



MINERALS MARKETING
CORPORATION
OF ZIMBABWE



Minerals Marketing Corporation of Zimbabwe · Revealing Zimbabwe's Mineral Wealth & Heritage · Minerals Marketing Corporation of Zimbabwe · Revealing Zimbabwe's Mineral Wealth & Heritage

Annual Report 2013

MMCZ

2013 Annual Report

MMCZ

Minerals Marketing Corporation of Zimbabwe · Revealing Zimbabwe's Mineral Wealth & Heritage Minerals Marketing Corporation of Zimbabwe · Revealing Zimbabwe's Mineral Wealth & Heritage



BACKGROUND

Minerals Marketing Corporation of Zimbabwe (MMCZ) was established through an Act of Parliament (Minerals Marketing Corporation of Zimbabwe Act, Chapter 21:04) and began operations in March 1983. MMCZ is a wholly owned government parastatal which falls under the ambit of the Ministry of Mines and Mining Development.

Subject to the MMCZ Act, the functions of MMCZ are:

- To act as the sole marketing and selling agent for all minerals produced in Zimbabwe with the exception of gold and silver
- To investigate or cause to be investigated marketing conditions, whether inside or outside Zimbabwe for minerals in general or any particular mineral
- To purchase and acquire any minerals for its own account and to sell or dispose of such minerals
- To encourage the local beneficiation and utilization of any minerals
- To advise the Minister on all matters connected with the marketing of minerals
- To do all things, which by this Act or any other enactment are required to be done by the Corporation

Our Vision

To be a leading global player in the provision of marketing services and investment in mining related activities.

Our Mission

To maximize returns to all our stakeholders through the provision of unparalleled marketing services, promotion of investments in mining related activities and national mineral resource accounting.

Our Values

Integrity: Consistent high moral standards

Commitment: Dependability and passion for one's job

Respect and Fairness: Due regard for the rights of others

Accountability: Taking ownership of one's responsibilities and actions

Innovation: Striving for continuous improvement

Teamwork: Subordinating personal prominence and cooperation to the efficiency of the whole

PRODUCTS

Platinum
Iron ore
Ferrochrome
Steel
Chrome Ore
Palladium
Rhodium

Iridium
Nickel
Copper
Cobalt
Ruthenium

METALS



Amethyst
Aquamarine
Diamond
Manganese
Emerald
Garnet
Iolite
Mtorolite
Tourmaline

Crystalline Quartz
Citrine
Topaz
Alexandrite
Heliodor



GEMSTONES



Beryl
Coal
Coke
Chrysotile
Granite
Graphite
Petalite
Spodumene
Vermiculite
Corundum
Dolomite
Glitterstone
Howlite

Iron Pyrites
Kaolin
Mica
Oxides
Pollucite
Scheelite
Serpentine
Silica sands
Slate
Talc
Tantalite
Wolframite

INDUSTRIAL MINERALS



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LETTER TO THE MINISTER OF MINES AND MINING DEVELOPMENT

22 October 2014

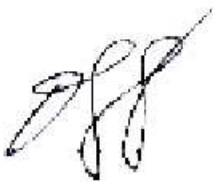
The Honourable Minister, Walter K. Chidakwa (MP)
Minister of Mines and Mining Development
Ministry of Mines and Mining Development
7th Floor, Zimre Centre
HARARE

Dear Honourable Minister

RE:ANNUAL REPORT ON AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

On behalf of the Minerals Marketing Corporation of Zimbabwe Board, I have the honour and privilege to present to you the Corporation's Annual Report and Financial Statements for the year ended 31 December 2013. This is in accordance with Section 39 (2) of the Minerals Marketing Corporation of Zimbabwe Act (Chapter 21:04) and Section 49 of the Public Finance Management Act (Chapter 22:19).

Yours Sincerely



PROFESSOR F.P. GUDYANGA – ACTING BOARD CHAIRMAN



Mrs J Machoba
Acting Board Chairman



Mr R Chingodza
Acting General Manager



Mr N Dube
Director



Mr M.B Mpofu
Director



Mrs N.V Ndlovu
Director



Mr FF Moyo
Director



Mr T Munyoro
Director



Mr J Masawi
Director



Mr Richard Chingodza
Acting General Manager



Mrs Nomsa Moyo
DGM Corporate Affairs



Mrs Otilia Furusa
Acting DGM Marketing



Mr Hannan Chitate
Acting DGM Finance and Administration



Mrs Pretty Musonza
Corporate Communications
Manager



Mr Alec Kabichi
Internal Audit Manager



Mrs Regina Chinomona
Acting Finance Manager



Ms Lucy Mutara
Human Resources and
Administration Manager



Mr Rodreck Chikwira
Monitoring and Inspectorate Manager



Mr Mirirai Mutseyekwa
Acting Marketing Manager (Metals)



Mr Gumisai Nenzou
Acting Marketing Manager
(Non-Metals)

CHAIRMAN'S STATEMENT



PROFESSOR F.P GUDYANGA - ACTING BOARD CHAIRMAN

Introduction

It gives me pleasure to present the Corporation's audited financial statements for the year ended 31 December 2013.

Operating Environment

The Zimbabwe economic environment though stable, continued to face significant difficulties which remained evident in the current operating arena. Liquidity challenges, high energy and borrowing costs inhibited growth and investment in the mining industry, where the majority of producers struggled to adapt to the environment. Illegal sanctions imposed on Zimbabwe impeded access for the country's minerals to competitive markets.

Mining Environment

The mining sector remained the backbone of the Zimbabwe economy as espoused by the country's economic blueprint, ZimAsset. The mining industry was unfortunately not spared from the harsh economic environment, characterised by numerous mine closures, high production costs and capacity under utilisation.

Performance

In 2013, the mining sector, generated mineral exports amounting to USD 1.7 billion, compared to USD 1.9 billion achieved in 2012. Platinum, diamond and high carbon ferrochrome were the major contributors towards total exports in 2013.

Corporate Social Responsibility

The Corporation continued with its commitment to economic and social development of various communities by engaging in a number of corporate social responsibility initiatives encompassing education, health and the arts.

Outlook

The economic performance for 2014 is likely to remain subdued due to bottlenecks such as frequent power shortages, working capital constraints and a poor transportation network. However, the Corporation will continue to focus on value creation, implementation of national development goals and enhancing the economy's capacity to produce minerals competitively.

Appreciation

On behalf of the Board and Management I would like to express my gratitude to the Ministry of Mines and Mining Development for their support and direction. Additionally, my heartfelt appreciation goes to Management, Staff and all esteemed stakeholders for their diligent efforts and beneficial innovations which made it possible for the Corporation to continuously strive for improvement.

PROFESSOR F.P GUDYANGA
ACTING BOARD CHAIRMAN

CORPORATE GOVERNANCE STATEMENT



MMCZ is controlled by a board comprising of seven Non-Executive Directors and one Executive Director, who is also the General Manager. The Directors are drawn from a diverse spectrum of professions and backgrounds and bring to the Corporation a wide range of expertise.

In pursuing the Corporation's objectives, the Board and MMCZ staff have committed themselves to the highest level of corporate governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity and respect for others.

The Board represents the shareholder's interests and gives direction to the Corporation through the setting of an overall strategy and approval of budgets. It meets regularly, with a minimum of one scheduled meeting in every quarter of the year, to monitor and evaluate progress in the achievement of MMCZ's strategic objectives and strategy implementation.

For the enhanced application of its functions and powers, the Board has established committees which deal with specific issues according to their terms of reference as determined by the Board. The Committees meet quarterly and report to the Board. The following committees were in place during the year under review:-

FINANCE AND INVESTMENTS COMMITTEE

Mr M.B Mpfu	Chairman
Mr J Masawi	Member
Mr F.F Moyo	Member

The Committee supervises the financial affairs of the Corporation to ensure long term stability and sustainability and that long range planning and forecasting is undertaken to enable informed decisions on major financial matters. It is responsible for approving the Corporation's budgets and receiving and reviewing audited financial statements before submission to the Board. The Finance Committee also reviews and evaluates financial plans and results in comparison to stated strategies, objectives and plans.

HUMAN RESOURCES AND PENSIONS COMMITTEE

Mr J Masawi	Chairman
Mr F.F Moyo	Member
Mr N Dube	Member
Mrs N.V Ndlovu	Member



The Committee supports and advises the Board on human resources and pensions matters. Specifically, it monitors the Corporation's human resources strategy, formulates and reviews human resources policies and staff conditions of service.

BUSINESS DEVELOPMENT AND MARKETING COMMITTEE

Mr T Munyoro	Chairman
Mr N Dube	Member
Mr M.B Mpofu	Member
Mr F.F Moyo	Member

The Committee is responsible for initiating programmes and policies that promote indigenization, empowerment and beneficiation. Furthermore, the committee is responsible for raising awareness with stakeholders of emerging marketing and monitoring related issues, as well as initiating and supporting corporate social investment programmes. On the legal side, the Committee identifies legal risk areas, appoints and supervises external legal counsel, focuses on compliance issues, and considers and reviews the Corporation's marketing contracts.

AUDIT AND RISK COMMITTEE

Mrs N.V Ndlovu	Chairman
Mr T Munyoro	Member
Mr N Dube	Member

The Committee primarily assists the Board in carrying out its duties as they relate to the Corporation's accounting policies, internal controls, enterprise wide risk management and financial reporting practice.

PROJECTS COMMITTEE

Mr F.F Moyo	Chairman
Mr N Dube	Member
Mr M.B Mpofu	Member
Mr J Masawi	Member
Mr T Munyoro	Member
Mrs N.V Ndlovu	Member

The Committee reports to the Board on the development and implementation of strategic projects through ensuring that strategic projects are aligned to the delivery of the Corporation's short, medium and long term strategic financial plans and goals.



MR RICHARD CHINGODZA - ACTING GENERAL MANAGER

THE OPERATING ENVIRONMENT

Zimbabwe's mining sector continued to be inundated by numerous challenges which resulted in decreased mineral production. Challenges included frequent power shortages, very high power tariffs, lack of medium to long-term lines of credit for working capital and recapitalization, dilapidated road and rail infrastructure, obsolete equipment and outdated technology.

Illegal sanctions imposed on the country compounded challenges of access to credit lines and competitive markets. Speculative tendencies by investors with regards to the operating environment hampered commitment on the ground.

Other than the drastic decrease in mineral production, the decline in international commodity prices also impacted negatively on exports of coal, coke, granite, rough diamonds and graphite.

Government strategically identified the mining sector as the backbone of the economy poised to spearhead the revival of other sectors, amongst them manufacturing and agriculture. However, the mining sector required fresh capital injection to replace antiquated technology which had reached the end of its economic life.

The injection of fresh capital was envisaged to reduce excessive production costs. Rising production costs spurred by increased electricity tariffs and high labour costs rendered pricing of products uncompetitive, compared to low cost nations such as China and India. The

situation was worsened by low demand and falling prices of various commodities on the international market.

Cost containment and employment of new technologies which critically enhances cost efficiencies was the only viable survival strategy for the mining industry. This survival strategy was particularly applicable to ferrochrome producers facing stiff competition from China, the largest ferrochrome producer in the world.

