SADPMR

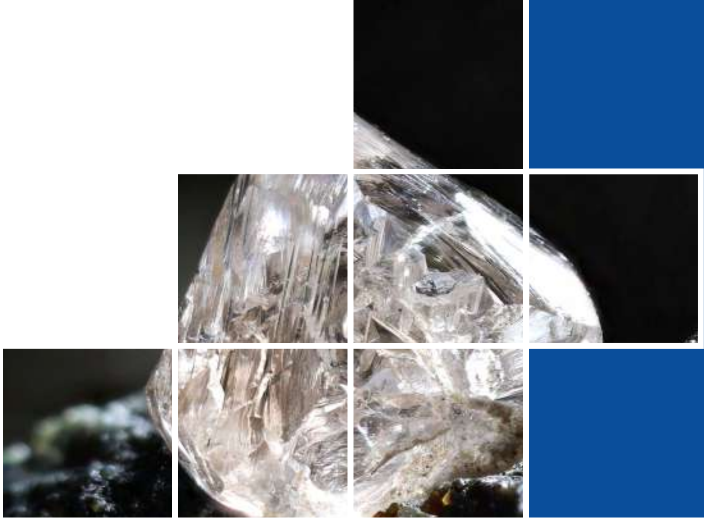
SOUTH AFRICAN DIAMOND & PRECIOUS METALS REGULATOR

FY2024/25

Annual Report

100 YEARS COMMEMORATION OF THE DISCOVERY OF NAMAQUALAND DIAMONDS

100 YEARS COMMEMORATION OF THE DISCOVERY OF NAMAQUALAND DIAMONDS



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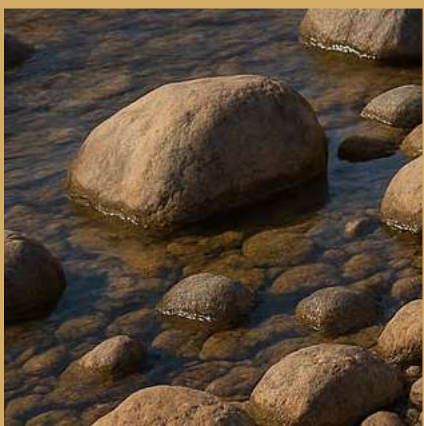
PART A



GENERAL INFORMATION


1. PUBLIC ENTITY'S GENERAL INFORMATION

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* The office address was used until end of March 2024.

2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AA	Accounting Authority
ADPA	African Diamond Producers Association
AGSA	Auditor-General of South Africa
AHCRR	Adhoc Committee on Kimberley Process Review and Reform
AMTS	Advanced Manufacturing Technology Strategy
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
DEEC	Diamond Exchange and Export Centre
DMRE	Department of Mineral Resources and Energy
DNFBP	Designated Non-Financial Businesses and Professions Regulators
EDP	Enterprises Development Programme
EU	European Union
FARC	Finance, Audit, and Risk Committee
FIC	Financial Intelligence Centre
FY	Financial Year
GDV	Government Diamond Valuator
GIDZ	Gauteng Industrial Development Zone
GRAP	Generally Recognised Accounting Practice
HDP	Historically Disadvantaged Persons
HR	Human Resources
ICT	Information and Communication Technology
KP	Kimberley Process
KPC	Kimberley Process Certificate
LBMA	London Bullion Market Association
KPCS	Kimberley Process Certification Scheme
LGD	Lab Grown Diamonds
MISS	Minimum Information Security Standards
MoU	Memorandum of Understanding
MPS	Minimum Physical Security Standards
MQA	Mining Qualification Authority
NACH	National Anti-Corruption Hotline
NDP	National Development Plan
NCSMT	National Coordination Strategic Management Team
NGP	National Growth Plan
NIPF	National Industrial Policy Framework
NOC	National Organising Committee
NPA	National Prosecuting Authority
NVS	National Vetting Strategy
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PGMs	Platinum-Group Metals
PMDS	Performance Management and Development System
POC	Provincial Organising Committee
PPC	Parliamentary Portfolio Committee
PPPFA	Preferential Procurement Policy Framework Act
SA Standards of GRAP	South African Standards of Generally Recognised Accounting Practice
SADPMR	South African Diamond and Precious Metals Regulator
SAPS	South African Police Service
SARS	South African Revenue Services
SDL	Skills Development Levy
SDT	State Diamond Trader
SEZ	Special Economic Zone
SMMEs	Small, Medium and Micro Enterprises
SSA	State Security Agency
TETA	Transport Education Training Authority
TVET	Technical and Vocational Education and Training
UAE	United Arab Emirates
UIF	Unemployment Insurance Fund
US$	United States Dollar
USA	United States of America
WGM	Working Group on Monitoring
WSP	Workplace Skills Plan
ZAR	South African Rand

3. FOREWORD BY THE CHAIRPERSON

Abiel Mngomezulu
Chairperson

After some time without an Accounting Authority at the South African Diamond and Precious Metals Regulator (SADPMR) we were appointed as a new Board midterm, i.e. in September 2024. Our first priority was to make sure that the regulator has up to date policies whilst we also acquaint ourselves with the running of the organisation. Recognising the pivotal role, the Regulator plays in safeguarding the integrity, transformation, and sustainability of South Africa's diamond and precious metals sectors, the Board initially prioritised the reinforcement of ethical leadership, the review of organisational performance against strategic objectives and the urgent assessment of regulatory effectiveness. These early interventions were aimed at laying a solid foundation for improved accountability, enhanced operational efficiency and renewed stakeholder confidence.

