Statement Of Financial Position
as at 31 December 2014

ASSETS
Current assets
Inventories 51,960 52,928 51,960 52,928
Accounts receivable 57,388 37,533 37,894 27,975
Prepaid expenses 3,072 3,075 3,633 4,671
Deferred tax assets 5,735 5,804 5,720 4,376
Total current assets 113,155 89,068 114,077 95,282
Total assets 116,856 119,899 119,852 120,943

EQUITY & LIABILITIES
Total equity attributable to shareholders: 65,151 65,960 66,188 66,993
Available for sale reserve 137 135 137 135
Retained earnings 18,066 13,713 20,958 15,273
Accumulated losses / (profit)  (20,016 ) (20,968 ) (20,821 ) (20,618 )
Total equity attributable to shareholders 24,191 20,580 24,987 20,144
Non-controlling interests 2,205 2,301 2,205 2,301
Total equity 26,396 22,881 27,192 22,445
Total liabilities 90,460 97,018 92,657 98,498
Total equity attributable to shareholders 65,151 65,960 66,188 66,993
Non-controlling interests 2,205 2,301 2,205 2,301
Total equity 67,356 68,261 68,393 69,294
Total liabilities and shareholders' equity 156,816 165,279 159,050 168,792

Notes to the financial statements
1. Business description

RioZim Limited is a medium-sized mining company, listed on the Zimbabwe Stock Exchange (ZSE), with its head office in Harare. The company’s shares are traded in Harare and London. The Group is engaged in the exploration, development, production, and marketing of coal for the international market.

2. Corporate Information

The audited financial statements are prepared in accordance with International Financial Reporting Standards and in accordance with the requirements of the ZSE and the company’s shareholders and are presented in United States dollars.

3. Basis of presentation

The consolidated financial statements of the group are prepared on the going concern basis, using the historical cost measurement framework and applying the accrual accounting principle. The Group’s interim financial statements are prepared on the same basis as the annual financial statements.

4. Significant accounting policies

(a) Basis of preparation

The financial statements are prepared in accordance with IFRSs as issued by the International Accounting Standards Board (‘IASB’).

(b) Segmental information

The chief operating decision-maker (‘CODM’), which is the company’s Board of Directors, evaluates the performance of the Group and its segments and it is the CODM’s objective to maximise the Group’s exposure to the rewards and risks of managing the business as one economic entity. The financial information disclosed by the Group is disaggregated on the basis of operating segments using the criteria set out in IFRS 8 ‘Operating segments’.

(c) Foreign currency translation

Transactions and balances denominated in foreign currencies are translated into the functional currency of the respective subsidiaries using the exchange rates prevailing at the date of the transactions. Balances at the end of the reporting period are translated into the functional currency using the exchange rates prevailing at that date. Exchange differences on retranslation of monetary items are recognised in profit or loss.

(d) Income tax

Income tax is accounted for using the liability method. Deferred tax is computed on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts measured for tax purposes, using tax rates that are expected to apply in the periods when assets and liabilities are either expected to be recovered or settled. Deferred tax assets are recognised to the extent that it is probable that the underlying taxable temporary difference will be retained and taxable at the reporting date.

(e) Accounting policies in respect of acquisition

The acquisition method is consistent with that used by the Group in respect of all other previous acquisitions.

(f) Subsidiaries

Subsidiaries are consolidated from the date on which the Group obtains control. Loss-making subsidiaries are not consolidated.

(g) Intercompany transactions

Transactions between subsidiaries are eliminated on consolidation.

(h) Employees' benefits

Employee benefit costs are recognised as expenses when incurred.

(i) Borrowings

Borrowings are classified as non-current unless the group is able to settle the principal and interest on demand.

(j) Financial instruments

Financial assets and financial liabilities are measured at their fair value. Financial assets and financial liabilities that are held for trading are classified as assets and liabilities at the lower of cost or fair value.

(k) Environmental expenditure

Environmental expenditures, except for expenditures which give rise to assets, are charged to profit or loss in the period in which they are incurred.

(l) Income from associates

Investments in associates are accounted for using the equity method.

(m) Taxation

The Group has not entered into any tax planning arrangements.

(n) Business combinations

The Group is required to apply IFRS 3 ‘Business combinations’ and to adopt a ‘step acquisition’ approach in respect of business combinations.

(o) Significant estimates

The financial information may be affected by the use of significant estimates which are based on the assessment of internal and external data and a range of assumptions to estimate the future requirements for and costs of providing pensions and other employee benefits.

5. Comparison with the preceding year

The comparisons with the periods reported in the previous financial statements are based on the historical cost measurement framework and are determined on the same basis as those of the Group’s financial statements for the year ended 31 December 2013.