The year under review witnessed the resumption of operations at Bindura Nickel Corporation, which had been under care and maintenance since 2008. In the same year Zimplats commissioned its second concentrator module at Ngezi, which increased its milling capacity to 6 million tonnes of ore per annum. On a negative note, Zimalloys was placed under judicial management due to poor performance attributed to poor global metal prices and escalating production costs.

During the period under review, the Reserve Bank of Zimbabwe reviewed upwards the administrative penalties on overdue Forms CDI in order to further curb externalization of export proceeds and improve market liquidity.

Zimbabwe managed to maintain its Kimberley Process Certification Scheme membership. The country issued 189 Kimberley Process Certificates for rough diamonds exports, with the top three destinations being the United Arab Emirates (134 certificates), Israel (30 certificates) and Belgium (19 certificates).



MARKET OVERVIEW

Prices for most mineral commodities declined during 2013 to levels below those at the beginning of the year, although volatility was greatly reduced compared to previous years.



The likelihood of further macroeconomic crises diminished over the year and confidence began to return to most markets. There was a sense that developed economies were finally on a more stable and robust recovery path.

However, the tightening of global monetary conditions caused concern in emerging markets which materialized through currency falls and declining foreign exchange reserves. Meanwhile, the Chinese economy embarked on a gradual reform process, resulting in slower growth albeit from a higher base. China's government managed to stabilize the economy to reach its 2013 target after concerns that growth was losing momentum during the first half of the year.

The merger of commodities trader Glencore and producer Xstrata created a mining and trading powerhouse with more than 100 mines around the world. This \$33-billion deal represented one of the biggest amalgamations of the year and in the process created a world powerhouse in the natural resources industry, which combined production and trading.

Platinum

At the beginning of the year platinum prices were weak and picked up to levels of around US\$1,700 per ounce as 2013 progressed due to reduced supply triggered by industrial action by South African platinum mine workers and Anglo American production cuts and restructuring. There was also increased demand due to diminished Russian stockpiles.

The second half of the year saw platinum prices reacting largely to movements in gold rather than movements in real fundamentals. The platinum price was weakened by heavy selling of gold while the absence of Asian buyers subdued prices to levels of below US\$1,500 per ounce.

As the year end approached, platinum prices drastically fell due to investor qualms as the end of the US Federal Reserve stimulus programme approached. The looming finale of quantitative easing (QE) was interpreted as signaling an end of the bond purchasing programme in the United States which had supported investment in precious metals.

Platinum supply remained in deficit compared to anticipated demand. The deficit was caused by constant strong demand for the metal versus reduced supply. Although, jewelers and car makers consumed less platinum, it was counter balanced by more industrial purchasing and investment. The metal also experienced high demand from the chemical, electrical and glass industries. Supply of platinum was expected to rise by 1.6% to 5.74 million ounces, with a higher output from Zimbabwe accounting for most of the gains. Strong off take by industrial users and investors was expected to lift gross platinum demand by 4.9% to 8.42 million ounces. Recycling of platinum was forecast to grow slightly to 2.08 million ounces.



Global Rough Diamonds

The global diamond industry faced serious economic challenges in 2013 – high rough diamond prices, a reduction in credit lines (liquidity challenges), depreciation of the Indian rupee against the US dollar, high stock levels in the mid-stream [a sector of the diamond pipeline] and a slowdown in the Chinese and Indian economies.

The United States and some European markets were however flourishing and optimism was high, regarding the medium term prospects of the Asian markets. The rough diamond market however remained stable as manufacturers, mainly in India, were operating below capacity due to tight liquidity as banks tightened lending criteria. Tight liquidity was expected to continue into 2014 as banks continued to tighten their lending criteria. Prices for rough diamonds were stable in the last half of 2013 and closed the year on a high note with talk of price corrections, which did not materialize during the year under review. 2014 was expected to witness growth of between 5-10% in the rough diamond market.

The Israeli diamond industry reported impressive growth in almost all trade parameters during 2013, according to figures published by Israel Ministry of Economy's Diamond Controller Shmuel Mordechai. Israeli's net rough diamond exports totaled US\$2.9 billion, compared to US\$2.8 billion in 2012. Net rough diamond imports rose by 4.1% to US\$4.0 billion, compared to US\$3.8 billion in 2012.

Zimbabwe held its first trial tender of Marange rough diamonds in Antwerp following the lifting of EU sanctions. The tender had an overwhelmingly positive response and achieved US\$10.7 million sales value.

Meanwhile diamond traders from Surat and Mumbai, all headed for Gaborone in Botswana as the Diamond Trading Company (DTC), a subsidiary of De Beers, was holding its first sale of diamonds. The DTC relocated its London-based sales activities to Botswana from November 2013. Diamonds from all De Beers' mines in Botswana, Namibia, South Africa and Canada were brought to Botswana. Industry sources announced diamonds accounted for about 30% of Botswana's GDP. As part of an agreement between De Beers and the Botswana government, rough diamonds would be sold from Gaborone with De Beers availing rough stones for the Botswana local market. It was estimated that around US\$6 billion worth of rough diamonds were to be sold from Gaborone.

Global Polished Diamonds

Polished diamond price index had reached 170 in 2012 but gradually went down to 138 at the beginning of 2013 and closed the year at around 140. Prices of rough diamonds had not receded to the same extent. Value addition through cutting and polishing was a fraction of the difference between the purchasing costs of rough diamonds and sales revenue on polished diamonds. Therefore, a small margin between polished prices and rough prices naturally squeezed manufacturers out of business. Hence to be profitable, manufacturers had to be very cost competitive.

Belgium's polished diamond exports grew 6% year on year to US\$1.059 billion in December 2013, according to the Antwerp World Diamond Centre (AWDC). By volume, exports rose 5% to 559,488 carats as the average price increased by 1% to US\$1,893 per carat.

Throughout 2013, India's polished exports rose by 21% to US\$20.484 billion, while polished imports grew by 29% to US\$6.864 billion, according to Rapaport News calculations. Rough imports rose by 8% to US\$16.304 billion and rough exports grew by 17% to US\$1.785 billion. India's Net Diamond account for the 2013 calendar year improved to a deficit of US\$900 million, from a deficit of US\$1.949 billion in the prior year.

Israel's net polished diamond exports for 2013 rose by 11.6% to US\$6.2 billion, compared to US\$5.6 billion for 2012. Net imports of polished diamonds remained the same, totaling US\$4.3 billion, compared to US\$4.26 billion for 2012.

Regardless of the unfavourable market conditions, major polishing and cutting centres around the world such as Antwerp, India and Israel recorded improved business performance in cut and polished diamonds.





High Carbon Ferrochrome

China's economy grew 7.7% in 2013, compared with a growth of 7.8% in 2012. This was its lowest annual growth rate since 1998. According to Customs data, China imported 12.09 million tonnes of chrome ore and concentrate (including UG2) in 2013, up 30% from 9.3 million tonnes imported in 2012, reaching a new record high. China increased its high-carbon ferrochrome production by 30% from 2012 to 2013, whilst importing 1,840 million tonnes of high-carbon ferrochrome in 2013, up 20% from 1,530 million tonnes imported in 2012. With China - the world's largest ferrochrome consumer - increasingly reliant on domestic production and less on imports. The focus for ferrochrome producers, in the rest of the world has shifted from increasing output volume to cost-efficiency.

South African ferrochrome supply remained tight amid Eskom's widespread power buyback deals, which were meant to aid Eskom in its bid to manage domestic electricity usage. Between December 2012 and March 2013, the buyback arrangement led to a production cut of about 350,000 tonnes of ferrochrome by most South African producers from a market which was already struggling with weak demand and an oversupplied stainless steel sector.

Another 200,000 tonnes were lost in the second quarter of 2013. As a result, spot prices increased in early April, reaching \$1.04-1.08 per lb in Europe, compared to \$0.97-1.01 per lb at the start of 2013.

STEEL

Prices for various steel products generally remained subdued, due to the depressed state of the world economy coupled with intensified competition.

Steel

A boom in construction was driving growth in East Africa's steel industry. This was underpinned by the rapid growth of East Africa's 150 million strong population that has seen housing stocks come under pressure, prompting construction firms to embark on ambitious projects in a bid to close the deficit.

Prices for various steel products generally remained subdued, due to the depressed state of the world economy coupled with intensified competition. The level of competition in the SADC region forced the local players in the steel industry to move low volumes in anticipation of improved prices in the near future.

The South African government confirmed its intention to control exports of ferrous and non-ferrous scrap in an attempt to protect its domestic metal industries. The proposed restriction will mean exportation of scrap would be impossible unless it has first been offered to domestic consumers at a discount determined by the International Trade Administration Commission of South Africa (ITAC).

Coal and Coke

During the prior year Europe produced mixed coke production results; the better performing markets of Austria and Finland produced a total of 2.23 million tonnes of coke products while Czech and Hungary productions were 2.35 and 0.92 million tonnes



respectively. In Asia, Chinese coke exports were 4.7 million tonnes (3.1 million tonnes to Japan and India, and the balance to Europe, Brazil, Middle East and South Africa). America's total coke production was estimated at 6.72 million tonnes. Brazil was a significant importer of coke products from China and Poland at 1.90 million tonnes in 2013. South African Coke production of 2.05 million tonnes was 8 % lower than in 2012.

Graphite

The market for flake graphite showed no signs of improvement in 2013 due to weak demand. Industry insiders reported that prices of flake graphite had hit rock bottom, although production resumption in Northeast China was underway. Hopes of a slight improvement in natural graphite sales throughout the fourth quarter proved premature as market activity for 2013 ended on a low note. Little upturn in industrial end-markets meant even the seasonal slow down in Chinese production failed to stimulate sales, restricting movement in prices for much of the year. Despite some signs of improvement in Chinese industrial activity and US economic figures, positive indications of end-market growth failed to boost upstream

markets. The lack of market activity emphasized the extent of the over-supply which had accumulated over the past 18 months with many consumers having sufficient supplies secured for the remainder of the year.

Vermiculite

Australian Vermiculite Industries (Pvt) Ltd, the shareholder in the sole vermiculite producing mine in the country (Samrec Vermiculite Mines), was liquidated in the last quarter of 2013. Australian Vermiculite Industries was part of the Imerys Group, based in France, which took over the shareholding in Samrec Vermiculite Mine. The group was vertically integrated with Samrec Vermiculite supplying its parent with vermiculite for the manufacture of high performance mineral solutions for various demanding industries such as ceramics, refractories, abrasives, semiconductors, mobile energy, oil and gas exploration. Vermiculite is mainly used in refractory and insulations and filtration industrial and agricultural applications.

Demand for the refractory and insulations applications was dependent on activity in steel production. This varied greatly by region and end market with an overall positive trend in the US and China, whilst end markets in Europe were declining. The filtration applications uses vermiculite in filtration aids and functional fillers where it was employed in construction, agricultural, insulation, soundproofing and fire retardant applications under brands made by the Imerys Group.