During the year under review, the SADPMR continued to execute its legislative mandate to regulate and promote the South African diamond and precious metals industry with integrity, transparency and inclusivity. The entity's performance reflects both measurable progress in key areas and persistent challenges that require focused and collaborative action.

The SADPMR achieved significant milestones aligned with its strategic objectives, particularly in advancing compliance monitoring, promoting equitable access to resources and enhancing transformation within the industry. Among the notable achievements were the successful implementation of enhanced licensing systems which has improved processing efficiency and turnaround times for key regulatory functions and targeted stakeholder engagement initiatives, including outreach to historically disadvantaged communities. This has strengthened awareness of legal participation in the diamond and precious metals value chain. Progress was also made in digital transformation, with initial phases of modernising key information systems initiated to better support regulatory and operational needs.

In the year under review , the SADPMR continued to play a critical role as the national Focal Point for the Kimberley Process Certification Scheme (KPCS), as mandated by the Minister of the Department of Mineral Resources and Energy (DMRE). Through this role, the SADPMR ensured strict compliance with international standards aimed at preventing the trade in conflict diamonds, thereby upholding the integrity of South Africa's diamond trade. The entity facilitated the issuance and verification of Kimberley Process certificates, coordinated with key stakeholders, and contributed to global KPCS discussions and peer reviews, reinforcing South Africa's commitment to ethical and transparent diamond trading. The SADPMR also played a critical role in representing South Africa at the African Diamond Producers Association, an intergovernmental organization of leading diamond producing nations aimed to foster cooperation among African Diamond producing nations.

We unfortunately, inherited a loss-making organisation due to the slump in the industry we serve. External Market Pressures have resulted in declining Diamond and PGM Prices, with Rising Input Costs across the broader industry, Diamond margins declined due to low rough diamond prices and soft jewellery demand, while Platinum Group Metals also faced reduced prices and surging input costs such as electricity. It is only the Gold industry that buckled the trend. As SADPMR regulates these sectors, reduced producer volumes and lower levy/tax receipts impacted the non exchange revenue streams and overall funding. We experienced a further drop in exchange transaction of 16,7% resulting in a loss of R18,404 million which is 30,5% worse than the previous year. The industry forecast does not look any better and urgent interventions to ameliorate the situation have already been put forward to the Executive Authority and a swift action is awaited. These challenges highlighted the need for adaptive governance, stronger inter-stakeholder collaboration, and strategic resource allocation.

In fulfilling its oversight role, the regulator will have to address the persistent issue of illicit trading and smuggling within the Precious Metal sector which continues to undermine formal economic growth and transformation objectives. The Board will remain resolute in guiding the SADPMR towards improved operational resilience and strategic impact. For the 2025–2026 financial year, the Board will prioritise the following measures:

- Enhance internal control systems and risk mitigation frameworks to support sustainable performance and compliance.
- Accelerate the rollout of integrated IT systems to improve regulatory oversight, licensing, and stakeholder engagement capabilities.
- Deepen collaboration with law enforcement and industry partners to combat illicit trade, while expanding programmes that support transformation and equitable access.
- Ensure that all programmes and initiatives are financially and operationally sustainable, and aligned with the Department of Mineral and Petroleum Resources' broader policy objectives and the National Development Plan.

In conclusion, the Board remains committed in supporting the SADPMR in delivering on its mandate with integrity and agility. Through strategic leadership, enhanced partnerships, and focused execution, we will ensure that the entity continues to be a key enabler of a transparent, inclusive and thriving diamond and precious metals sector in South Africa. However, our main focus will have to be seeing the regulator at least breaking even whilst not forgetting employee value proposition in order to boost the morale of our staff members.

On behalf of the Board, I extend our appreciation to the Executive Management of the SADPMR led by the CEO, Cecil Khosa, staff, and stakeholders who have contributed to the achievements of the 2024–2025 financial year under trying times. Moreover, I would like to highlight the support we are getting, within this short period we have been in office, from Minister Mantashe, we can only build from the foundation we have started. Together, we look forward to a progressive and impactful year ahead.

Abiel Mngomezulu

Chairperson of the Board

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mr Cecil Khosa
Chief Executive Officer (CEO)

I am pleased to present the 2024/25 Annual Report of the South African Diamond and Precious Metals Regulator (SADPMR). Despite a challenging operating environment, the Entity delivered strong results, achieving 93% of its planned targets. Of particular note, all diamond and precious metals licences were issued within the legislated sixty-day timeframe. This efficiency not only supports business operations but also contributes to broader socio-economic development by enabling companies to implement their strategies without delay.