6. Results of operations

The consolidated results for the year ended 31 December 2014 are given below:

Revenue US$ 000 115,841 126,177
Operating costs US$ 000 97,941 108,378
Operating profit US$ 000 17,899 17,799
Other operating income (expense) US$ 000 23,149 13,119
Other income (expense) US$ 000 2,203 2,321
Profit before taxation US$ 000 23,251 33,239
Taxation US$ 000 (2,361 ) (5,752 )
Profit for the year US$ 000 20,890 27,487

7. Directors Remuneration

(a) Directors’ fees

The Group does not pay directors’ fees.

(b) Remuneration of the Chief Executive Officer

The Group does not pay remuneration to the Chief Executive Officer.

8. Financial position

The financial position of the Group is not materially different from that of the year ended 31 December 2013.

9. Statements of cash flows

Cash flows from operating activities

Operating activities: US$ 000
Income from continuing operations 20,890 27,487
Adjustments to reconcile profit or loss to cash flows from operating activities 11,941 13,942
Cash flows from operating activities before the impact of changes in tax 32,831 41,429
Income tax paid 8,719 9,107
Interest paid 3,362 3,117
Total cash flows from operating activities 20,443 28,195

Cash flows from investing activities

Investments in exploration, evaluation and development assets (1,051 ) (3,128 )
Investment in subsidiaries 1,666 1,666
Proceeds on disposal of property, plant and equipment 166 166
Proceeds on disposal of property, plant and equipment 166 166
Net cash inflows from investing activities 1,275 1,050

Cash flows from financing activities

Proceeds from issue of share capital 2,250 2,250
Proceeds on borrowings 5,000 1,574
Redemption of convertible debentures (133 ) -
Net cash inflows from financing activities 7,117 3,824

Net cash increase during the year (1,196 ) (1,635 )
Cash and cash equivalents at the beginning of the year 1,669 3,304
Cash and cash equivalents at the end of the year 1,473 1,669

Total comprehensive income for the year US$ 000 12 314
Net other comprehensive loss (18,393 ) (18,393 )
Total comprehensive income for the year (18,381 ) (18,079 )

10. Notes to the financial statements

(a) The primary financial statements are the full audited financial statements for the year ended 31 December 2014. The full audited financial statements are prepared in accordance with the International Financial Reporting Standards and are available at the Company’s registered office and on the company’s website: www.riozim.co.zw.

(b) Corporate information

RioZim Limited is a private limited company and is registered with the Registrar of Companies in the Republic of Zimbabwe. The company is registered under the Companies Act. The company’s registered office is at 2nd Floor, ZB Centre, Cnr First Street & Harare 1st Avenue, Newlands, Highlands, Harare, Zimbabwe.

(c) Risk management

The Group is exposed to a number of risks and uncertainties. These include credit risk, market risk and liquidity risk. The Group manages these risks in accordance with its risk management policy, which is reviewed regularly and updated as needed.

(d) Accounting policies

The accounting policies applied by the Group are in accordance with the IFRS as issued by the International Accounting Standards Board. The Group has adopted all relevant IFRSs as issued by the IASB and have been applied in the consolidated financial statements.

(e) Going concern

The Group has no reason to believe that it will not be able to continue in operation for the foreseeable future.

(f) Directors’ remuneration

The Group does not pay directors’ fees.

(g) Related party transactions

The Group has no related party transactions.

(h) Employees’ benefits

In the year ended 31 December 2014, employee benefit costs amounted to US$ 000 1,059.

(i) Financial instruments

The Group has no significant financial instruments.

(j) Environmental expenditure

The Group has no significant environmental expenditure.

(k) Employee share schemes

The Group has no employee share schemes.

(l) Events after the reporting date

The Group has no material events after the reporting date.
Chairman’s Statement

INTRODUCTION

2014 was a very difficult year for the Group. The poor gold price foreseen for US$18.5 million in 2013 resulted in substantial operating losses.

The mining sector was further hampered by an unprecedented rainfall in the fourth quarter of 2015. The wet season followed a period of drought and resulted in the mine flooding.

Golden Fields’ revenue declined by 38% and resulted in an operating loss of US$11.0 million against the prior year’s operating profit of US$2.1 million. The Group’s revenue declined by 38% and resulted in an operating loss of US$11.0 million against the prior year’s operating profit of US$2.1 million.

The Group’s operating margin declined from 7% to 5% and this was a welcome move which cushioned the gold mining industry from the decrease in Group’s share of gold prices resulting in lower profitability.

The Group is now more focused, strategically focused to return to its historical performance and operated at less than 25% capacity in 2014. The increase in production following unprecedented rainfall is expected to materialise between the period from US$27.0 million in prior year and US$25.9 million. This operation was concluded will result in the Refinery to capacity.

Financial Performance

The Group’s financial performance was down by 38% and resulted in an operating loss of US$11.0 million against the prior year’s operating profit of US$2.1 million. The Group’s revenue declined by 38% and resulted in an operating loss of US$11.0 million against the prior year’s operating profit of US$2.1 million.

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