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an Expected Credit Losses allowance account, and the loss is recognized in the statement of profit or loss and other comprehensive income. Interest income (recorded as finance income in the statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

3.7 Financial instruments - recognition and measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- Trade and other receivables
- Cash and cash equivalents

Trade and other receivables

The majority of sales are made on the basis of normal contract terms, and receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective rate method.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Impairment of financial assets

The company assesses at each reporting date whether there is objective evidence that a financial asset or a company of financial assets is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the company of financial assets that can be reliably estimated, evidence of impairment may include: indications that the debtor, or a company of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of trade and other receivables is reduced through the use of an allowance account, and the loss is recognized in the statement of profit or loss and other comprehensive income. Interest income (recorded as finance income in the statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Trade receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating income in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e., removed from the company's statement of financial position) when: the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the company has transferred substantially all the risks and rewards of the asset, or the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, advance payments received and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables denominated in a foreign currency are translated into Zimbabwean Dollars (ZWL) using the exchange rate at the reporting date, foreign exchange gains or losses are included in profit or loss.

Advance payments received

Advance payments received are assessed on initial recognition to determine whether it is probable that they will be repaid as another financial asset or in cash. If it is probable that the advance payments will be repaid with goods or services, the liability is carried at historic cost.

Interest bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.8 Financial instrument risk

The company's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the company's short term to medium term cash flows.

The company does not actively engage in trading of financial assets for speculative purposes. The most significant financial risks to which the company is exposed are described as follows:

Market risk analysis

The company is exposed to market risk through its use of financial instruments and specifically to currency risk; interest rate risk and certain other price risks, which result from both its operating and investing activities.

Credit risk analysis

Credit risk is the risk that counterparty fails to discharge an obligation to the company. This risk is not significant in the year under review.

Liquidity risk

Liquidity risk is that the company might be unable to meet its obligations. The company's exposure to this risk is minimal.

Foreign currency sensitivity

Most of the company's transactions are carried out in United States Dollars and thus company's exposure is considered significant. The company does not have exchange contracts to mitigate this risk.

Interest rate sensitivity

The company's policy is to minimize interest rate cash flow risk exposure on long and short-term financing. The company had interest bearing loans in the period under review.

Other price sensitivity

The diamonds are subject to price movements on the international market and as such this risk is considered high.

3.9 Property, plant and equipment

Property, plant and equipment acquired after 1 January 2009 is stated at cost, net of accumulated depreciation and or accumulated impairment losses, if any assets acquired before this date are stated at the restated United States Dollar amounts obtained from a valuation done by the Directors conducted on 30 June 2009, net of accumulated depreciation and or accumulated impairment losses, if any.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognized.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation loss is recorded in other comprehensive income and debited to the revaluation reserve in equity.

A transfer from the asset revaluation reserve to retained earnings is made when the revalued assets are disposed or derecognized. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Items of property, plant and equipment are depreciated annually on a straight-line basis at such rates as are considered appropriate to reduce their book values to residual values over their estimated useful lives. The estimated useful lives currently in use are:

Property, plant and equipment	**Useful life**	**Depreciation Rate**
Land	**Infinity**	**Nil**
Residential buildings	50	2%
Commercial buildings	50	2%
Industrial buildings	20	5%
Infrastructure (roads, slimes dams)	20	5%
Software	10	10%
Furniture and fittings	10	10%
Plant and machinery	10	10%
Fencing	10	10%
Office equipment	5	20%
Computer equipment	5	20%
Motor vehicles	5	20%
Earth moving equipment	5	20%
Generators	5	20%
Surveillance equipment	5	20%
Camp equipment	5	20%
Electrical and mechanical equipment	5	20%
Air conditioning	3	33%
Exploration and development	Tonnes ore mined	Tonnes ore mined
Capital Work in Progress (CWIP)	Not depreciated	Nil

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3.10 Impairment of assets

At each reporting date, property, plant and equipment and financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment the recoverable amount of any affected assets is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.
Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its selling price less costs to sell, if an item of inventory is impaired it carrying amount is reduced to selling price less costs to sell, and an impairment loss is recognized immediately in profit or loss.
If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (selling price less costs to sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.11 INTANGIBLE ASSETS

Mining rights

Mining rights (in form of Special Grants) are initially recognised at cost or deemed cost. The rights have a finite useful life and are subsequently measured using the revaluation model. Amortisation is calculated using the straight-line method to allocate the mining rights over the lifespan of the grant.

Acquired software

Acquired software is capitalised based on the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred unless where the expenditure qualifies for capitalisation. Costs associated with maintaining software, i.e., expenditure relating to patches and other updates as well as their installation, is expensed as incurred. Acquired software is amortised over its expected useful life, and this is 10 years for the company's software.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are initially recognised at cost. The assets have a finite useful life. Amortisation is calculated using the units of production method.