Zimbabwe remained a price taker, due to limited production output. The difficult economic environment that prevailed in the country, in particular the liquidity challenges did not spare the vermiculite mining operations. Transport costs increased by approximately 6%, putting pressure on the product price. Distribution channels were dominated by external shareholders (multinational companies who had vertically integrated business systems along the mineral value chain). This made price negotiation difficult as pressure mounted to reduce prices in the face of increasing distribution costs. Proposals were received to reduce the micron grade by as much as 46%, superfine - 11%, Fine - 31%, medium - 34% and large 15% from the 2012 levels. Zimbabwe export prices were however maintained at 2012 levels.

LOCAL PRODUCTION

Zimbabwe is endowed with vast mineral resources, which if efficiently exploited, will anchor the country's economy. Along with South Africa, Zimbabwe holds about 90% of the world's chromite reserves, according to the US Geological Survey. The Marange diamond fields

accounted for the highest production for a single project in 2013.

Zimplats

Zimplats' mining and processing operations increased production by 5% and 7% respectively during their financial year ended 30 June 2013. This was on the



LOCAL PRODUCTION

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backdrop of the company's efforts to continuously eliminate operational inefficiencies and bottlenecks within the value chain. The company also retained its position as a low cost platinum producer containing cash cost per platinum ounce to US\$1,287, a 4.9% saving on prior year.

Local Rough Diamond Production

Diamond Mining Corporation (DMC), Anjin Investments, Mbada Diamonds and Marange Resources were the main

producers in the Marange diamond fields during the year under review. Kusena Diamonds, a new miner in the Marange diamond fields exported an initial consignment of rough diamonds to the inaugural Antwerp tender at the end of 2013. DTZ-Ozgeo Heroine Mine (Chimanimani) was commissioned during the year. A total of 9.42 million carats were exported in 2013.



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ab we holds about 90% of the world's chromite

Local rough diamond sales were guided by the provisions in Statutory Instrument 157 of 2010. Under this instrument, rough diamond producers were required to retain 10% of rough diamonds for cutting and polishing in each of the categories – gem, near gem and industrial as per requirements of the local diamond manufacturers. The retained product in most instances failed to meet the specific requirements of the local manufacturers in

terms of Size, Clarity, Colour and Shape. Resultantly, most manufacturers had a high percentage of 'rejections' – rough diamonds that they were unable to process in their factories.

The processing cost of rough diamonds was generally higher compared to other processing centres due to high licensing fees, use of obsolete cutting and polishing technologies, lack of experience and competitive technical know how. Consequently, the majority of manufacturers closed operations during the year, thereby negatively impacting on the percentage of local rough diamonds which were value added before export.

Local Polished Diamond Production

The Strategic Objective for Local Sales was to ensure that at least 10% of all rough diamonds mined in the country were value added before export.

Local production outlook for the polished diamonds was dependent on an enabling economic environment being put in place. This would entail a reduction of Precious Stones Licenses (PSL) fees, an improvement in the quality of assortments availed to the local market and employment of modern cutting and polishing technologies.

Zimasco

Zimasco is the country's largest ferrochrome producer with a capacity to produce 180,000 tonnes per year of high-carbon Ferrochrome. The producer switched on its 3rd furnace on the 15th of April 2013 increasing capacity utilization to about 60% which resulted in an additional 3,000 tonnes of ferrochrome being produced per month. Two more furnaces were switched on during the month of May and June 2013.

As a long term supplier of a high quality product into the global ferrochrome markets for over 35 years, Zimasco has maintained its base of long-standing customers in Europe, the Far East and North America. During the last half of 2013, the producer commenced work on the construction of a new Slag recovery plant which is expected to add about 10,000 tonnes per month in first quarter 2014. The average grade of material produced was 52% Cr and there was a ready market for this grade in China. The company's expansion plans included the building of a new 600,000 tonnes per annum sinter plant which is expected to boost output. The plant, which is the latest technology in ferrochrome production, was



expected to cost between US\$250 million and US\$300 million.

Zimalloys

Zimalloys ceased operations in 2008 due to lack of capital, and only resumed operations in 2012. The producer was running a metal recovery plant, processing material from a tailings dump which holds an estimated 80,000 tonnes of ore. The only challenge was controlling quality of the product as the dump is made up of slag from ferrosilicon, low carbon and high carbon ferrochrome production processes.

Zimbabwe Alloys doubled its monthly chrome production in the first quarter of 2013, buoyed on a US\$1 million capital injection by shareholders early in the year. Production increased from 300 to 600 metric tonnes in the first three months of the year and the company was targeting to increase monthly production to 2,000 tonnes by the end of the year. Production was however below the expected levels hence revenue raised was well below break-even point.

The producer was granted permission by Ministry of Mines to export 500,000 tonnes of lumpy chrome ores and 500,000 tonnes of chrome concentrates within a period of 3 months from the day of approval. The special dispensation was given solely for the purpose of refurbishing furnaces and to enhance chrome smelting capacity in the country. Unfortunately, the special dispensation expired whilst the producer was still struggling to put the logistics in place.

However, Zimbabwe Alloys was placed under judicial management in the last quarter of 2013 due to poor performance attributed to poor global metal prices and escalating production costs.

Anjin Corporation

Anjin Corporation was established in 2008 and started operations on 15 November 2012 when it switched on its first 6.3MVA furnace with a capacity to produce between 8,000 and 12,000 metric tonnes per annum. The firm increased its production capacity to 20,000 metric tonnes per annum after the installation of the second furnace on 23 May 2013.

Afrochine Smelting

The company is a subsidiary of Tsingshan Iron and Steel Group of China, the second largest stainless steel producer in that country. Afrochine Smelting is operating under a five-year indigenization exemption to allow the company to set up its plant and recoup its investment.

The Afrochine smelting plant is different from other smelting plants in Zimbabwe in that it has its own sintering plant which enables it to process alluvial (fine chrome). The sintering plant moulds the fine chrome into balls which can be processed by the furnaces.

In its first phase of the project, Afrochine constructed a state of the art 2x16.5MVA ferrochrome plant with production capacity of 50,000 tonnes per year. The plant was officially launched on 22 November 2013 and the producer switched on just one of their two furnaces. The second furnace is expected to be switched on in April 2014. The group is looking to become a major player in Ferro-chrome production in the SADC (Southern African Development Community) countries, which includes Zimbabwe and South Africa.

BNC

Bindura Nickel Corporation resumed shipments of nickel concentrates during the first quarter of 2013 following a five year period under care and maintenance.

Steelmakers

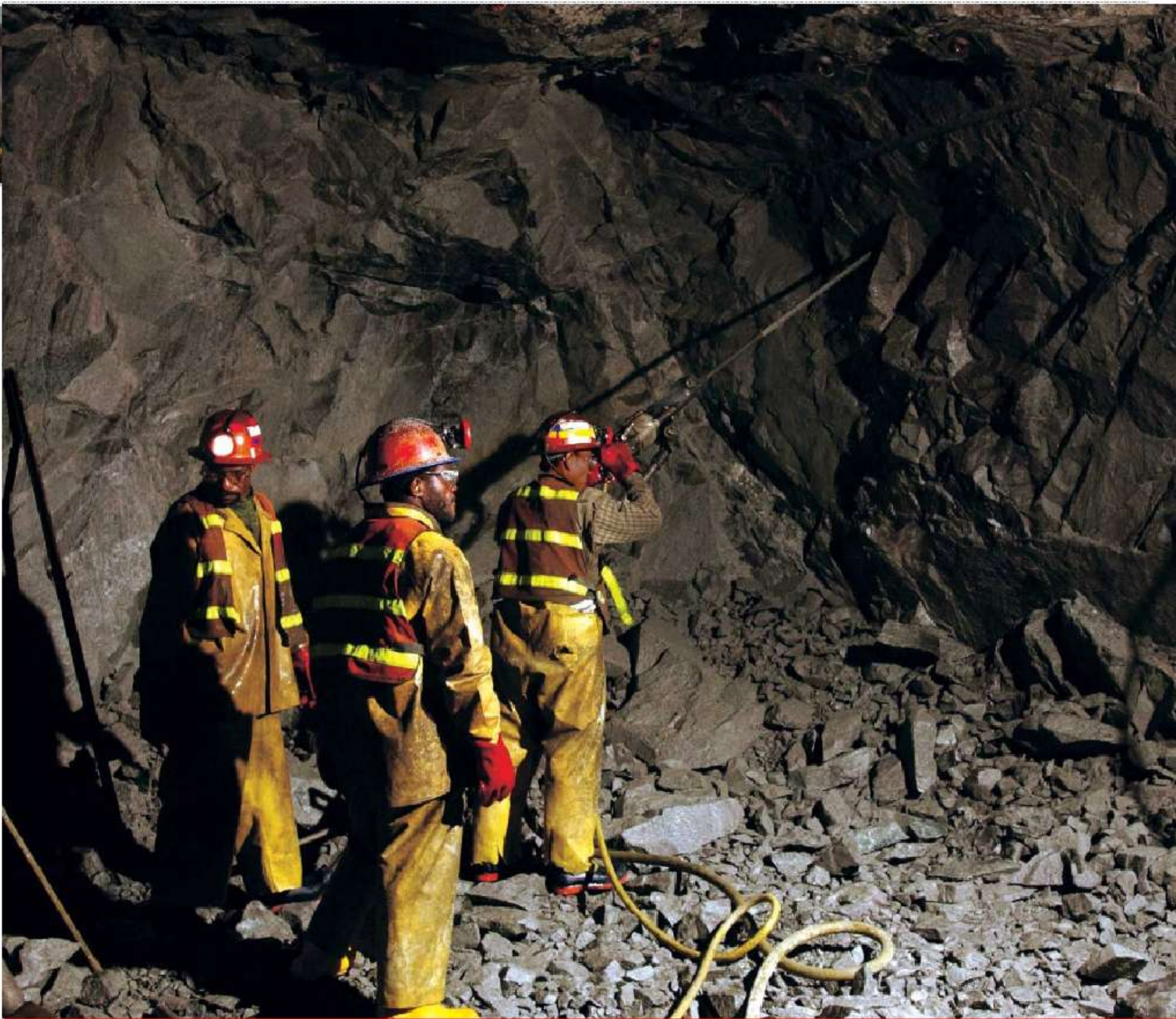
Steelmakers remained the only active major local producer of steel during the year under review. The take-over of former steel giant ZiscoSteel by Essar was yet to be finalized. Local steel producers continued to face challenges from the influx of new steel mills in the region which intensified competition in traditional major markets like Malawi and Zambia.

Garlpex

Garlpex, a new coal mine in the Hwange area started exporting its coal to the Northern region of Africa. Value addition of the coal from Garlpex was still underway.

Granite

Granite blocks continued to be supplied to the traditional markets and no new products were added to the market.



Hwange Colliery Company Limited

Hwange Colliery Company Limited remained Zimbabwe's largest coal producer and continued to face huge operational challenges. This was mainly due to lack of adequate capitalisation. Regional coke sales were thus affected by the poor supply of adequate material. Coke breeze and washed peas were in short supply while larger grades such as foundry coke did not have enough demand to prevent stockpiling. Notwithstanding the above, regional sales remained the main markets for coal and coke products.