A central pillar of our work this year was advancing the national beneficiation strategy, which seeks to strengthen the mineral value chain, diversify the economy, and create jobs. In line with the National Growth Plan which underpins our strategy, SADPMR conducted 43 Export Approval Evaluations to ensure local demand was prioritised before export. These efforts reflect our role in aligning regulatory functions with national economic priorities.

At the same time, compliance remained a key focus. The Entity conducted 1,717 inspections, an increase from the previous year and issued 542 non-compliance notices. Through joint inspections with law enforcement agencies, the SADPMR worked to curb illegal mining and illicit trade, both of which continue to threaten the integrity of the sector. To reinforce this mandate, the organisation implemented its Strategy to Combat Illicit Trade in Diamonds and Precious Metals Industries and invested in synthetic diamond detection technology to strengthen the credibility of South Africa's natural diamond trade.

Industry dynamics underscored both challenges and resilience. South Africa's diamond production declined slightly to 5.34 million carats, yet participation at the Diamond Exchange and Export Centre grew from 2,351 to 2,461, reflecting demand for smaller parcels and special tenders that support local beneficiators. The Government Diamond Valuator assessed 6.1 million carats down from 8.1 million of the previous year, signalling weaker global market activity. In contrast, domestic jewellery fabrication remained resilient, with gold fabrication rising to 1,536 kg and platinum consumption increasing to 138 kg, demonstrating continued demand in luxury and design markets.

Transformation and enterprise development advanced steadily during the year. Licensees consistently submitted transformation data, allowing for monitoring of progress in downstream industries. In addition, three new enterprise development projects were launched, supporting 50 black entrepreneurs with a focus on women and youth.

Capacity building remained a priority, with 12 interns and 12 TVET learners hosted, while strategic vacancies were filled to strengthen the organisation's regulatory capacity. Parallel to these internal developments, SADPMR enhanced its external presence, participating in 31 stakeholder engagements and completing a corporate rebranding that included the launch of a new logo.

On the international stage, the organisation played an active role as South Africa's Kimberley Process Focal Point, chairing and contributing to key working groups, while regionally, our participation in the African Diamond Producers Association enabled South Africa to shape continental discussions on technical and audit standards.

Our commitment to modernisation was reflected in the acceleration of digital transformation. New platforms for online licence applications, bidding, petty cash management, and claims processing were launched, supported by stronger ICT governance and security. These initiatives enhance efficiency, reduce administrative burdens, and safeguard the integrity of our digital systems.

The diamond industry, which is the main source of internally generated revenue, has been depressed over the past three (3) years causing the entity's revenue from exchange transactions (service fees) to be significantly below estimates. In 2024/25 the revenue from service fees is R34 million, 16% lower than the previous year when we reported R40 million. The entity implemented cost containment measures since 2023/24 financial year in order to reduce expenditure considering the poor industry performance, such measures include freezing of vacant positions. Notwithstanding the efforts the entity's financial performance has deteriorated resulting in deficits of R14.1 million and R18.4 million reported in 2023/24 and 2024/25 respectively. The situation has resulted in the entity's cash reserves reducing drastically. These factors have caused the entity's going concern to be in question as the entity will be unable to effectively exercise its mandate beyond the next financial year if the conditions remain unchanged. In this regard the entity is reviewing its work and has also continuously engaged with the DMRE in investigating alternative ways for revenue improvement.

Despite the above challenges, the entity has been compliant with all applicable prescripts in relation to internal controls, risk management, procurement and financial management. This is evident in the audit outcomes as the entity has an unqualified audit opinion with material finding in the 2024/25 financial year which is a slight regression from the preceding financial year. The issues in the audit report are clerical in nature and management is committed to improving in the coming years.

SADPMR has an effective Supply Chain Management (SCM) system in place as per the Treasury Regulations 16A. The audit of 2024/25 confirmed the entity's adherence to procurement prescripts in all areas which were scoped in for audit i.e. contract management, competitive bidding processes, quotation processes and deviations. In addition, there have not been limitations to information required for audit purposes. This has been the case for the past three (3) financial years. Procurement processes ensured that 100% of contracts were awarded to B-BBEE compliant firms, with 63% directed to women-, youth-, and black-owned businesses as well as SMMEs. Operational efficiency was further reflected in supplier payments, which averaged 19 days.

Looking ahead, the SADPMR will continue to optimise resources, intensify compliance efforts, and expand beneficiation and transformation initiatives. Collaboration with industry stakeholders, combined with ongoing digital innovation and financial prudence, will underpin the organisation's ability to fulfil its mandate and contribute to inclusive growth in the minerals sector.

In closing, I extend my appreciation to our staff, stakeholders, and the Board for their continued support. Their commitment has enabled the Entity to maintain progress in a challenging environment. Together, we will continue to safeguard the integrity of South Africa's diamond and precious metals industries while contributing meaningfully to national development.

Mr Cecil Khosa

Chief Executive Officer

4.1 THE SADPMR 2024/25 ANNUAL REPORT SUMMARY: Celebration of 100 years of Namaqualand diamonds

Celebration of 100 Years of Namaqualand Diamonds

In 1925, under the boundless Namaqualand sky, a quiet corner of South Africa's arid northwest yielded a discovery that would shimmer for a century. Beneath river gravels and along windswept beaches, prospectors uncovered diamonds, not from the depths of volcanic pipes, but alluvial gems, polished by time, transported over millions of years by the mighty Orange River, and finally embraced by the cold Atlantic Ocean.