Pre-licence costs

Pre-licence costs relate to costs incurred before the company has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditure

One or more of the following facts and circumstances may indicate that the company should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of

commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3.12 Provisions

Provisions are recognized when:

- The company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and
- A reliable estimate can be made of the obligation.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be remote. Provisions are measured at the present value of the expenditures to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.13 Foreign currencies

The company's financial statements are presented in Zimbabwean Dollars, which is also the company's functional currency. Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, differences arising on settlement or translation of monetary items are recognized in profit or loss.

3.14 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current or non- current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the company's normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or:
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in the company's normal operating cycle,
- It is due to he settled within twelve months after the reporting period or:
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, Or

- In the absence of a principal market, in the most advantageous market for the asset or liability the principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using tire assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable,

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Directors determine the policies and procedures for recurring fair value measurement, such as revaluation of freehold land and buildings. External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The company's external valuers, exercise discretion over the appropriate valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.16 Employee benefits

Employee benefits are made up of short term and long-term employee benefits.

Short-term employee benefits

The cost of all short-term employee benefits is recognized during the period in which the employee renders the related service. Short-term benefits are recognized on an undiscounted basis.

Long term employee benefits

The company has long term employee benefits in the form of pensions fund contributions. The company contributes to the National Social Security Authority ("NSSA") pension scheme which is a publicly managed defined contribution plan and contributions are currently the rate of 4.5% of the pensionable income. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further amounts. Contributions in respect of defined contribution plans are recognized as an expense in the period to which they relate. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The company also contributes to the Mining Industry Pension Fund (MIPF).

3.17 Rehabilitation provision

The company makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2032, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the company's SIRDC report. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future diamond prices, which are inherently uncertain.

4.1 NEW STANDARDS INTRODUCED

Amendment to IFRS 16- Covid-19 Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021)

Lessees will apply the amendment retrospectively, recognizing the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment.

In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8. In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

IFRS 10 and IAS 28(amendments) sale or contribution of assets between an investor and its associate or joint venture effective date yet to be set by IASB (effective 1 January 2020).

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture

Amendments to references to the Conceptual Framework in IFRS's (effective 01 January 2020)

Together with the revised conceptual framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised conceptual framework. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020 with early application permitted

Amendments to IAS 1 and IAS 8 definition of material (effective 01 January 2020)

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS standards. The concept of obscuring material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other standards and the conceptual framework that contain a definition of material or refer to the term material to ensure consistency. The impact on the company immaterial

4.2 SIGNIFICANT ACCOUNTING JUDGEMENTS', ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognized in the financial statements. The Directors are of the opinion that the statement of financial position represents a true and fair position of the company,

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values of property, plant and equipment

The company assesses useful lives and residual values of property and equipment each year taking into consideration past experience, technology changes and the local operating environment. Residual values were reassessed during the year and were still in line with those determined in the previous reporting periods.

Valuation of inventory

The company used the weighted average cost method to value their inventory and management judgement will have to be exercised in estimating the recoverability of the inventory values.

Calculating depreciation and amortization expenses: The calculation of depreciation and amortization requires management to estimate the expected useful lives of its assets.
Allowance for inventory damage or shrinkage and the allowance for bad debts: The calculations of these amounts will require use of management estimates based on prior experience.

Impairment of financial instruments

The company reviews its receivables' portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable. The company assesses its trade receivables and loans receivables for impairment at each reporting date. In determining whether an impairment loss should be recognized in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from an asset.

Mine rehabilitation provisions

The company makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. These provisions are created based on the company's internal estimates. Assumptions based on the current economic environment are made, which management believes are a reasonable basis upon which to estimate the future liability.

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
5	**DIRECT SELLING COSTS**				
	MMCZ commission	97 136 852	78 664 156	70 151 555	34 193 568
	Royalties	1 110 135 618	1 034 026 944	801 732 185	409 924 226
	Depletion fees	277 533 903	224 754 733	200 433 044	97 695 908
	Management fees	277 533 903	224 754 733	200 433 044	97 695 908
		1 762 340 276	**1 562 200 566**	**1 272 749 828**	**639 509 610**
		=========	=========	=========	=========
6	**OTHER INCOME**				
	Sale of scrap	818 371	288 146	674 808	78 974
	Sundry income	4 586 402	3 198 186	4 273 223	892 846
	Loss on disposal of fixed assets	(5 522 955)	-	(4 253 080)	-
		(118 182)	**3 486 332**	**694 951**	**971 820**
		=========	=========	=========	=========
7	**OPERATING LOSS**				
7.1	**Analysis**				
	Audit fees	14 063 467	11 750 950	10 738 606	5 230 677
	Amortization	340 336	392 437	211 735	54 437
	Depreciation on fixed assets	1 737 172 024	1 733 370 016	1 088 165 340	241 205 597
	Impairment of investment in subsidiary	104 743 899	1 184 224 354	-	-
	Directors' emoluments	2 632 688	978 578	2 246 440	396 529
	Staff costs	3 496 540 251	3 774 396 843	2 711 583 961	1 612 244 025
	Allowance for credit losses **(7.3)**	2 322 118 787	2 821 741 598	2 322 118 787	1 755 500 229
7.2	**Staff costs**				
	Salaries and wages	2 522 551 970	3 039 980 427	1 952 211 975	1 288 914 319
	Allowances and benefits	744 903 381	670 054 828	578 383 202	287 231 959
	Contributions to pension fund	174 490 682	23 400 556	137 290 555	17 777 837
	Contributions to NSSA	54 594 218	40 961 032	43 698 229	18 319 910
		3 496 540 251	**3 774 396 843**	**2 711 583 961**	**1 612 244 025**
7.3	**Allowance for credit losses**				
	Amounts owed by related parties	**(2 322 118 787)**	**(2 821 741598)**	**(2 322 118 787)**	**(1 755 500 229)**
		(2 322 118 787)	**(2 821 741 598)**	**(2 322 118 787)**	**(1 755 500 229)**
8	**NET FINANCING COSTS**				
	Exchange gains/(losses)	(221718 065)	1 302 498 058	(177 077 127)	574 292 009
	Finance charges	(300 081 829)	(472 653 002)	(241 831 727)	(231 387 501)
	Interest received	3 915 229	3 052 512	3 419 674	1 504 407
		(517 884 665)	**832 897 568**	**(415 489 180)**	**344 408 915**
		==========	==========	==========	==========