GLOBAL OUTLOOK

Global ferrochrome supply could exceed demand by 700,000 tonnes in 2014 as planned production capacity expansions come online, according to a report by Roskill Information Services. Planned capacity expansions in China, Finland, Kazakhstan, Oman and South Africa could raise the world ferrochrome supply by more than 2 million tonnes between 2012 and 2014, resulting in a potential oversupply of up to 700,000 tonnes in 2014. In the longer term, it is believed the ferrochrome market will move into equilibrium by 2018.

China has been the driver for growth both in consumption and production of ferrochrome which is mainly consumed in stainless steel. China's stainless steel production was expected to be around 18.6m tonnes in 2014 and to account for more than 50% of growth in production worldwide in the next three years. The price of high-carbon ferrochrome in China was likely to fall in the short term, according to many market participants. The major concerns were oversupply and the bearish state of the steel market. Demand for ferrochrome closely reflects trends in the stainless steel sector, which accounts for 80% of consumption. Over the past five years, world consumption has risen by 5% per year to an estimated 9.7mt in 2012. China will continue to drive growth in the demand for ferrochrome, increasing its share of the world market from 47% to nearly 60% over the next five years.



South Africa, China and Europe are expected to drive platinum supply-and-demand fundamentals in 2014 despite the fact that the precious metal struggled against a background of declining gold prices. However, analysts believe that as the deficit in platinum looks set to rise, 2014 is likely to be a year of big gains for the metal particularly towards its close.



Nickel prices were hit by growing concerns that the Indonesian export ban might not be introduced which would mean the market would remain in oversupply. Should companies in Indonesia be allowed to continue to export nickel ore, the global nickel market would remain oversupplied and will not see a reduction in high surpluses. If the Indonesian government decides to continue with the ban, nickel prices are expected to remain subdued.

Overcapacity of about 200 million tonnes of steel a year remains a serious concern for the industry and is likely to contain price increases for the near future. While global oversupply remains an issue, putting downward pressure on steel prices, the stronger than expected recovery in the U.S, progress in the Euro zone and subsequent stability in Chinese economic growth hints towards a recovery in investment spending, which will drive restocking in 2014.

SALES OVERVIEW

PGMs (White Matte)

A total of 552,679 ounces of PGMs valued at US\$488 million were exported to South Africa in 2013 compared to 384,619 ounces valued at US\$360 million sold in 2012 being 43.7% and 35.76% higher in volume and value terms respectively owing to more volumes moved in 2013.

PGM Concentrates

A total of 136,008mt of PGM concentrates valued at US\$399 million were sold in 2013 compared to 136,471mt valued at US\$407 million sold in 2012 representing decreases of 0.34% and 1.87% in volume and value terms respectively.

Ferrochrome

High Carbon Ferrochrome valued at US\$165 million weighing 154,844mt was sold during the period under review compared to the previous year when 146,951mt valued at US\$173 million were sold. The increase in tonnage was mainly due to the bringing back online of the 3 furnaces by major producer Zimasco and the coming on board by the new producer, Jin An Corporation. The 4.35% decrease in value was due to depressed market prices on the backdrop of weak demand from the stainless steel sector.

Nickel

A total of 67,739mt of nickel ores and concentrates valued at US\$96 million were sold during the year under review giving massive increases of 1,902% and 113% in volume and value terms when compared to 2012 where 3,384mt valued at US\$45 million were sold. The increase in volumes was attributed to the return to production by Bindura Nickel Corporation during the year under review.

Steel

A total of 6,371mt of steel valued at US\$4.7 million were sold to various markets during the year under review giving a positive variance of 3.19% and 0.99% in volume and value terms when compared to 2012 where 6,174mt valued at US\$4.6 million were sold.



PRODUCT	2013		% CONTR (VALUE)	2012		% GROWTH	
	MT	000 US\$		MT	000 US\$	VOLUME	VALUE
PGMS	552,679	488,476	28.25%	384,619	359,804	43.70	35.76
PGMS CONCS	136,008	399,377	23.10%	136,472	406,989	(0.34)	(1.87)
HCFC	154,844	165,140	9.55%	146,951	172,654	5.37	(4.35)
NICKEL	67,739	95,886	5.54%	3,384	45,024	1,901.96	112.97
COAL	67,072	3,107	0.18%	107,797	7,894	(37.78)	(60.64)
COPPER	3,610	18,902	1.09%	2,463	14,118	46.59	33.89
STEEL	6,371	4,707	0.27%	6,174	4,661	3.19	0.99
COKE VARIOUS	121,148	35,268	2.04%	221,773	62,963	(45.37)	(43.99)
COKE BREEZE	38,586	3,279	0.19%	147,678	6,870	(73.87)	(52.27)
DIAMONDS (cts)	9,420,317	455,801	26.36%	15,104,028	768,244	(37.63)	(40.67)
EMERALDS (z)	41	1	0.00%	-	-	-	-
GRANITE	118,015	17,157	0.99%	148,300	16,698	(20.42)	2.75
GRAPHITE	6,400	4,207	0.24%	6,948	5,123	(7.88)	(17.87)
PETALITE	35,363	5,553	0.32%	40,642	3,149	(12.99)	76.34
POLLUCITE	4,253	2,127	0.12%	-	-	-	-
VERMICULITE	28,808	4,072	0.24%	21,625	2,828	33.22	43.97
OTHERS	59,572	26,195	1.51%	35,470	14,858	67.95	76.30
TOTAL	847,808	1,729,254	100%	1,025,691	1,891,876	(17.34)	(8.60)

Coal

A total of 67,072mt valued at US\$3.1 million was sold during the year under review compared to 2012 when 107,797mt valued at US\$7.9 million was sold. Sales went down by 37.78% and 60.64% in volume and value terms respectively

Coke Various

A total of 121,148mt valued at US\$35 million were sold in 2013. Compared to 2012, sales were 45.37% and 43.99% lower in both volume and value terms respectively

Coke Breeze

A total of 38,586mt valued at US\$3.2 million was sold compared to 2012, when 147,678mt was sold at a value of US\$6.8 million, sales went down 73.87% and 52.27% in volume and value respectively.

Granite

A total of 118,015 mt valued at US\$17 million were sold compared to 2012 when 148,300mt valued at US\$16 million were sold, sales volumes were down by 20.42% and up by 2.75% in volume and value respectively.

Graphite

In comparison to 2012 when 6,948mt valued at US\$5.1 million were sold, a total of 6,400mt valued at US\$4.2

million was sold in 2013. Sales decreased by 7.88% and 17.87% in volume and value respectively.

Petalite Minerals

A total of 35,363mt valued at US\$5.5 million were sold compared to 2012 when 40,642mt valued at US\$3.1 million. Sales decreased by 12.99% in volume and increased by 76.34% in value.

Vermiculite

A total of 28,808mt valued at US\$4 million was exported. Year on year sales went up 33.22% and 43.97% in volume and value respectively. Sales were slow in the first half of the year and picked up significantly towards end of 2013. It was anticipated that the new shareholder would result in further increases in sales volumes.

Other minerals

For the year under consideration, 59,572mt other minerals valued at US\$ 26 million were sold, compared to the 35,470mt valued at US\$14 million in 2012. This represented an increase of 67.95% in volume and 76.30% in value. Increases in value were attributed to increases in exports of tantalum and antimony ores, howlite and magnesite exports which had both high volumes and values.



Table 1: Rough Diamond Local Sales

Producer	Retained Volume (cts)	Reserve Value (US\$)	Volume Sold (cts)	Value Sold (US\$)
Anjin Investments	15,440.89	4,642,467.90	516.65	282,754.00
Murowa Diamonds	6,544.43	2,367,977.62	2,095.09	745,801.90
DMC	11,946.52	5,934,170.24	82.12	94,438.00
Marange Resources	9,955.85	2,970,685.94	6,103.75	1,810,169.73
DTZ-OZGEO	666.09	84,068.16	-	-
Grand Total	44,553.78	15,999,369.86	8,797.61	2,933,163.63

Table 2: Polished Diamond Sales

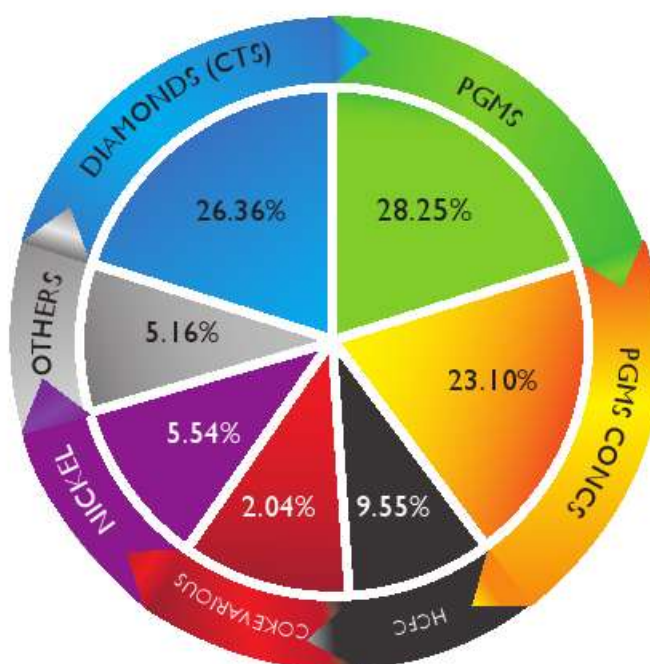
Producer	Volume (cts)	Value (US\$)
Akin Investments	639.95	870,882.36
Gemgrade	3.23	6,542.56
Supertrend Enterprise	355.69	773,534.00
Vivid Facets	150.48	357,895.80
Grand Total	1,149.35	2,008,854.72

Rough Diamond Exports

Diamonds (rough and polished) valued at US\$455 million with a total caratage of 9,420,317 were sold. Major markets for the diamonds were UAE (US\$156 million), Belgium (US\$66.9 million), Israel (US\$40 million) and China (US\$31 million). Compared to 2012, where 15,104,028 carats valued at US\$768 million were sold, rough diamond sales decreased by 37.63% and 40.67% in both volume and value terms.

Local Rough Diamond Sales

A total of 8,797 carats of rough diamonds valued at US\$2.9 million (excluding VAT) were sold to local manufacturers from a total of 44,554 carats valued at US\$15.9 million which were retained for local sale as shown in Table 1.



The total sales value of US\$1.729 was split based on value and expressed in percentage terms as above.



GLOBAL OUTLOOK





HUMAN RESOURCES

The Corporation recognizes that one of its most important resources is human resources. In order to strengthen its intellectual capital, the Corporation undertook various training and development programs to equip employees with requisite skills.

This enabled employees to effectively and efficiently discharge their responsibilities in line with the Corporation's mandate. The Corporation also assisted employees with educational loans to pursue studies in line with their career paths.

In fulfillment of the Corporation's thrust for Corporate Social Responsibility and as a learning organization, the Corporation accommodated students from various universities in the country in its internship programmes.



Safety, Health and Welfare

The Corporation provided financial support for staff extra curriculum activities such as darts and soccer, in order to boost the morale of employees whilst cementing the industrial relations environment. The activities also improved Safety, Health. Seventeen members of staff received Long Service Awards, after having continuously served the Corporation for periods ranging from 10 years to 30 years representing a combined total of 305 years of service at MMCZ.