For generations, this remote land, where the desert blooms each spring in a dazzling carpet of Namaqualand daisies, has been a stage for human endurance and innovation. Miners knelt over riverbeds, coaxing treasure from ancient sediments; marine mining vessels, tethered to the shore, braved the icy Benguela Current to draw stones from the seabed. From the hand-dug trenches of the early years to the engineering marvels of modern marine mining, the Namaqualand and West Coast diamond fields have shaped lives, livelihoods, and legacies.

The story is one of diamonds, but also the people of Namaqualand. Of communities built around harbours and desert camps. Of Indigenous heritage intertwined with a modern industry. Of skill, resilience, and adaptation in one of the most unique diamond provinces in the world.

For a century, the South African Diamond and Precious Metals Regulator (SADPMR) and its predecessors have been part of this journey - safeguarding the lawful trade of these gems, ensuring compliance with national and international standards, and upholding South Africa's reputation as a trusted source of natural diamonds.

By placing the Namaqualand Diamond Centenary on the front cover of the FY2024/25 Annual Report, the SADPMR pays tribute to a milestone that is both historic and forward-looking. It honours the economic contribution, technological advances, and cultural heritage that have defined Namaqualand diamonds for 100 years. And it affirms our shared responsibility to preserve this legacy while embracing a future shaped by innovation, sustainability, and inclusivity.

The river still flows. The tides still turn. And deep beneath the sands and waves, the next chapter in the Namaqualand diamond story awaits - as brilliant, enduring, and uniquely South African as the first stones discovered a century ago.

100 YEARS COMMEMORATION
OF THE DISCOVERY OF
NAMAQUALAND DIAMONDS

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

5.1 PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2025

To the best of our knowledge and belief, we confirm that:

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate, and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines for the annual report as issued by the National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the relevant frameworks and guidelines issued by the National Treasury.

The CEO is responsible for the preparation of the public entity's performance information and for the judgements judgments made on this information.

The CEO is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In our opinion, the performance information fairly reflects the operations of the public entity for the financial year ended 31 March 2025.

Yours faithfully

Ms Yalekile Lusibane
Chief Financial Officer (CFO)
22/08/2025

Mr Cecil Khosa
Chief Executive Officer (CEO)
22/08/2025

6. STRATEGIC OVERVIEW

6.1 VISION

To be a World-Class regulator of a transformed Diamond and Precious Metals industries

6.2 MISSION

To regulate and promote the diamonds and precious metals industries in the best interests of the people of South Africa by:

- Transforming the downstream diamond and precious metals industries.
- Ensuring equitable access to diamonds and precious metals resources.
- Promoting local beneficiation of diamonds and precious metals.
- Collaborating with the industry and other stakeholders.
- Enforcing compliance with legislation.

6.3 VALUES

- Excellency.
- Transparency
- Teamwork.
- Respect.
- Integrity.
- Accountability.

7. LEGISLATIVE MANDATE OF THE SADPMR

The SADPMR is an organ of the state, deriving its constitutional mandate from Section 239 of the Constitution of the Republic of South Africa, 1996, in terms of which it is defined as an institution performing public functions in accordance with the legislation.

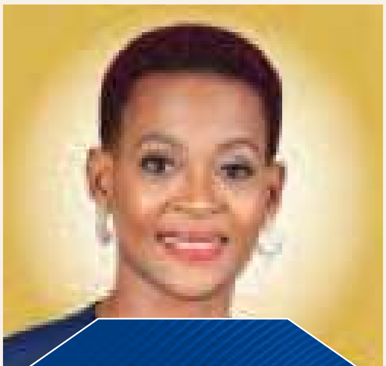
The SADPMR is classified as a Schedule 3A Public Entity under the Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1 of 1999), as amended. The entity was established in terms of Section 3 of the Diamonds Act No. 56 of 1986 (Diamonds Act), as amended.

The SADPMR's mandate is to implement and enforce the provisions of the Diamonds Act and Precious Metals Act (Act No. 37 of 2005), the Diamond Export Levy (Administration) Act (Act No.14 of 2007) and the Diamond Export Levy Act (Act No.15 of 2007).

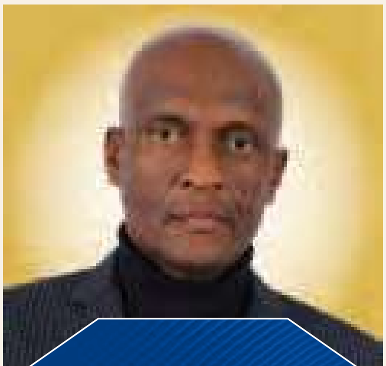
The above mentioned pieces of legislation are implemented in conjunction with other legal frameworks that directly and indirectly affect the role and mandate of the organisation.