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
9	**TAX RECONCILIATION**				
9.1	**Profit /(loss) before tax**	**3 429 851 818**	**(6 640 696 650)**	**1 949 876 583**	**29 125 295**
	Notional tax based on profit / (loss)before tax at 24.72%	863 626 527	(1 709 979 387)	482 009 491	7 199 773
	Additional taxation resulting from:				
	Permanent differences	47 887 593	3 192 481 253	254 234 799	758 058 906
	Tax charge	**911 514 120**	**1 482 501 866**	**736 244 290**	**765 258 679**
		==========	=========	========	=========
9.2	**Income tax expense**				
	- Current	827 716 836	697 637 825	652 447 006	276 968 396
	- Deferred tax	83 797 284	784 864 041	83 797 284	488 290 283
		911 514 120	**1 482 501 866**	**736 244 290**	**765 258 679**
		========	========	========	========
10	**INTANGIBLE ASSETS**				
10.1	**Analysis**				
	Opening balance	2 690 385	3 468 136	1 673 779	481 084
	Amortization	(340 336)	(392 437)	(211 735)	(54 437)
	Revaluation	(607 047)	(385 314)	280 958	1 247 132
	Closing carrying amount	**1 743 002**	**2 690 385**	**1 743 002**	**1 673 779**
		=========	=========	========	========

10.2 The software capitalized under intangible assets includes Paywell payroll package. The useful life of the software is estimated at ten (10) years, and it is amortized on a straight-line basis over its useful life.

11 INVESTMENT IN SUBSIDIARY

In 2017, the company acquired 60% shareholding in DTZ-OZGEO (Private) Limited, following the implementation of the Government Policy on consolidation of the diamond industry in Zimbabwe and consequent cancellation of Special Mining Grants 5267 and 4955 over an area situated in Chimanimani held by the DTZ-OZGEO. In 2018, the company acquired additional 40% shareholding in DTZ-OZGEO making it wholly owned subsidiary. The purpose of the transaction was for the Government of Zimbabwe and DTZ- OZGEO to resolve amicably the issues arising from the cancellation of the DTZ-OZGEO's Special Mining Grants.

Currently, DTZ-OZGEO is not operating and has been classified as a project because of the reasons provided above, the financial results of DTZ-OZGEO were not consolidated in the company's financial statements. The investment is shown at fair value.