Recruitments and Terminations

A total of two employees were recruited during the year in line with human resource requirements, resulting in a staff compliment of 95 as at the end of the year. The gender split was 49% female employees and 51% male employees. The Corporation maintained a low staff turnover given that there were no resignations during the period under review except the normal retirement of one member of staff, Mr. Israel Makoni who had served the Corporation for more than 25 years.

CORPORATE COMMUNICATIONS



Corporate Social Investment

The corporate social investment initiatives in 2013 were underpinned by the Corporation's core values and beliefs. The focus of these initiatives was on the positive transformation and upliftment of communities by supporting education, health and by minority groups.

Through the Ministry of Mines and Mining Development, the Corporation made significant contributions to worthy causes. These included the provision of creams and protective clothing to the Albino Association of Zimbabwe. The Corporation also launched the Health Fund and beneficiaries of the fund included Jimila Clinic and United Bulawayo Hospital. In addition, the Corporation sponsored several students at the Zimbabwe School of Mines by providing tuition fees, textbooks and catering for their general upkeep.



Lupane State University Computer Lab



The Minerals Marketing Corporation of Zimbabwe Collection

The Early and Foundational Zimbabwe Stone Sculptures

Zimbabwe is well known for being the home of the globally acclaimed "Shona Sculpture Movement". The movement began in the 50s with the protagonist, Joram Mariga whose talent was quickly recognised, by the then new director of the National Gallery of Zimbabwe, Frank Mc Ewen. The two worked tirelessly together and with others to pave the way for the growth of this movement and the rest, as they say, is history.

The movement grew in leaps and bounds to span over 30 years. Soon after which the impetus of the sculptures began to fade, with many of the artists failing to sustain momentum into the 90s. The work developed during the early period was widely acknowledged and the majority of artists reached their prime during this time. Most of the artists from this period are no longer with us but their works stand as a glowing testimony to their accomplishments as well as the works ability to record and capture the traditional belief systems and values of a people, in an exciting and imaginary way

Several dealers and collectors sprung up over the years, one of them was Roy Guthrie, the owner of Chapungu Sculpture Park. His project was unfortunately affected by the down turn in the social and global economy at the turn of the century and his company liquidated many of the works from the early collection. In late 2012 works by the founding group of artists came onto the market and whilst international dealers and collectors were very quick to pick up the news, the National Gallery of Zimbabwe campaigned for an intervention that would prevent the works from leaving the country (As published in The Herald, At the Gallery Column, Art Collections Define a People, on the 11th of February 2013).

The National Gallery of Zimbabwe's campaign did not fall on deaf ears. We, the Minerals Marketing Corporation of Zimbabwe responded to that plea by availing funds to purchase the works for the benefit of the country.

Whilst the Corporation may seem an unlikely candidate to have interest in the arts within Zimbabwe, upon closer introspection the Corporation is actually a most fitting candidate. Minerals Marketing Corporation of Zimbabwe's core business is minerals and the great dyke is the main source of the raw stone that the artists of this country have been beneficiating since the 1950s. Their creative value addition to the raw stone gave birth to a movement that has come to define Zimbabwean art. By rescuing the collection, the Corporation ensured that the fruits will be available for many generations to enjoy.

MONITORING AND INSPECTORATE

The Corporation successfully conducted pre-shipment inspections particularly for all granite exports to minimize the risk of weight under-declaration. Furthermore, there was a focus on ensuring that all mineral producers complied with provisions on accuracy of production statistics and remittance of statutory obligations.

The Corporation continued to pursue strategies to strengthen the monitoring role with regards to declaration of assays through lobbying for the establishment of a chemical laboratory.

The department similarly focused on monitoring output and statistics through physical adhoc inspections at road blocks and on site.

Overall, the monitoring of operations on mineral producers was satisfactory. The major hindrance remains that of the absence of a laboratory and weighbridges to enable mineral assaying.

FINANCIAL OVERVIEW

REVIEW OF OPERATIONS

Income

The Group made an overall profit before tax of US\$ 2,859,282 for the year 2013, a decrease from the reported profits of US\$ 6,955,563 for 2012.

Revenue

Total revenue for the 2013 financial year stood at US\$ 16,169,815 down from US\$ 16 280 775 recorded in 2012. Revenue comprised agency commission of US\$ 15,002,018 and US\$ 1,167,797 realised from other income. The revenue achieved was an increase of 0.7% from 2012.

Expenditure

The Group incurred total expenditure of US\$ 13,310,533 up from US\$ 9,325,212 incurred in 2012. The increase in expenditure was mainly attributed to the settlement of resolved salary disputes backdated from 2010.

STATEMENT OF FINANCIAL POSITION

The Group's financial position at year end was US\$ 23,704,573. The Corporation's financial position stood at US\$ 24,147,104 which was an increase compared to 2012's figure of US\$ 23,425,964. The increase was due to financial assets available for sale.

STATEMENT OF CASH FLOW

Cash flow From Operating Activities

The Group's cash flow from operating activities after changes in non-cash operating working capital was US\$ 2,852,787 while the Corporation had US\$ 2,853,130 which was a decrease compared to 2012 figure of US\$ 4,853,318.

Cash flow From Investing Activities

The Groups cash flow from investing activities generated a net outflow of US\$ 1,971,035 in the period under review.

Cash and Cash Equivalents

In the financial period under review the Group's cash and cash equivalents decreased to US\$ 3,840,251 compared to the opening cash and cash equivalents of US\$ 4,828,344.

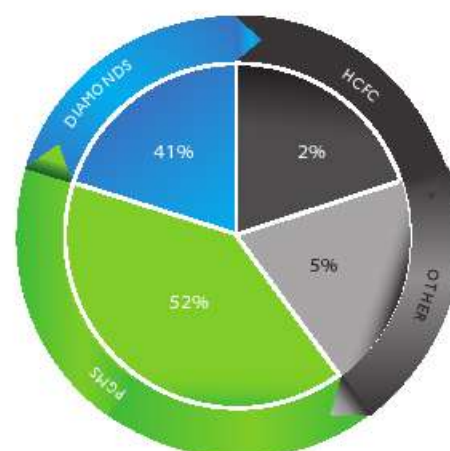
Royalty

Mining royalties are charged in terms of the Mines and Minerals Act (Chapter 21:05). The royalties are collectable from all minerals or mineral bearing products obtained from any mining location and disposed by the miner or on his behalf. The Corporation as an agent for and on behalf of the Commissioner General of the Zimbabwe Revenue Authority is required to deduct royalties on the following minerals at source;

Precious stones, Precious metals (other than gold)

Base metals, Industrial metals, Coalbed, Methane and Coal

The Corporation has successfully been carryin out this mandate and in 2013, over US\$116 million was remitted to ZIMRA, broken down by product as below;



MR RICHARD CHINGODZA
ACTING GENERAL MANAGER

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All Communications should be addressed to
"The Comptroller and Auditor - General"

Reference: SB4

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OFFICE OF THE COMPTROLLER
AND AUDITOR -GENERAL

5th Floor, Burroughs House

Cnr. Fourth Street/George Silundika Avenue

Harare

REPORT OF THE AUDITOR -GENERAL
TO
THE MINISTER OF MINES AND MINING DEVELOPMENT
AND
THE BOARD OF DIRECTORS
IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
MINERALS MARKETING CORPORATION OF ZIMBABWE
FOR THE YEAR ENDED DECEMBER 31, 2013.

Report on the Financial Statements

I have audited the accompanying consolidated financial statements of Minerals Marketing Corporation of Zimbabwe and its subsidiary Mellofieldde Chemicals (Private) Limited as set out on pages 3 to 22, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Minerals Marketing Corporation of Zimbabwe Act (Chapter 21:04). This responsibility also includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion on the Corporation's financial statements

In my opinion, the Corporation's financial statements present fairly, in all material respects, the financial position of Minerals Marketing Corporation of Zimbabwe as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Opinion on the consolidated financial statements

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Minerals Marketing Corporation of Zimbabwe and its subsidiary Mellofieldde Chemicals (Private) Limited as at December 31, 2013, and the consolidated financial performance and the consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In my opinion, the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Minerals Marketing Corporation of Zimbabwe Act (Chapter 21:04), and other relevant Statutory Instruments except for non-compliance with the Registrar of Companies' directive to redenominate share capital. The Corporation had not redenominated its share capital from Zimbabwe dollars to United States dollars which is both the functional and presentation currency.

21 October, 2014



M. CHIRI, COMPTROLLER AND AUDITOR – GENERAL

MINERALS MARKETING CORPORATION OF ZIMBABWE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2013

		Historical Cost			
	Note	Group 31-Dec-13 USD	Corporation 31-Dec-13 USD	Group 31-Dec-12 USD	Corporation 31-Dec-12 USD
ASSETS					
Non- current assets		10,001,845	10,849,804	7,970,618	8,670,599
Property, plant and equipment	4	5,002,945	4,699,345	4,365,154	4,365,154
Loans receivable	5	791,232	791,232	520,505	520,505
Available for sale financial assets	6	4,207,668	3,304,550	3,084,959	1,730,263
Investment in subsidiary	7	-	2,054,677	-	2,054,677
Current assets		13,702,728	13,297,300	15,454,543	14,755,365
Inventories	8	278,969	278,969	262,167	262,167
Trade receivables	9	5,984,135	5,984,135	7,550,790	7,550,790
Other current assets	10	3,195,011	3,194,429	2,495,205	2,191,605
Fair value through profit or loss financial assets		404,362	404,362	318,036	318,036
Cash and cash equivalents	11	3,840,251	3,435,405	4,828,345	4,432,767
Total assets		23,704,573	24,147,104	23,425,161	23,425,964
EQUITY AND LIABILITIES					
Equity		18,222,322	18,443,729	17,155,479	17,155,784
Share capital	12	-	-	-	-
Functional currency change reserve		12,562,305	12,562,305	12,562,305	12,562,305
General reserve		5,660,017	5,881,424	4,593,174	4,593,479
Non-current liabilities		446,230	446,230	275,211	275,211
Deferred tax	13	446,230	446,230	275,211	275,211
Current liabilities		5,036,022	5,257,145	5,994,469	5,994,966
Trade and other payables		807,927	807,927	753,861	753,861
Provisions	14	592,205	592,205	712,607	712,607
Current tax payable	13	-	-	89,108	89,584
Dividends payable		3,635,890	3,857,013	4,438,893	4,438,914
Total liabilities		5,482,251	5,703,375	6,269,680	6,270,177
Total equity and liabilities		23,704,573	24,147,104	23,425,161	23,425,964

17 October, 2014.

17 October, 2014.



R. Chingodza,
(Acting General Manager).



Prof F.P. Gudyanga,
(Acting Board Chairman).

