I am pleased to announce that as a result of proactive and prudent management, we have continued to implement necessary risk management and cost-cutting plans. In a context of a COVID-19 crisis, however, the outcomes of the impact of the pandemic have fallen short of our expectations. In an attempt to flatten the curve, the Board has identified and reviewed processes that it considers to be crucial to the Company’s interim performance results.

Total revenue and the effects of the COVID-19 pandemic decreased $632 million and $1 200 million, respectively, during the comparative period. This was mainly due to the lower metal prices, which decreased by 25% during the six months ended 30 June 2020, compared to the six months ended 30 June 2019.

The spread of the COVID-19 pandemic in the second quarter of 2020, and the associated lockdowns, had a significant impact on the production and distribution of the Company. The group has, therefore, been impacted by the impact of the COVID-19 pandemic, which has led to a decrease in production volumes of Gold and other commodities.

The Company’s gold production during the first half of 2020, and the effects of the COVID-19 pandemic, were impacted by a decrease in gold prices, which decreased by 25% during the six months ended 30 June 2020, compared to the six months ended 30 June 2019. The decrease in gold prices was mainly due to the impact of the COVID-19 pandemic on the global economy, which resulted in a decrease in demand for gold.

The Group recorded low production volumes of Gold at 586kg compared to the 962kg achieved in the first half of 2019. The decline in production was due to a decrease in the ore grade as the mine extracted lower grade ore from One Step Mine. The challenges experienced during the period also hampered production performance.

The Group’s operations have been affected by the effects of the COVID-19 pandemic, which have led to a decrease in production volumes of Gold and other commodities. The Group’s operations have also been affected by the increase in uncertainty in the foreign currency market, which has affected the Group’s ability to access financial resources.

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ZWL$000  ZWL$000  ZWL$000  ZWL$000  ZWL$000  ZWL$000  ZWL$000  ZWL$000
for the six months ended 30 June 2020

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six months ended 30 June 2020

1. GENERAL INFORMATION

RiRoZim Limited (the Company) and its subsidiaries (together the Group) is involved in the exploration, mining and beneficiation operations in Zimbabwe.

2. BASIS OF PRESENTATION

The consolidated financial statements are presented in Zimbabwean Dollars (ZWL), and all values are rounded to the nearest thousand (ZWL$000), except where otherwise specified.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

When preparing the interim consolidated financial statements, management undertakes a number of judgments, estimates and assumptions on recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will only become apparent when the judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key assumptions underlying the estimates, are reappraised in the Group's annual financial statements for the year ended 31 December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2019 and applicable amendments to IFRS.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOTES TO ABRIDGED FINANCIAL STATEMENTS (contd)

for the six months ended 30 June 2020

1 EARNINGS PER SHARE (contd)

Headline earnings per share Headline earnings per share are calculated by dividing the net profit attributable to the ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year excluding treasury shares.

Headline earnings per share Basic earnings per share Basic earnings per share are calculated by dividing the net profit attributable to the ordinary equity holders of the Group for the period by the weighted average number of ordinary shares outstanding during the period.