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

12.1 PROPERTY, PLANT AND EQUIPMENT – HISTORICAL COST

	Buildings	Infrastructure	Plant machinery and earthmoving equipment	Motor vehicles	Office equipment	Campingand catering	Electrical and mechanical equipment	Security equipment	Capital Work in Progress	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Year ended 31 December 2020										
Opening carrying amount	47 592 970	45 024 741	852 720 484	38 216 515	4 768 774	528 194	3 812 621	3 030 449	15 250 853	1 010 945 601
Additions	-	-	134 729 688	4 536 005	5 036 166	131 056	2 709 637	13 150 699	7 707 367	168 000 618
Transfer from capital work in progress	-	-	6 688 427	-	-	-	-	-	(6 688 427)	-
Revaluation	160 429 715	125 554 383	2 325 458 371	195 506 238	13 247 686	1 626 061	1 372 043	5 182 675	-	2 828 377 172
Depreciation charge for the year	(1 033 174)	(2 630 841)	(217 483 383)	(15 340 113)	(1 771 441)	(212 098)	(1 918 815)	(815 735)	-	(241 205 600)
Carrying amount at the end of the year	**206 989 511**	**167 948 283**	**3 102 113 587**	**222 918 645**	**21 281 185**	**2 073 213**	**5 975 486**	**20 548 088**	**16 269 793**	**3 766 117 791**
As at 31 December 2020										
Gross carrying amount	208 022 685	170 579 124	3 319 596 970	238 258 758	23 052 626	2 285 311	7 894 301	21 363 823	16 269 793	4 007 323 391
Accumulated depreciation	(1 033 174)	(2 630 841)	(217 483 383)	(15 340 113)	(1 771 441)	(212 098)	(1 918 815)	(815 735)	-	(241 205 600)
Carrying amount at the end of the year	**206 989 511**	**167 948 283**	**3 102 113 587**	**222 918 645**	**21 281 185**	**2 073 213**	**5 975 486**	**20 548 088**	**16 269 793**	**3 766 117 791**
Year ended 31 December 2021										
Opening carrying amount	206 989 511	167 948 283	3 102 113 588	222 918 645	21 260 488	2 073 213	5 995 408	20 548 088	16 269 791	3 766 117 015
Additions	3 937 939	22 270 444	673 690 463	11 674 057	21 955 537	4 333 741	10 210 694	-	433 729 732	1 181 802 607
Revaluation	45 516 027	21 245 560	118 783 687	37 355 116	6 857 050	1 588 597	5 645 106	7 653 511	-	244 644 654
Disposals: cost	-	-	-	(5 316 350)	-	-	-	-	-	(5 316 350)
Accumulated depreciation on disposals	-	-	-	1 063 270	-	-	-	-	-	1 063 270
Depreciation charge for the year	(4 688 053)	(11 322 421)	(924 507 859)	(127 736 423)	(8 529 610)	(1 558 709)	(4 382 829)	(5 438 660)	-	(1 088 164 564)
Carrying amount at the end of the year	**251 755 424**	**200 141 866**	**2 970 079 879**	**139 958 315**	**41 543 465**	**6 436 842**	**17 468 379**	**22 762 939**	**449 999 523**	**4 100 146 632**
As at 31 December 20201										
Gross carrying amount	256 443 477	211 464 287	3 894 587 738	266 631 468	50 073 075	7 995 551	21 851 208	28 201 599	449 999 523	5 187 247 926
Accumulated depreciation	(4 688 053)	(11 322 421)	(924 507 859)	(126 673 153)	(8 529 610)	(1 558 709)	(4 382 829)	(5 438 660)	-	(1087 101 294)
Carrying amount at the end of the year	**251 755 424**	**200 141 866**	**2 970 079 879**	**139 958 315**	**41 543 465**	**6 436 842**	**17 468 379**	**22 762 939**	**449 999 523**	**4 100 146 632**

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

12.2 PROPERTY, PLANT AND EQUIPMENT – INFLATION ADJUSTED

	Buildings ZWL	Infrastructure ZWL	Plant machinery and earthmoving equipment ZWL	Motor vehicles ZWL	Office equipment ZWL	Camping and catering ZWL	Electrical and mechanical equipment ZWL	Security equipment ZWL	Capital Work in Progress ZWL	Total ZWL
Year ended 31 December 2020										
Opening carrying amount	343 097 775	324 583 408	6147 262 921	275 502 900	32 437 340	3 807 751	29 425 945	21 846 510	724 291 010	7902 255 560
Additions	-	-	967 036 683	28 183 066	11 833 610	840 373	4 530 241	21 138 068	1 637 816	1 035 199 857
Depreciation	(1 660 695)	(4 228 740)	(349 576 661)	(24 657 265)	(2 847 364)	(340 920)	(3 084 249)	(1 311 190)	-	(387 707 084)
Revaluation	(8 727 973)	(50 399 331)	(1 778 472 980)	79 284 448	(7 649 534)	(974 779)	(20 834 382)	(8 644 973)	-	(1 796 419 504)
Carrying amount at end of the year	**332 709 107**	**269 955 337**	**4 986 249 963**	**358 313 149**	**33 774 052**	**3 332 425**	**10 037 555**	**33 028 415**	**725 928 826**	**6 753 328 829**
As at 31 December 2020										
Gross Carrying amount	334 369 802	274 184 077	5 335 826 624	382 970 414	36 621 416	3 673 345	13 121 804	34 339 605	725 928 826	7141 035 913
Accumulated depreciation	(1 660 695)	(4 228 740)	(349 576 661)	(24 657 265)	(2 847 364)	(340 920)	(3 084 249)	(1 311 190)	-	(387 707 084)
Carrying amount at end of the year	**332 709 107**	**269 955 337**	**4 986 249 963**	**358 313 149**	**33 774 052**	**3 332 425**	**10 037 555**	**33 028 415**	**725 928 826**	**6 753 328 829**
Year ended 31 December 2021										
Opening carrying amount	332 709 107	269 955 337	4 986 249 963	358 313 149	33 774 052	3 332 425	10 037 555	33 028 415	725 928 826	6 753 328 829
Additions	4 686 682	24 570 615	835 966 065	14 550 406	26 268 367	5 761 888	12 166 101	-	600 774 869	1 524 744 993
Disposals	-	-	-	(7 080 518)	-	-	-	-	-	(7 080 518)
Depreciation	(7 527 230)	(18 162 951)	(1 476 525 950)	(203 622 881)	(13 346 041)	(2 402 924)	(6 842 098)	(8 741 948)	-	(1 737 172 023)
Revaluation	(78 113 135)	(76 221 135)	(1 375 610 199)	(22 201 840)	(5 585 639)	(254 546)	2 539 547	(1 379 097)	-	(1 556 826 044)
Carrying amount at end of the year	**251 755 424**	**200 141 866**	**2 970 079 879**	**139 958 316**	**41 110 739**	**6 436 843**	**17 901 105**	**22 907 370**	**1 326 703 695**	**4 976 995 237**
As at 31 December 2021										
Gross carrying amount	260 943 349	222 533 557	4 796 182 490	368 238 462	57 304 144	9 180 687	27 827 452	32 960 508	1 326 703 695	7 101 874 344
Accumulated depreciation	(9 187 925)	(22 391 691)	(1 826 102 611)	(228 280 146)	(16 193 405)	(2 743 844)	(9 926 347)	(10 053 138)	-	(2 124 879 107)
Carrying amount at end of the year	**251 755 424**	**200 141 866**	**2 970 079 879**	**139 958 316**	**41 110 739**	**6 436 843**	**17 901 105**	**22 907 370**	**1 326 703 695**	**4 976 995 237**