MINERALS MARKETING CORPORATION OF ZIMBABWE
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2013

		Historical Cost			
	Note	Group 31-Dec-13 USD	Corporation 31-Dec-13 USD	Group 31-Dec-12 USD	Corporation 31-Dec-12 USD
Gross profit		15,002,018	15,002,018	15,104,715	15,104,715
Revenue		15,002,018	15,002,018	15,105,177	15,105,177
Cost of sales		-	-	(462)	(462)
Other income	15	1,167,797	1,158,189	1,176,060	1,176,060
Expenditure		(13,310,533)	(12,858,634)	(9,325,212)	(9,324,389)
Administrative expenses	16	(3,625,726)	(3,625,386)	(2,732,171)	(2,731,471)
Payroll costs	17	(7,879,139)	(7,879,139)	(5,832,153)	(5,832,153)
Marketing expenses	18	(1,440,434)	(1,440,434)	(783,685)	(783,685)
Finance costs		-	-	(196)	(74)
Fair value adjustments		(365,233)	86,326	22,994	22,994
Profit before tax		2,859,282	3,301,573	6,955,563	6,956,385
Income tax expense	13	(725,596)	(725,684)	(1,710,331)	(1,710,543)
Profit after tax		2,133,686	2,575,889	5,245,232	5,245,842
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		2,133,686	2,575,889	5,245,232	5,245,842
Total comprehensive income attributable to :					
Owners of the parent		2,133,686	2,575,889	5,245,232	5,245,842
		2,133,686	2,575,889	5,245,232	5,245,842

MINERALS MARKETING CORPORATION OF ZIMBABWE
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2013

	Share Capital	Translation of Foreign Operations	Functional Currency Change Reserve	General Reserve	Retained Income	Total 2012
Consolidated	USD	USD	USD	USD	USD	USD
Balance as at January 1, 2012	-	41,968	12,562,305	1,970,558	-	14,574,831
Total comprehensive income for the year	-	-	-	-	5,245,232	5,245,232
Transfer to general reserve	-	-	-	2,622,616	(2,622,616)	-
Reclassification adjustment	-	(41,968)	-	-	-	(41,968)
Dividends	-	-	-	-	(2,622,616)	(2,622,616)
Balance as at December 31, 2012	-	-	12,562,305	4,593,174	-	17,155,479
Consolidated	Share Capital	Translation of Foreign Operations	Functional Currency Change Reserve	General Reserve	Retained Income	TOTAL 2013
	USD	USD	USD	USD	USD	USD
Balance as at January 1, 2013	-	-	12,562,305	4,593,174	-	17,155,479
Total comprehensive income for the year	-	-	-	-	2,133,686	2,133,686
Transfer to general reserve	-	-	-	1,066,843	(1,066,843)	-
Dividends	-	-	-	-	(1,066,843)	(1,066,843)
Balance as at December 31, 2013	-	-	12,562,305	5,660,017	-	18,222,322
Corporation	Share Capital	Translation of Foreign Operations	Functional Currency Change Reserve	General Reserve	Retained Income	Total 2012
	USD	USD	USD	USD	USD	USD
Balance as at January, 01 2012	-	-	10,949,368	2,022,658	-	12,972,026
Transfer from MMS	-	41,968	1,612,937	(52,100)	-	1,602,805
Total comprehensive income for the year	-	-	-	-	5,245,842	5,245,842
Transfer to general reserve	-	-	-	2,622,921	(2,622,921)	-
Reclassification adjustment	-	(41,968)	-	-	-	(41,968)
Dividends	-	-	-	-	(2,622,921)	(2,622,921)
Balance as at December 31, 2012	-	-	12,562,305	4,593,479	-	17,155,783
Corporation	Share Capital	Translation of Foreign Operations	Functional Currency Change Reserve	General Reserve	Retained Income	TOTAL 2013
	USD	USD	USD	USD	USD	USD
Balance as at January, 01 2013	-	-	12,562,305	4,593,479	-	17,155,784
Total comprehensive income for the year	-	-	-	-	2,575,889	2,575,889
Transfer to general reserve	-	-	-	1,287,945	(1,287,945)	-
Dividends	-	-	-	-	(1,287,945)	(1,287,945)
Balance as at December 31, 2013	-	-	12,562,305	5,881,424	-	18,443,729

MINERALS MARKETING CORPORATION OF ZIMBABWE
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2013

		Historical Cost			
	Note	Group 31-Dec-13 USD	Corporation 31-Dec-13 USD	Group 31-Dec-12 USD	Corporation 31-Dec-12 USD
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash generated from operating activities		2,852,787	2,853,130	4,548,919	4,853,318
Operating surplus before working capital changes		1,948,095	1,948,435	3,414,542	3,415,364
Profit for the year		2,859,282	3,301,573	6,955,563	6,956,385
Adjustments for:		(911,188)	(1,353,139)	(3,541,021)	(3,541,021)
Depreciation		4 609,480	609,480	563,247	563,247
Loss on disposal of property, plant and equipment		15 18,649	18,649	29,836	29,836
Impairment loss on motor vehicles		30,800	30,800	30,400	30,400
Allowance for credit losses		15 114,969	114,969	25,412	25,412
Provisions		(120,402)	(120,402)	(399,047)	(399,047)
Reclassification of foreign currency translation reserve		-	-	(41,968)	(41,968)
Taxation paid		13 (1,358,757)	(1,358,757)	(3,206,427)	(3,206,427)
Fair value adjustment		365,233	(86,326)	(22,994)	(22,994)
Interest earned		15 (571,160)	(561,552)	(519,480)	(519,480)
Working capital changes		904,692	904,695	1,134,377	1,437,954
Increase in inventory		(16,802)	(16,802)	-	-
Decrease in trade receivables		1,566,655	1,566,655	1,607,457	1,607,457
Increase in other current assets		(699,227)	(699,224)	(562,725)	(259,147)
Increase in trade and other payables		54,066	54,066	89,645	89,645
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		4 (1,971,035)	(1,980,643)	(569,672)	(569,672)
Proceeds on disposal of assets		(1,000,660)	(1,000,660)	(1,204,946)	(1,204,946)
(Disbursement of)/net proceeds from staff loans		7,540	7,540	26,010	26,010
Purchase of money market investments		(270,727)	(270,727)	89,784	89,784
Interest received		(1,278,347)	(1,278,347)	-	-
		571,160	561,552	519,480	519,480
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of equity instruments		(1,869,846)	(1,869,846)	(2,695,206)	(3,395,186)
Dividends paid		-	-	(1,460,517)	(2,160,497)
		(1,869,846)	(1,869,846)	(1,234,689)	(1,234,689)
Decrease/increase in cash and cash equivalents		(988,094)	(997,359)	1,284,041	888,460
Cash and cash equivalents at the beginning of the year		4,828,345	4,432,764	3,544,304	3,544,305
Cash and cash equivalents at the end of the year		9 3,840,251	3,435,405	4,828,345	4,432,764

1. REPORTING ENTITY NATURE OF BUSINESS.

The Minerals Marketing Corporation of Zimbabwe (MMCZ) was established by statute in 1982 to act as sole marketing and selling agent for all minerals, except gold and silver and to provide for the control and regulation of stock piling of minerals.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The consolidated financial statements for the year ended December 31, 2013, have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standard Board (IASB), which includes standards and interpretations approved by the IASB as well as International Financial Reporting Interpretations Committee (IFRIC) interpretations.

2.2. Basis of measurement

The consolidated financial statements are based on the statutory records that are maintained under the historical convention, except for the following items in the statement of financial position:

- Property, plant and equipment that has been modified by the revaluation.
- Financial assets measured at fair value through profit or loss.

2.3. Functional and presentation currency

These financial statements are presented in United States Dollar (US\$) which is the Corporation's functional currency. All the financial information presented has been rounded to the nearest dollar.

2.4 Critical accounting judgments, assumptions and estimates

In preparing the financial statements, management is required to make judgments, estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant judgments include the following:

2.4.1 Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into account past experience and technology changes. The depreciation rates are set out in note 3.2.2 and no changes to these useful lives have been considered necessary during the year. Management has set the residual values for all classes of property, plant and equipment at zero.

2.4.2 Impairment and provisioning policies

At each statement of financial position date, the Group reviews the carrying amount of its assets to determine whether there is an indication that those assets suffered any impairment. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease.

In the event that, in the subsequent period, an asset that has been subject to an impairment loss is no longer considered to be impaired, the value is restored and the gain is recognised in the statement of comprehensive income. The restoration is limited to the value which would have been recorded had the impairment adjustment not taken place.

2.5 New and revised standards and interpretations

2.5.1 New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2013 and not early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2013, and have not been applied in preparing these financial statements. The Corporation intends to adopt these standards, if applicable, when they become effective.

- i. IFRS 9 'Financial Instruments' issued in November 2009, amended in December 2011 and effective date January 01, 2015.

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

IFRS 9 replaces the multiple classification and measurement models for financial assets in IAS39 with a single model that has two classification categories: amortised cost and fair value.

IFRS 9 introduces new requirements for classifying and measuring financial assets as follows:

- o Debt instruments meeting both a business model test and a cash flow characteristic test are measured at amortised cost (the use of the fair value is optional in some limited circumstances);
- o Investment in equity instruments can be designated as fair value through other comprehensive income with only dividends being recognised in profit or loss;
- o All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss, and
- o The concept of embedded derivatives does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

- ii. Recoverable amount disclosures for Non - Financial Assets: Amendments to IAS 36: Impairment of Assets.

IAS 36, 'Impairment of Assets', was issued in May of 2013. This amendment was done to reduce the circumstances in which recoverable amount of assets or cash generating units is required to be disclosed. The amendment clarifies the disclosures required and it introduces explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique. The standard is applicable to periods beginning on or after 1 January 2014.

- iii. IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after January 01, 2014. These amendments are not expected to be relevant to the Corporation.

2.5.2 Adopted new standards, amendments and interpretations effective for the financial year beginning January 1, 2013

- i. IFRS 10 Consolidated financial statements effective date January 1, 2013

IFRS 10 Consolidated Financial Statements outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities they control. Control requires exposure or

rights to variable returns and the ability to affect those returns through power over an investee. The Standard:

- requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements
- defines the principle of control, and establishes control as the basis for consolidation
- set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee
- sets out the accounting requirements for the preparation of consolidated financial statements
- defines an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity.

ii. IFRS 12 Disclosure of Interests in Other Entities effective date January 1, 2013

IFRS 12 requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

The future application of this IFRS is expected to result in the financial statements including additional qualitative and quantitative disclosures regarding its interests in certain unconsolidated structured entities such as its major suppliers and customers.

In high-level terms, the required disclosures are grouped into the following broad categories:

- Significant judgments and assumptions - such as how control, joint control, significant influence has been determined;
- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on;
- Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information); and
- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

iii. IFRS 13 Fair Value Measurement effective date January 1, 2013

IFRS 13 replaces guidance on fair value measurement in existing IFRS accounting literature with a single standard.

The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. It does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies where another IFRS requires or permits fair value measurements or disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 - unobservable inputs for the asset or liability.
- iv. IAS 27 (revised) separate financial statements effective January 1, 2013

IAS 27 Separate Financial Statements (as amended in 2011) outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments.

- v. IFRS 7 Financial Instruments: Disclosures effective January 01, 2013

IFRS 7 Financial Instruments: Disclosures (as amended in 2011) requires disclosure of information related to offsetting of financial assets and financial liabilities effective January 1, 2013. Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognized financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position.

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2012.