EXECUTIVE MANAGEMENT

Mr Cecil Khosa
Chief Executive Officer (CEO)



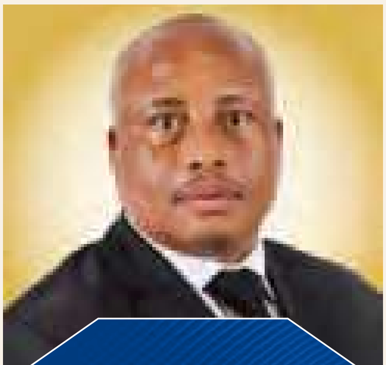
Ms Yalekile Lusibane
Chief Financial Officer



Mr Tebogo Motloung
General Manager: Regulatory Compliance

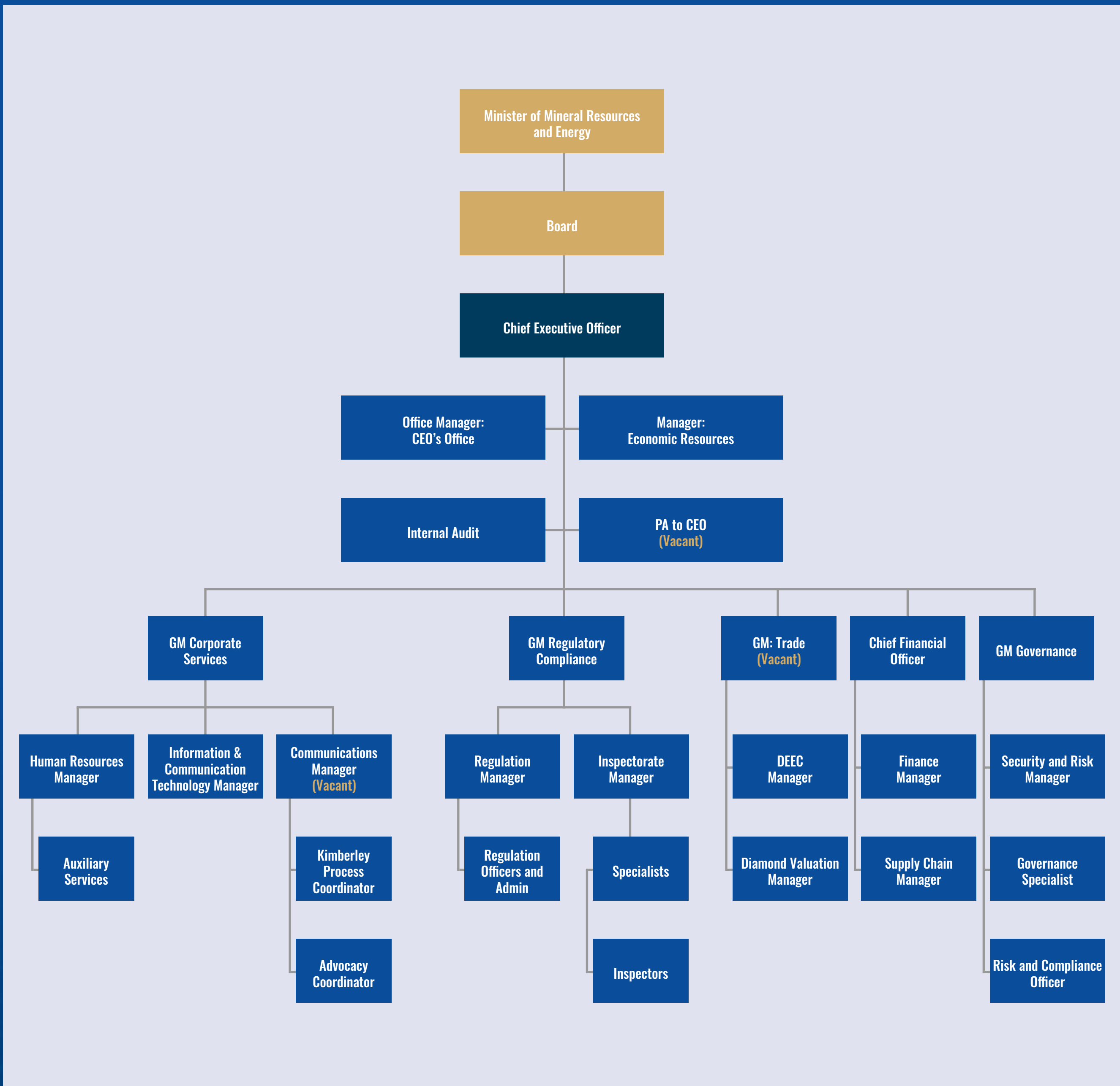
Dr Ashok Damarupurshad
Acting General Manager: Trade

Ms Linda Nkhumishe
General Manager: Corporate Services



Adv. Paul Motsepe
General Manager: Governance

8. ORGANISATIONAL STRUCTURE



PART B



PERFORMANCE INFORMATION



1. AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on performance information to report material findings on the usefulness and reliability of the reported performance information against pre-determined objectives presented in the annual performance report. The audit conclusion on the performance against pre-determined objectives is included in the report to management on other legal and regulatory requirements section of the auditor's report.