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
12.3	**Capital Work in Progress**				
	Area 700 Crusher Plant	1 035 136 100	725 928 826	351 065 614	16 269 793
	X-Ray Body Scanners	107 612 295	-	36 496 627	-
	Fencing	184 099 731	-	62 437 283	-
		1 326 848 127	**725 928 826**	**449 999 524**	**16 269 793**
13	**EXPLORATION AND EVALUATION ASSETS**				
13.1	**Analysis**				
	Chimanimani portal	**1 108 124 687**	**607 791 510**	**591 141 410**	**187 116 473**
13.2	**Movement**				
	Opening balance	48 043 918	18 795 177	187 116 473	17 852 047
	Additions	200 431 385	29 248 741	404 024 937	169 264 426
	Closing carrying amount	**248 475 303**	**48 043 918**	**591 141 410**	**187 116 473**
14	**INVENTORIES**				
14.1	**Analysis**				
	Work in progress	2 004 956 809	2 311 481 922	1 812 694 765	1 408 535 533
	Diamonds stock	4 367 772 808	1 965 364 209	3 669 558 759	1 222 719 090
	Consumables	385 495 346	401 037 961	325 108 808	107 950 305
		6 758 224 963	**4 677 884 092**	**5 807 362 332**	**2 739 204 928**
15	**TRADE AND OTHER RECEIVABLES**				
15.1	**Analysis**				
	Prepayments	29 516 381	83 140 288	29 516 381	51 724 366
	VAT refundable	407 763 588	214 581 952	407 763 588	133 498 640
	MMCZ commission receivable	-	22 895 198	-	14 243 872
	Special grant	-	258 036	-	160 533
	Other receivables	582 948 157	695 533	582 948 157	432 714
		1 020 228 126	**321 571 007**	**1 020 228 126**	**200 060 125**

15.2 All amounts receivable is short-term. The net carrying amount of trade and other receivables is considered a reasonable approximation of their fair value. All trade and other receivables have been reviewed for indicators of impairment and none have been found to be impaired.

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
16 RELATED PARTIES' BALANCES				
16.1 Amounts owed by:				
Zimbabwe Mining Development Corporation (ZMDC)	2 119 990 260	2 565 110 100	2 119 990 260	1 595 841 154
Marange Resources (Pvt) Ltd	191 915 783	240 215 821	191 915 783	149 446 331
Diamond Mining Corporation (Private) Limited ("DMC")	10 212 744	16 415 677	10 212 744	10 212 744
Allowances for credit losses	(2 322 118 787)	(2 821 741 598)	(2 322 118787)	(1 755 500 229)
Defold Mine (Pvt) Ltd	1 623 080	862 226	1 623 080	536 420
	1 623 080	**862 226**	**1 623 080**	**536 420**
16.2 Amounts owed to related parties				
Zimbabwe Mining Development Corporation ("ZMDC")	-	368 546 798	-	229 285 342
Marange Resources (Pvt) Ltd	1 574 095	2 076 317	1 574 095	1 291 746
Diamond Mining Corporation (Private) Limited ("DMC")	10 364 448	13 671 267	10 364 448	8 505 355
DTZ-OZGEO Scheme of arrangement	424 419 151	-	424 419 151	-
	436 357 694	**384 294 382**	**436 357 694**	**239 082 443**

Amounts owed by and or to related parties are interest free, unsecured and have no fixed repayment terms. The related party balances are a result of transactions which were done to manage the exit of former miners, followingthe decision by the Government to consolidate the diamond concessions in Chiadzwa.