3.1. Basis of consolidation

The consolidated financial statement consists of the financial statements of Minerals Marketing Corporation and its subsidiary Mellofieldde Chemicals (Private) Limited as at December 31, 2013. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

3.1.1. Subsidiary

A subsidiary is an entity controlled by the Corporation. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Corporation controls an investee if and only if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The subsidiary is fully consolidated from the date control commences until the date such control ceases. Intra-group balances, and any unrealized gain and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.1.2. Loss of control

On the loss of control, the Corporation recognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss.

If the Corporation retains any interests in previous subsidiary, then such interest is measured at fair value at the date that control

3.2. Property, plant and equipment

3.2.1. Recognition and measurement

Property, plant and equipment held for use in the supply of services or for administrative purposes, are stated at cost less accumulated depreciation and impairment losses.

3.2.2. Depreciation

Depreciation, which is calculated on the straight line basis, is provided to write off the cost less the estimated residual value of fixed assets over their estimated useful lives. The Group assesses useful life and residual values of property, plant and equipment each year taking into account past experiences and technological changes. No changes to the useful lives have been considered necessary for all other items of property, plant and equipment. Management has set residual values for all classes of property, plant and equipment as zero.

The expected useful lives of property, plant and equipment applied are as follows:

Buildings	40 years
Plant	10 years
Furniture and fittings	10 years
Equipment	5 years
Motor vehicles	5 years
Computers	4 years

Where the items of property, plant and equipment are revalued, depreciation is based on the gross replacement cost.

3.2.3. Revaluation of property, plant and equipment

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluations increase arising on the revaluation of property, plant and equipment is recognized in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluations of such property, plant and equipment is recognized in profit and loss to the extent that it exceeds the balance, if any held in asset revaluation reserve relating to previous revaluation of the asset.

Depreciation on revalued assets is recognized in profit and loss. The revaluation surplus on land and buildings is directly transferred to general reserve in so far as it is realised through use. While the surplus on other items of property, plant and equipment is realized when the related asset is either sold or withdrawn from use.

3.4 Inventory

Stocks comprising minerals held for resale, are valued at the lower of cost and net realizable value (NRV). Net realisable value represents the estimated selling price less all estimated cost of completion and costs to be incurred in marketing, selling and distribution.

Cost of inventories is calculated using the following method:

- Raw materials and consumables: First in First Out (FIFO)
- Minerals held for sale: Weighted average cost

3.5 Cash and cash equivalent

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, short-term investments and bank balances.

3.6 Liabilities and provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and a reliable estimate to the amount of such obligation can be made. Obligations payable at the demand of the creditor or within one year of the Balance Sheet date are treated as current liabilities in the Balance Sheet. Liabilities payable after one year from the Balance Sheet date are treated as non-current liabilities in the Balance Sheet.

3.7 Foreign currency transactions and balances

While the Group's records are maintained in United States Dollar, some of its transactions are conducted in other major foreign currencies. Transactions in foreign currencies are translated to United States Dollars at rates of exchange ruling at the time of the transactions. Transactions and translation gains and losses arising from conversion settlement of foreign debts are dealt with in the statement of comprehensive income in determination of the operating income.

3.8 Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax. The currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported on in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised on difference between carrying amounts of assets and the liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged directly to equity, in which case the deferred tax is also dealt in equity. Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.9 Revenue recognition

Agency commission, brokerage income and mineral sales are realized on the accrual basis. Investment income accrued over the period in which it is earned based on the underlying agreements. Other income is recognised in accordance with the underlying transactions or events.

3.10 Employee benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the corporation's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3.11 Financial Instruments

The Group classifies its investments into the following categories;

- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Held-to-maturity financial assets and
- Available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

3.11.1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit and loss at inception. A financial asset is classified into the category at inception if acquired principally for the purpose of selling in the short term, or if so designated by management. All quoted equity investments are in this category.

3.11.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the corporation intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

3.11.3 Held-to-maturity instruments

Held-to-maturity financial assets are non-derivative assets with fixed or determined payments and fixed maturities other than those that meet the definition of loans and receivables that the Group has the positive intention and ability to hold to maturity. The fair values of quoted investment are based on current bid prices. If the market for financial assets is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

3.11.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

3.12 Dividend policy

The Group's policy is to declare 50 per cent of the Corporation's after tax profits as a dividend to the Shareholder.

3.13 Mining Claims

The Corporation recognizes mineral claims as assets when it is certain that the claims it holds will result in economically viable mining activities and can reliably measure the value of the claims. Exploration costs to determine the extent of the mineral deposits are expensed in the period in which they are incurred.

MINERALS MARKETING CORPORATION OF ZIMBABWE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2013

4. Property, plant and equipment

4.1 Consolidated

								Historical cost	
	Land and buildings	Plant	Furniture, fittings, and office equipment	Motor vehicles	Computer equipment	Canteen equipment	Work in progress	31-Dec-13	31-Dec-12
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Opening carrying amount	1,340,375	292,026	192,097	1,292,408	155,014	6,638	846,456	4,365,154	3,804,191
Gross carrying amount	1,442,797	419,248	268,233	2,249,546	250,550	16,948	846,456	5,495,774	4,377,698
Accumulated depreciation	(102,222)	(127,217)	(76,196)	(717,138)	(97,996)	(10,311)	-	(1,130,620)	(573,507)
Additions	51,777	-	66,267	141,240	37,637	-	987,319	1,304,260	1,204,946
Reclassification of completed projects	27,824	-	-	-	-	-	(27,824)	-	-
Disposals Carrying Amount	-	-	-	(26,189)	-	-	-	(26,189)	(30,335)
Disposals at deemed cost	-	-	-	(39,086)	-	-	-	(39,086)	(86,869)
Accumulated Depreciation	-	-	-	32,897	-	-	-	32,897	36,584
Depreciation for the year	(89,291)	(41,750)	(37,154)	(428,041)	(65,834)	(3,390)	-	(609,480)	(569,247)
Impairment loss through profit and loss	-	-	-	(30,800)	-	-	-	(30,800)	(30,400)
Closing carrying amount	1,386,885	250,276	221,150	1,188,618	146,817	3,248	1,805,951	5,002,945	4,365,154
Gross carrying amount	1,522,398	419,248	394,300	2,331,700	310,207	16,948	1,805,951	6,740,948	5,495,774
Accumulated depreciation	(135,513)	(168,967)	(113,350)	(1,143,082)	(163,390)	(13,701)	-	(1,738,003)	(1,130,620)

4.2 Corporation

	830,624							Historical cost	
	Land and buildings	Plant	Furniture, fittings, and office equipment	Motor vehicles	Computer equipment	Canteen equipment	Work in progress	USD	USD
	USD	1,080,900	USD	USD	USD	USD	USD	USD	USD
Opening carrying amount	1,340,375	292,026	192,097	1,292,408	155,014	6,638	846,456	4,365,154	3,783,072
Gross carrying amount	1,442,797	419,248	265,847	2,237,790	250,550	16,948	846,456	5,481,692	4,396,635
Accumulated depreciation	(102,222)	(127,217)	(79,810)	(705,882)	(97,996)	(10,311)	-	(1,116,478)	(559,569)
Additions	51,777	-	66,267	141,240	37,637	-	683,719	1,000,660	1,204,946
Transfer from MMC	-	-	-	-	-	-	-	-	21,120
Reclassification of completed projects	27,824	-	-	-	-	-	(27,824)	-	-
Disposals Carrying Amount	-	-	-	(26,189)	-	-	-	(26,189)	(30,335)
Disposals at deemed cost	-	-	-	(39,086)	-	-	-	(39,086)	(86,869)
Accumulated depreciation	-	-	-	32,897	-	-	-	32,897	36,584
Depreciation for the year	(89,291)	(41,750)	(37,154)	(428,041)	(65,834)	(3,390)	-	(609,480)	(569,247)
Impairment loss through profit and loss	-	-	-	(30,800)	-	-	-	(30,800)	(30,400)
Closing carrying amount	1,386,885	250,276	221,150	1,188,618	146,817	3,248	1,502,351	4,699,345	4,365,154
Gross carrying amount	1,522,398	419,248	392,114	2,319,944	310,207	16,948	1,502,351	6,429,208	5,481,194
Accumulated depreciation	(135,513)	(168,967)	(110,964)	(1,131,326)	(163,390)	(13,701)	-	(1,729,861)	(1,116,040)

MINERALS MARKETING CORPORATION OF ZIMBABWE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2013

		Historical cost			
		Group	Corporation	Group	Corporation
		31-Dec-13	31-Dec-13	31-Dec-12	31-Dec-12
		USD	USD	USD	USD
5 LOANS					
Medium term staff loans		791,232	791,232	520,505	520,505
		<u>791,232</u>	<u>791,232</u>	<u>520,505</u>	<u>520,505</u>
6 AVAILABLE FOR SALE FINANCIAL ASSETS					
Funds on placement with CBZ Bank		2,263,750	2,263,750	979,638	979,638
Funds on placement with BancABC		1,002,200	1,002,200	750,624	750,624
Funds on placement with ZB Bank		38,600	38,600	-	-
Investment in Bindura Nickel Corporation		903,118	-	1,354,697	-
		<u>4,207,668</u>	<u>3,304,550</u>	<u>3,084,959</u>	<u>1,730,262</u>
7 INVESTMENT IN SUBSIDIARY					
Investment in subsidiary Mellofieldde		-	2,054,677	-	2,054,677
		<u>-</u>	<u>2,054,677</u>	<u>-</u>	<u>2,054,677</u>
8 INVENTORY					
Minerals held for resale		278,969	278,969	262,167	262,167
		<u>278,969</u>	<u>278,969</u>	<u>262,167</u>	<u>262,167</u>
9 TRADE RECEIVABLES					
Agency commission		6,347,755	6,347,755	7,799,441	7,799,441
Less - allowances for credit losses		(363,620)	(363,620)	(248,651)	(248,651)
		<u>5,984,135</u>	<u>5,984,135</u>	<u>7,550,790</u>	<u>7,550,790</u>
10 OTHER CURRENT ASSETS					
Prepayments		181,954	181,954	516,274	212,674
Receivable from disinvestment		1,339,137	1,339,137	1,117,692	1,117,692
Tax prepaid		715,063	714,508	-	-
Staff debtors		169,710	169,710	132,671	132,671
Sundry		789,147	789,120	728,568	728,568
		<u>3,195,011</u>	<u>3,194,429</u>	<u>2,495,205</u>	<u>2,191,605</u>
11 CASH AND CASH EQUIVALENTS					
11.1 Opening Balance					
Cash and cash equivalents at beginning of year		4,828,345	4,432,767	3,544,305	3,544,305
		<u>4,828,345</u>	<u>4,432,767</u>	<u>3,544,305</u>	<u>3,544,305</u>
11.2 Closing balance					
Cash at bank and on hand		3,840,251	3,435,405	4,828,345	4,432,767
		<u>3,840,251</u>	<u>3,435,405</u>	<u>4,828,345</u>	<u>4,432,767</u>
12 SHARE CAPITAL					
Authorised					
36 000 000 Shares of \$0.00 each		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Issued and fully paid					
12 000 000 shares of \$0.00 each		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12.1	In February 2010, the Registrar of Companies issued a circular requiring that all companies re-denominate their share capital to United States Dollars. The re-denominated share capita should be determined by the corporation and stated on all annual returns lodged with the Registrar of companies. The Minerals Marketing Corporation of Zimbabwe is yet to comply with these requirements.				