2. OVERVIEW OF PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

As the Regulator is tasked, among other responsibilities, with processing applications for diamond and precious metals licences, the SADPMR recognises the critical importance of ensuring timely licensing turnaround times to support entrepreneurs operating within a regulated environment. During the year under review, the SADPMR consistently met its target of issuing 100% of all licence applications, particularly beneficiation licences, within the legislated timeframes. Timely finalisation of licence applications fosters an enabling environment for businesses to swiftly implement their operational plans, thereby contributing to efforts aimed at addressing South Africa's socio-economic challenges. The regulator's consistent adherence to prescribed timeframes reflects its strong commitment to regulatory integrity and efficient service delivery.

The implementation of the SADPMR Beneficiation Strategy Implementation Plan received focused attention during the year under review. The Plan aims to enhance the implementation of the Diamond Act, Precious Metals Act, and Export Levy Act — particularly in promoting equitable access to and local beneficiation of South Africa's diamonds and precious metals. In line with the strategic objective of expediting the processing of beneficiation-related permit applications, as outlined in the Plan, all jewellery permit applications and renewals were finalised within required time — except for one lodged in December, which could not be concluded due to the office closure during the December holiday period. Furthermore, the imperative to expedite the renewal applications for beneficiation licences by reducing administrative red tape led to the approval of such applications without the immediate submission of the prescribed police clearance certificate, on condition that the certificate is submitted to the SADPMR within three (3) months from the date of renewal. In addition, the SADPMR, in partnership with the diamond industry, facilitated the hosting of special tenders for beneficiators at the DEEC. These tenders are primarily aimed at improving access to rough diamonds for local beneficiators, thereby strengthening efforts to promote diamond beneficiation.

Export requests from diamond beneficiation licensees, who also hold Section 26(h) permits, were evaluated against the prescribed 80% beneficiation threshold. In instances where this requirement was not met, licensees were cautioned that non-compliance could negatively impact the approval of future Section 26(h) permit applications. The SADPMR, in collaboration with industry stakeholders, continue to explore mutually beneficial solutions to address the growing volume of diamonds that are not economically viable to cut and polish locally. Similarly, all applications for export of precious metals were approved on condition that applicants prioritise local demand for beneficiation, in line with the provisions of the Precious Metals Act. The aforementioned measures collectively reflect SADPMR's firm commitment to advancing beneficiation efforts and, in turn, promoting job creation within the diamond and precious metals sector.

Entrepreneurs in the diamond and precious metals sectors face the same challenges as those in other industries, such as restricted access to markets and limited funding opportunities. These challenges are particularly more pronounced among historically disadvantaged individuals, including women and youth, where barriers to entry remain deeply entrenched. The lack of access to finance and markets not only hampers entrepreneurial success but also undermines the achievement of the legislative mandate to promote the orderly development of diamond and precious metals enterprises. In a country like South Africa, where traditional employment opportunities are limited, entrepreneurship holds significant potential to reduce unemployment. However, without access to markets and funding, this potential cannot be fully realised. Despite persistent funding constraints—largely due to the prolonged downturn in the diamond industry—the SADPMR, in collaboration with key industry partners, successfully initiated or sustained three enterprise development initiatives. As a result, a cumulative total of 53 enterprises received support during the year under review. This highlights the regulator's ongoing commitment—made possible through the financial contributions of industry partners—to fostering inclusive growth and supporting sustainable entrepreneurship in the diamond and precious metals sector.

Illicit trade in diamonds and precious metals remained a key priority for the SADPMR, given its far-reaching social and economic implications. These unlawful activities not only deprive the state of vital tax revenue needed to tackle pressing national socio-economic challenges but also serve as a conduit for laundering proceeds from other criminal enterprises. Following the approval of the Strategy to Combat Illicit Trade in Diamonds and Precious Metals in the previous financial year, the SADPMR began its implementation. The success of this strategy depends on a comprehensive, multi-faceted approach, underpinned by strong collaboration with law enforcement agencies, other relevant regulatory bodies such as the DMRE, SARS, and other key stakeholders.

During the period under review, eight (8) audits were conducted on high-risk refinery licensees. As a result, one (1) refinery licence was cancelled due to the licensee's failure to submit the required registers and for vacating the licensed premises without prior approval from the SADPMR. Given the suspicious nature of the conduct, which potentially signalled illicit trade, the cancellation was carried out without adhering to the standard procedures prescribed in the Precious Metals Act, as all attempts to contact the licensee via phone, email, visit to the registered address and written correspondence to the registered address were unsuccessful. The matter was subsequently referred to law enforcement agencies, in line with our collaborative agreement, for them to locate the licensee and retrieve the original licence, which may be at risk of misuse for illegal activities involving precious metals. Additionally, one (1) refinery licence was suspended following allegations of involvement in illegal mining. This case is currently under investigation by law enforcement authorities.

The efficiency and overall success of a regulatory authority are, among other factors, measured by its ability to ensure that licence holders comply with relevant legislation and the applicable terms and conditions. Equally important is the Regulator's demonstrated commitment to enforcing compliance, which reinforces its credibility and authority. In the diamond and precious metals sector, strategic collaboration between the SADPMR and law enforcement agencies plays a critical role in promoting a compliant and well-regulated industry.