16.3 Relationships

Related Party	Relationship	Nature of transactions
Zimbabwe Mining Development Corporation	Common shareholder	Payment of creditors
Marange Resources (Private) Limited	Common shareholder	Payment of creditors
Diamond Mining Corporation (DMC) (Private) Limited	Common shareholder	Payment of creditors
Non-Executive Directors (Note 7.1)	Directors	Directors emoluments

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
17 CASH AND CASH EQUIVALENTS SHORT TERM INVESTMENTS				
17.1 Cash and cash equivalents				
Cash on hand	1 257 782	1 075 456	1 257 782	669 077
Cash at bank	-	1 409 501 361	-	876 898 141
Treasury bills (17.3)	12 500 000	20 092 147	12 500 000	12 500 000
	13 757 782	1 430 668 964	13 757 782	890 067 218
Bank overdraft	(167 686 923)	-	(167 686 923)	-
	(153 929 141)	**1 430 668 964**	**(153 929 141)**	**890 067 218**

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
17.2 Money market investments				
	90 472 378	**-**	**90 472 378**	**-**
	========	========	=======	========

The Money market investments are short term and thus the carrying amounts are considered to be a reasonable approximation of the carrying amounts.

17.3 Treasury bills

Included in the cash and cash equivalents balances are Treasury bills with a face value of ZWL 12.5 million that have been pledged as security against some borrowings from FBC Bank Limited as disclosed in Note 21.

18 SHARE CAPITAL

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
18.1 Authorized share capital				
2 000 ordinary shares of $1.00 each	**127 411**	**127 411**	**2 000**	**2 000**
	========	========	=======	========
18.2 Issued share capital				
30 ordinary shares of $1.00 each	**1 911**	**1 911**	**30**	**30**
	========	========	=======	========

The unissued share capital is under the control of the Directors subject to the provisions of the Companies and Other Business Entities Act (Chapter 24:31).

19 DEFERRED TAXATION

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Opening balance	1 326 269 640	1 282 017 015	1 513 523 395	325 749 985
Movement for the year	83 797 284	784 864 041	83 797 284	488 290 283
Taxation on revaluation	(385 033 164)	(111 657 615)	60 545 611	699 483 128
Closing balance	**1 025 033 760**	**1 955 223 441**	**1 657 866 290**	**1 513 523 396**
	==========	=========	=========	==========

20 MINE REHABILITATION PROVISION

20.1 Analysis

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
Opening carrying amount	2 059 868 827	1 758 801 368	1 281 513 587	243 924 348
Additions- ZCDC operations	142 729 652	301 417 929	114 700 982	1 037 589 239
Exchange revaluation	(361 111 644)		445 272 266	
Closing carrying amount	**1 841 486 835**	**2 059 868 827**	**1 841 486 835**	**1 281 513 587**
	=========	=========	========	========

20.2 The company has an obligation to undertake rehabilitation and restoration when environmental disturbance is caused by the on-going mining activities. The provision for rehabilitation costs recognized in these financial statements include costs relating to previously mined areas.

20.3 The rehabilitation provision included in the financial statements is an estimated present value of the cost that will beincurred for the rehabilitation and restoration of the environment on the mined areas.

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	istorical Cost 2021 ZWL	Historical Cost 2020 ZWL
21	**LOANS PAYABLE**				
	Reserve Bank of Zimbabwe ("RBZ")-ZWL facilities **(21.2)**	255 589 546	335 939 871	255 589 546	208 999 478
	FBC Bank Limited- USD Loan **(21.3)**	600 397 922	1 061 551 420	600 397 922	660 426 795
	FBC Bank Limited- ZWL Loan **(21.4)**	129 423 510	321 474 364	129 423 510	200 000000
		985 410 978	1 718 965 655	985 410 978	1 069 426 273
	Less short-term portion of loans payable	(985 410 978)	(1 342 353 535)	(985 410 978)	(835 123 223)
	Long term loans payable	**-**	**376 612 120**	**-**	**234 303 050**

21.2 The facilities are secured against diamond inventories as disclosed in note 12.3 and accrue interest at rates of 35% per annum. The facilities are repaid in quarterly installments.

21.3 The facility is secured by RBZ Savings Bonds amounting to ZWL 12.5 million, and was meant to capitalize the business. The facility accrues interest at a rate of 10.75% per annum. The facility is repaid in half yearly installments.

21.4 The short-term loan facility accrues interest at a rate of 47.5% per annum. The principal and interest on the facility are payable on maturity of the loan on 30 June 2023. The facility is secured against land and buildings disclosed in note 12 diamond inventories, and RBZ savings bonds amounting to ZWL 12.5 million.

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	istorical Cost 2021 ZWL	Historical Cost 2020 ZWL
22	**TRADE AND OTHER PAYABLES**				
	Trade	1 067 575 522	913 852 934	1 067 575 522	568 538 606
	Payroll Statutory deductions	514 382 168	541 043 039	514 382 168	336 601 048
	Royalties payable	25 618 158	70 781 095	25 618 158	44 035 297
	Depletion fees payable	119 578 658	80 078 935	119 578 658	49 819 795
	MMCZ commission payable	12 592 995	-	12 592 995	-
	Withholding tax	24 291 589	9 736 309	24 291 589	6 057 285
	Management fees payable	142 538 352	100 275 960	142 538 352	62 385 043
		1 906 577 442	**1 715 768 272**	**1 906 577 442**	**1 067 437 074**
23	**OTHER PROVISIONS**				
	Audit fee	3 300 000	2 600 245	3 300 000	1 617 700
	Leave pay	272 896 923	290 811 479	272 896 923	180 923 589
	Other	18 694 593	15 943 119	18 694 593	9 918 750
	Allowances for credit losses	-	3 674 783	-	2 286 206
		294 891 516	**313 029 626**	**294 891 516**	**194 746 245**