MINERALS MARKETING CORPORATION OF ZIMBABWE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2013

	Group 31-Dec-13 USD	Corporation 31-Dec-13 USD	Group 31-Dec-12 USD	Corporation 31-Dec-12 USD
13 TAXATION				
13.1 Tax expense from continued operations				
Current tax	554,577	554,665	1,260,700	1,260,912
Deferred tax	171,019	171,019	449,631	449,631
	<u>725,596</u>	<u>725,684</u>	<u>1,710,331</u>	<u>1,710,543</u>
13.2 Tax rate reconciliation				
Accounting profit	2,859,282	3,301,573	6,955,563	6,956,385
Tax at 25.75%	<u>736,265</u>	<u>850,155</u>	<u>1,791,057</u>	<u>1,791,269</u>
Tax effect on non - taxable / non - deductible Items				
Entertainment	24,602	24,602	21,788	21,788
Depreciation (Assets with no capital allowances)	56,327	56,327	53,557	53,557
Interest taxed at source	-147,074	-144,600	-133,766	-133,766
Allowance for credit losses	29,604	29,604	-102,755	-102,755
Provision for mutual termination	-104,288	-104,288		
Donations	-	-	60,140	60,140
Pension	-	-	4,393	4,393
Penalties and fines	1,150	1,150	405	405
Loss on disposal of assets	4,802	4,802	7,683	7,683
Fair value adjustment	116,276	-	-	-
Impairment loss	7,931	7,931	7,828	7,828
	<u>725,597</u>	<u>725,684</u>	<u>1,710,330</u>	<u>1,710,542</u>
13.3 Deferred tax				
Analysis of temporary differences				
Property, plant and equipment: Accelerated deductions for tax purposes	461,320	461,320	229,580	229,580
Prepayments	43,315	43,315	54,763	54,763
Financial assets	-	-	41,752	41,752
Provision for leave pay	-58,405	-58,405	(50,884)	(50,884)
Deferred tax	<u>446,230</u>	<u>446,230</u>	<u>275,211</u>	<u>275,211</u>
13.4 Income tax (asset)/liability				
Opening balance	89,108	89,584	2,034,826	2,051,207
Opening liability from MMS	-	-	-	(16,108)
Charge for the year	554,577	554,665	1,260,700	1,260,912
Less amount paid	<u>(1,358,757)</u>	<u>(1,358,757)</u>	<u>(3,206,418)</u>	<u>(3,206,427)</u>
Closing balance	<u>(715,062)</u>	<u>(714,508)</u>	<u>89,108</u>	<u>89,584</u>
14 Provisions				
Leave pay	226,815	226,815	197,607	197,607
Salary increase dispute	-	-	110,000	110,000
Performance Bonus	258,669	258,669	-	-
Allied Investment	106,721	106,721		
Mutual termination package	-	-	405,000	405,000
	<u>592,205</u>	<u>592,205</u>	<u>712,607</u>	<u>712,607</u>

MINERALS MARKETING CORPORATION OF ZIMBABWE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2013

		Historical Cost			
		Group 31-Dec-13 USD	Corporation 31-Dec-13 USD	Group 31-Dec-12 USD	Corporation 31-Dec-12 USD
15	Other income				
	Rent receivable	172,693	172,693	174,552	174,552
	Sundry Income	18,945	18,945	41,013	41,013
	Interest received	571,160	561,552	519,480	519,480
	Reclassification adjustment from foreign currency translation reserve	-	-	41,968	41,968
	Decrease in provisions	405,000	405,000	399,047	399,047
		1,167,797	1,158,189	1,176,060	1,176,060
16	Administration expenses				
	Telephone and postage	332,885	332,885	222,819	222,819
	Repairs and maintenance	367,067	367,067	236,850	236,850
	Rates, water and electricity	177,072	177,072	186,694	186,694
	Printing and stationery	108,411	108,071	92,903	92,903
	Public relations	389,598	389,598	60,631	60,631
	Penalties and fines	4,465	4,465	1,574	1,574
	Professional and legal fees	144,451	144,451	216,348	215,648
	Board expenses	398,848	398,848	304,825	304,825
	Bank charges	48,377	48,377	33,262	33,262
	Security	233,318	233,318	112,019	112,019
	Motor vehicle fuels	311,901	311,901	214,408	214,408
	Insurance	41,295	41,295	59,074	59,074
	Depreciation	609,480	609,480	563,247	563,247
	Impairment loss	30,800	30,800	30,400	30,400
	Audit fees	25,320	25,320	68,969	68,969
	Exchange loss	5,896	5,896	127,308	127,308
	Loss on disposal of assets	18,649	18,649	29,836	29,836
	Allowance for credit losses	221,690	221,690	-	-
	Sundry	156,203	156,203	171,005	171,005
		3,625,726	3,625,386	2,732,171	2,731,471
17	Payroll costs				
	Basic salary and wages	2,894,398	2,894,398	1,699,325	1,699,325
	Housing and transport allowance	817,866	817,866	584,176	584,176
	Other allowances	1,339,003	1,339,003	592,741	592,741
	Bonus	1,142,322	1,142,322	344,225	344,225
	Cash in lieu of leave	379,806	379,806	287,708	287,708
	Pension contributions	361,080	361,080	1,788,847	1,788,847
	Other staff welfare	132,324	132,324	97,977	97,977
	Other staff costs	336,373	336,373	126,440	126,440
	National employment council	2,340	2,340	278	278
	Standard levy	31,391	31,391	29,459	29,459
	Manpower Development levy	58,521	58,521	39,045	39,045
	Long service awards	98,301	98,301	15,800	15,800
	Workmans compensation	52,454	52,454	21,932	21,932
	Medical aid contributions	232,557	232,557	203,800	203,800
	Recruitment	403	403	400	400
		7,879,139	7,879,139	5,832,153	5,832,153

MINERALS MARKETING CORPORATION OF ZIMBABWE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2013

Historical Cost				
	Group 31-Dec-13 USD	Corporation 31-Dec-13 USD	Group 31-Dec-12 USD	Corporation 31-Dec-12 USD
18 Marketing expenses				
External travel	650,785	650,785	108,600	108,600
Internal travel	132,566	132,566	58,284	58,284
Conference and promotions	146,830	146,830	81,831	81,831
Advertising	220,243	220,243	53,140	53,140
Donations	-	-	233,552	233,552
Subscriptions and publications	185,968	185,968	147,010	147,010
Travel and subsistence	8,501	8,501	16,656	16,656
Entertainment	95,541	95,541	84,612	84,612
	1,440,434	1,440,434	783,685	783,685

- 19 Discounted operations**
The initial capital to be received from the foreign subsidiary is USD 1.05 million, USD 66 992 being share of retained earnings and USD 221 445 cash at bank.

- 20 Risk Management**
The main risks arising from the company's financial instruments are market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk. The company does not use derivative financial instruments for speculative purposes. The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework.

- 20.1 Foreign Currency Exposure**
Foreign currency risk is created due to the influence of exchange rate fluctuations. The Group has a policy not to take out cover on outstanding foreign currency transactions due to the fact that these transactions take place on an ad hoc basis.

Trade payables:	Currency	Gross Amount	Exchange Rate	Total Equivalent USD	2013 Commission amount 0.875% USD	2012 Commission amount 0.875% USD
	USD	258,619	1.00	258,619	2,263	255,533
	ZAR	454,778,248	8.48	53,598,540	468,987	-
	EUR	566,187	1.33	752,067	6,581	-
				54,609,226	477,831	255,533
Trade receivables:	PULA	-	-	-	-	-
	EUR	2,581,224	1.33	3,433,029	30,039	29,943
	ZAR	94,523,414	8.48	11,146,629	97,533	100,450
	USD	669,321,486	1.00	669,321,486	5,856,563	7,420,397
				683,901,144	5,984,135	7,550,790

- 20.2 Foreign Exchange rates**
The following rates of exchange were applied at 31st December 2013:
- | | | 2013 | 2012 |
|----------------------|-----------|------|------|
| United States Dollar | US\$ 1-00 | 1.00 | 1.00 |
| South African Rand | ZAR 1-00 | 0.12 | 0.12 |
| Euro | EUR 1-00 | 1.32 | 1.29 |
| Botswana Pula | BWP1-00 | 0.13 | 0.14 |

MINERALS MARKETING CORPORATION OF ZIMBABWE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2013

		Historical Cost			
		Group 31-Dec-13 USD	Corporation 31-Dec-13 USD	Group 31-Dec-12 USD	Corporation 31-Dec-12 USD
21	Related party transactions				
21.1	Transactions with key management				
	Loans to key management staff	79,270	79,270	63,168	63,168
	Short term employee benefits	1,221,870	1,221,870	826,972	826,972
		<u>1,301,140</u>	<u>1,301,140</u>	<u>890,140</u>	<u>890,140</u>
	Board of Directors				
	Fees	272,609	272,609	128,277	128,277
	Board expenses	126,237	126,237	176,548	176,548
		<u>398,846</u>	<u>398,846</u>	<u>304,825</u>	<u>304,825</u>
21.2	Dividend				
	Amounts paid by the Corporation to the Ministry of Mines and Mining Development were as follows:				
	Dividend payments	<u>1,869,846</u>	<u>1,869,846</u>	<u>1,234,689</u>	<u>1,234,689</u>
21.3	Relationship between Parent and Subsidiary				
	Mellofieldde Chemicals (Private) Limited is 100% owned and controlled by the Minerals Marketing Corporation of Zimbabwe.				
22	Pension arrangements				
22.1	MMCZ Pension Fund				
	All employees are members of a defined benefit scheme operated through an assurance company. An actuarial valuation of the Corporation's pension fund was done for the year ended December 31, 2011 by and independent actuarial, Zimbabwe Actuarial Consultants (Pvt) Ltd. Actuarial valuations are done every three years and the next valuation will be done in 2014.				
	Present value of				USD
	Assessed value of the Fund				1,854,369
	Prospective premium and withdrawal benefit for service to December 31, 2011				(3,328,566)
	Actuarial Deficit				<u>(1,474,197)</u>
	The principal actuarial assumptions at the valuation date were as follows:				% per annum
	Valuation rate of Interest				10
	Rate of Salary Escalation				9
	Allowance for Future Pension Increases				5
	The Corporation's Pension Fund had an actuarial deficit of US\$1,474,197 as per the actuarial valuation done as at 31st December 2011. The deficit was settled in December 2012, thus resulting in the employer's contribution decreasing from 20.9% to 12.71% of the pensionable salary.				
21.2	National Social Security Authority (NSSA)				
	The National Social Security Scheme was introduced on October 1, 1994 and with effect from that date all employees became members of the scheme, to which both the employees and the company contributes.				
	Employees: 3.5% of the gross income per month.				
	Company : 3.5% of the gross income per month.				
22	Subsequent event				
	Payments made by the Corporation during the year on behalf of the parent Ministry, the Ministry of Mines and Mining Development amounting to US\$1 869 846 were approved as outstanding dividends settlement by the Acting Board of Directors on March 03, 2014.				

NOTES

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