In pursuit of its strategic objective to ensure compliance with legislation by diamond and precious metals licence holders, and in collaboration with law enforcement authorities, the SADPMR conducted thirty-five (35) unannounced joint inspections at precious metals licensees and twenty-seven (27) at diamond licensees. These surprise inspections are primarily aimed at curbing contraventions of legislation, including combating illicit trade in diamonds and precious metals. In line with its mandate to enforce compliance among delinquent licensees, the SADPMR issued a total of five hundred and forty-two (542) notices during the year under review, reaffirming its commitment to holding non-compliant licensees accountable. Licensees who fail to address non-compliance within the prescribed timeframes risk having their licences suspended or cancelled.

Combating economic crimes such as illegal mining, illicit trade in minerals, money laundering, and terrorist financing requires coordinated efforts among law enforcement agencies, regulatory bodies, and key government institutions like SARS. The SADPMR remains actively involved in platforms such as the NCSMT which leads the government's efforts to address illegal mining and the laundering of precious metals. Additionally, the SADPMR participates in the quarterly DNFBP Forums, coordinated by the FIC, to exchange information and collaborate on measures intended to mitigate the risks of money laundering, terrorist financing, and proliferation financing. These forums are particularly relevant following the inclusion of Precious Stones and Precious Metals dealers in Schedule 1 of the FIC Act, effective 19 December 2022.

The diamond industry has continued to face significant challenges in recent years, compounded by a prolonged downturn over the past three years. In response, the Mineral Council Diamond Leadership Forum, the SADPMR, SDT, and DMRE, engaged in discussions aimed at identifying interventions to mitigate the impact on the sector. Key proposals being discussed include the establishment of a Diamond Beneficiation Fund and measures to boost global competitiveness, such as the possible removal of VAT on natural diamond sales under specific conditions. The Forum also explored other policy and regulatory strategies to support the industry during this difficult period. Once consensus is reached, these recommendations will be submitted to the relevant government entities, including National Treasury and SARS for further engagement. The SADPMR remains steadfast in its view that overcoming these challenges requires a united, collaborative effort among all stakeholders.

The Judicial Commission of Inquiry into Allegations of State Capture, in its final report, recommended that the SADPMR conduct an inquiry in terms of Section 79 of the Diamonds Act. The purpose of the inquiry was to determine whether all buyers to whom Scarlet Sky Investments (SSI) sold rough diamonds held the necessary licences, as required under Chapter IV of the Diamonds Act. Furthermore, where appropriate, the Commission advised that any suspected contraventions of Sections 18, 19, 20, 21, or other relevant provisions of the Diamonds Act be referred to law enforcement agencies for further investigation and possible prosecution. In line with these recommendations, the SADPMR initiated an inquiry, which subsequently confirmed that all buyers who purchased rough diamonds from SSI were duly licensed in accordance with Chapter IV of the Diamonds Act. Based on the findings of the inquiry, there was no evidence of non-compliance by SSI warranting referral to law enforcement agencies for further investigation or prosecution.

The SADPMR, as a focal point of the Kimberley Process Certification Scheme (KPCS), has ensured that South Africa remains compliant with the minimum requirements of the KPCS through the processing of exports, imports of unpolished diamonds, and submission of compliance reports. In fulfilling the KP mandate, RSA participated in nine multilateral and five bilateral meetings. It is also worth noting that RSA has played a big role in leadership of KP working group being a Chair of Working Group on Monitoring (WGM), Vice Chair of AHCRR and plays leadership role in some of the sub groups.

The South African diamond market remains a critical player in global trade. The GDV ensures all diamond trades in the DEEC are verified to ensure fair market value. Furthermore, the GDV maintains its continuous support for the South African Police Service (SAPS) by providing expert opinion on objects presented after confiscation.

During the year under review, diamond production declined from 5.8 to 5.3 million carats. The GDV valued 5.2 million carats during this financial year compared to 6.1 million carats in the previous year.

The DEEC is the sole export centre for diamonds in the RSA and has continued to provide equitable access to diamonds in the country. As a consequence of a decline in production, during the year 2024/25, the KP certificates issued by the DEEC declined significantly from 963 in 2023/24 to 685 in 2024/25. However, the clients accessing DEEC services showed a slight increase from 2 351 in 2023/24 to 2 460 in 2024/25. Though, production is still low in the depressed diamond market.

The United States of America (USA) has imposed tariffs on different countries. This has made the diamond industry even more difficult. US tariffs have significantly impacted on the global diamond industry, creating uncertainty, delaying sales, and increasing costs for manufacturers and consumers. The tariffs have led to a market freeze, inventory delays, and potentially higher prices for consumers, while also disrupting the supply chains of countries like India, Belgium, and South Africa.

Furthermore, the United Kingdom's verification process seems to be mixing both the USA and the European Union (EU) requirements, utilising both self-certification and relying on the KP certificate for verification. As such, the industry is extremely concerned with this non-uniformity in the process of proving that the traded diamonds are of non-Russian origin and wishes for a similar tool to be used across the board.