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS

		Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical Cost 2021 ZWL	Historical Cost 2020 ZWL
24	**NET EFFECT OF CHANGES IN WORKING CAPITAL**				
24.1	**Analysis**				
	Increase in trade and other receivables	(698 657 119)	(181 345 756)	(820 168 001)	(180 608 713)
	Net movement in related parties	51 302 459	2 577 116 440	196 188 591	542 843 976
	Increase in inventories	(2 080 340 872)	5 968 190 083	(3 068 157 403)	(2 094 394 400)
	Increase in trade and other payables	190 809 169	(1 418 633 430)	839 140 367	632 647 059
	Increase in short term provisions	(18 138 110)	(302 994 785)	100 145 271	109 294 129
		(2 555 024 473)	**6 642 332 552**	**(2 752 851 175)**	**(990 217 949)**
		==========	=========	=========	=========
25	**FINANCIAL INSTRUMENTS BY CATEGORY**				
	Loans and receivables				
	Trade receivables (excl prepayments)	990 711 745	238 430 719	990 711 745	148 335 759
	Cash and cash equivalents	(153 929 141)	1 430 668 964	(153 929 141)	890 067 218
		836 782 604	**1 669 099 683**	**836 782 604**	**1 038 402 977**
		==========	=========	==========	=========
	Liabilities				
	Trade and other payables	1 906 577 441	1 715 768 272	1 906 577 441	1 067 437 074
	Borrowings	985 410 977	1 718 965 655	985 410 977	1 069 426 273
		2 891 988 418	**3 434 733 927**	**2 891 988 418**	**2 136 863 347**
		=========	=========	=========	=========

26 FINANCIAL RISK MANAGEMENT

The company's principal financial liabilities comprise loans, borrowings and trade and other payables. The main purpose of financial liabilities is to raise finances for the company's operations. The company has loans trade and other receivables, and cash and cash equivalents that are derived directly from its operations.
The company is exposed to market risk, credit risk and liquidity risk and it is company's senior management responsibility to oversee and manage financial risks. The Directors advise on financial risks and the appropriate financial risk governance for the company. The Directors and management agree policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in prices. Market prices risk comprise three types of risk: interest rate risk, currency risk, commodity price risk and other price risk equity risk. Financial instruments affected by market risk are loans, borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change interest rates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Significant factors in managing this risk include the frequency, volatility and direction of changes, the size of the interest-sensitive position and the basis for re-pricing at rollover dates. The company's exposure to the changes in market interest rates relates primarily to its medium to long-term debt obligations.

Foreign currency risk

The company also has transactional currency exposure and this exposure arises from sales or purchases by operating in currencies other than the functional currency.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from Its operating activities (primarily for trade and other receivables, and cash deposits).

Liquidity risk

The company monitors its risk of a shortage of funds using a liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

Trade and other receivables

The company trades only with recognized, credit worthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the company. Management has reviewed the credit quality of the balances in the "neither past due nor impaired" category and is satisfied that none of the debtors are likely to default. Financial instruments and cash deposits with respect to credit risk arising from the other financial assets of the company, which comprise cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments

Management of capital

For the purpose of the company's capital management, capital includes issued capital, share premium and shareholders' loans. The primary objective of the company's capital management is to maximize the shareholder value. The company manages Its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

27 APPLICATION OF IAS 21 – THE EFFECTS OF CHANGES IN EXCHANGE RATES

The following Interpretations refer to IAS 21: SIC 7 Introduction of the Euro
SIC 11 Foreign exchange- Capitalization of Losses Resulting from Severe Currency Devaluations
SIC 19 Reporting currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29
SIC 30 Reporting currency- Translation from measurement currency to presentation currency
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

In prior year, 2020, the company transacted using a combination of United States Dollars (USD), bond notes and bond coins. An acute shortage of USD cash, other foreign currencies, bond notes and bond coins in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. The RTGS system was employed as a mode of electronic settlement intended to be representative of physical currency. During the year 2020, there was a significant divergence in market perception of the relative values between bond notes, bond coins, mobile money settlements and RTGS settlements in comparison to the USD.

Subsequent to 2018 year-end, a currency called the Zimbabwean Dollar (ZWL) was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019 and there was an amendment to this

Statutory through SI 85 of March 2020 which stipulated that any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds at the ruling rate on the date of payment.

Since the day of introduction of these statutory instruments, the company has been using a combination of currencies and the income and expenses were translated at exchange rate at the date of the transactions.

28 IMPLEMENTATION OF IAS 29 – FINANCIAL REPORTING IN HYPER INFLATIONARY ECONOMIES

Income and expenses for each statement of comprehensive income presented were translated at the exchange rate at the date of the transactions. With the translations that have been done by the directors, these changes will thus not be applied on future periods and there are no other transitional provisions that might have an effect on the future periods.

IAS 1 paragraph 40A required the company to present a third Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements required if:

- The entity applies an accounting policy retrospectively, makes a retrospective restatement of items in its Financial Statements or reclassifies items in its financial statements

The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period

In circumstances described in paragraph 40 A of IAS 1, the company was to present three statements of financial position as at:

- The end of the current period;
- The end of the preceding period and;
- The beginning of the preceding period.

The standard has been amended by the following IFRS's:

- IAS 21-The Effects of Changes in Foreign Exchange Rates
- IAS 1-Presentation of Financial Statements

The following Interpretation refers to IAS 29:
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (issued November 2005).
In October 2018, the Zimbabwean currency was re-introduced so that other currencies are no longer legal tender. The national currency is now bond notes and their electronic equivalent, the RTGS$, which is known as the Zimbabwe dollar (ZWL)

Inflation has increased significantly since the return of the national currency, and cumulative inflation since October 2018 has exceeded 100%. Qualitative indicators such as prices, interest and wages linked to a price index and cumulative inflation over three years of around 100% or more, also support the conclusion that Zimbabwe is now a hyper-inflationary economy for accounting purposes, for periods ending after July 1, 2019. The same conditions have continued to prevail under the current financial year: 2021.

The general populations opt for the purchase of property or assets rather than holding cash as it loses value. This characteristic is witnessed by the population investing in acquisition of assets for example buildings and live stocks. The retention of value is witnessed by pegging of these assets to the United States Dollar.

Zimbabwe had been using a multi-currency system until June 2019 when the Government of Zimbabwe made an announcement to re-dollarize the economy with its own currency known and the Zimbabwean dollar, being the sole legal tender. Being a net importer, the home currency of the country of export is required. The fundamentals of business lead to a trader in Zimbabwe pricing those goods in line with the cost incurred from the country of export adding freight, customs and mark-up in order to make a profit. This means that most traders in Zimbabwe sourcing inputs for their businesses would quote the prices of their products in line with the price of the inputs from the country of export, this is in foreign currency.

28 IMPLEMENTATION OF IAS 29 – FINANCIAL REPORTING IN HYPER INFLATIONARY ECONOMIES (CONT'D)

The Directors have concluded that the functional currency is the Zimbabwean dollar and hence there was need to apply the translation procedures applicable to the new functional currency using the exchange rate at the date of change and restate mounts that need to be restated in line with IAS 21.

The Directors have restated the Financial Statements and comparatives for the year ended 31 December 2021 for the changes in the general purchasing power of the reporting currency in compliance the IFRS's.

29 SUBSEQUENT EVENTS

Covid 19 pandemic

On the 1st of January 2022 SI 2022-001 Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) (No. 2) (Amendment) Order, 2022 (No. 38) was legislated to extend the lockdown from 2021 by 14 days to curb the spread of the Omicron Variant. The regulations resulted in delays in the schools opening and this was further extended by 21 Days on 14 January 2022. The inland borders remained open only to returning residents, outgoing non-residents and cargo, however air travel remained open for both residents and non-residents with a mandatory 10-day isolation period. The government's responses to combating the pandemic are continually being reviewed.

As at 29 January 2022, Zimbabwe had 229 415 confirmed Covid-19 cases, 5 333 deaths and 218 172 recoveries. As at that date, the World Health Organization stated that over 346 million confirmed cases and over 5.5 million deaths have been reported worldwide. It was also reported that the Covid-19 vaccination has surpassed 1 billion doses worldwide, however the impact of the pandemic to the company's operations in the long run will depend on certain developments, including the duration of the spread if the corona virus, impact on customers, suppliers and employees and government interventions, all which are uncertain and cannot be predicted with precision.

Russia – Ukraine war

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in or linked to Russia, Ukraine, or neighboring countries (e.g. Belarus) or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

A number of countries have and continue to impose sanctions on specific Russian entities and individuals linked to Russia anywhere in the world. Sanctions have also been imposed on Belarus. Such sanctions can directly impact those entities and individuals. Business counterparties of such sanctioned entities and individuals may also be indirectly impacted, as well as certain industries in the Russian and Belarusian economies. The potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will impact entities that have significant operations or exposures in, or with Russia, Belarus or Ukraine, including:

- Significant subsidiaries, associates, joint arrangements, branches or other operations
- Significant supplier and or customer relationships with other entities
- A direct or indirect parent
- Other significant relationships with other entities

There will also be impacts for many entities arising from fluctuations in commodity prices and foreign currency rates, supply chain disruptions and possible slowdowns in global economies. The degree to which Zimbabwe Consolidated Diamond Company (Private) Limited is or will be affected by them largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

Digging Deeper

to Unlock Our Diamond Resource Potential

The Zimbabwe Consolidated Diamond Company (Pvt) Ltd operations involve prospecting, exploration, mining, processing and recovery, cleaning, sorting and valuation of diamonds.

ZCDC has positioned itself to be an integral player in the mining sector with investment in production capacity which is expected to unlock sustainable diamond value for Zimbabwe.

The Diamond Company

i am Responsible Accountable Transparent Responsive

Unlocking Sustainable Diamond Value For Zimbabwe

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