Furthermore, there is an additional challenge faced by the producers of rough diamonds expressed through the African Diamond Producers Association: that these verification processes will result in extra costs at supply chain stages from mining to retail. The producers are also worried that these new processes will harm their turnaround time. It is therefore the association's belief that the verification process will position small-scale miners at a disadvantage, given the fact that larger producers such as De Beers have declared their compliance readiness due to verification mechanisms at their disposal.

De Beers is set to further cut down the number of its sight holders in a strategic move to foster partnerships that create value, their selection criteria will prioritise quality over quantity.

Jewellers are also expressing their frustration, alluding to the G7's failure to indicate how the trade should treat Russian diamonds that were acquired pre-sanctioning. Furthermore, the trade is not pleased with the decision that Antwerp should be used as a cataloguing centre for the validation of diamonds. The G7's sanctioning of Russian diamonds continues to be a challenge, and it is monitored by the general industry. It should be noted that South Africa still maintains its resolution not to agree with the G7's sanctioning decision on Russian diamonds, primarily because the decision is not that of the United Nations.

There is no doubt that lab-grown diamonds (LGDs) are a component of the global diamond market and continue to gain recognition within the trade, particularly at the consumer level. It is therefore a fact that its affordability has secured this industry position, resulting in it being a mainstream product and perpetuating rapidly as a direct competitor of natural diamonds. However, the industry continues to be exposed to increased debates by experts on the existence, behaviour, and trade of LGDs. Sentiments in the market are mixed in terms of LGD market longevity.

2.2 ORGANISATIONAL ENVIRONMENT

During the year under review, the SADPMR continued to operate under challenging financial circumstances which affected the filling of critical and strategic positions at executive management level. Despite these challenges, the entity excellently executed targets set within its annual performance plan (APP) for the 2024/2025 financial year.

The entity remained stable during the year under review, following the appointment of the Board of Directors by the Minister responsible for Mineral Resources. These appointments ensured that the SADPMR is steered into the right direction and good and sound governance is maintained.

The persistent economic downturn continued to affect the entity's financial position. The SADPMR continued to generate even lower levels of revenue compared to the previous financial years. The generated income was below the projected budget for the 2024/2025 financial year. As a result of the financial challenges, the entity implemented additional austerity measures beyond those directed by the National Treasury. The implementation of these measures had a negative impact on various programmes within the entity. Management has since set out to collaborate with other stakeholders with the view to achieving its set objectives.

As part of cushioning the entity, the Accounting Authority is continuing to engage the shareholder to assist the entity during this financially challenging period. The two parties are exploring various options of resuscitating the diamonds and precious metals industries which will in turn enable the SADPMR to generate revenue and therefore become sustainable.

Current global economic challenges are placing significant pressure on the diamond and precious metals industry. Persistently high inflation, rising living costs, and increased borrowing rates are making it increasingly difficult for businesses in these sectors to thrive. In response to these challenging market conditions, SADPMR has continued to actively engage with clients and licensees to explore potential solutions and interventions. Key focus areas include strengthening marketing efforts, distinguishing natural diamonds from lab-grown alternatives, and providing targeted support to SMMEs. These initiatives aim to help the industry navigate the current economic climate and build resilience for the future.

In 2024, the global diamond industry encountered considerable difficulties, marked by declining demand and decreasing prices, especially in major markets such as China and the United States. These issues were driven by heightened competition from lab-grown diamonds, surplus inventory, and widespread economic uncertainty. Although certain companies, such as De Beers, reported higher sales revenue in the fourth quarter of 2024, the industry saw a downturn in both sales volumes and pricing.

Some key factors that contributed to the decline in diamond demand in 2024 include, Competition from synthetic (lab-grown) diamonds, Economic challenges in major markets, Excess inventory and supply-demand imbalances, Structural weaknesses in the industry, Changing consumer preferences, Geopolitical and trade disruptions. These economic, technological, geopolitical, and consumer-driven factors created a multifaceted decline in diamond demand throughout 2024.

Furthermore, the ongoing Russia-Ukraine conflict has had a significant negative impact on global commodity markets, including diamonds and precious metals. Sanctions on Russia, a major rough diamond producer, and broader geopolitical tensions have complicated supply chains and contributed to market uncertainty, further dampening demand.

Recovery in diamond prices is expected to be gradual, with forecasts pointing to mid-single-digit growth in the latter half of 2025 as supply-chain inventories normalise and the effects of supply curtailments are felt.

In 2024, the precious metals market demonstrated robust growth, with prices climbing approximately 20% compared to the previous year. The industry saw a notable surge, as gold and silver prices hit record levels. Gold surpassed the $2,900 per ounce threshold in February and reached an all-time peak in October, propelled by factors such as intensified geopolitical tensions and strong investor interest. Meanwhile, platinum prices remained high throughout the year, although they experienced a slight decline during the third quarter of 2024.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

2.3.1 KEY POLICY DEVELOPMENTS

After the appointment of the Board on the 20th of September 2024, the SADPMR Board of Directors, reviewed most of its existing policies, thereby ensuring that they remain up-to-date and relevant for its internal stakeholders.

2.3.2 LEGISLATIVE CHANGES

The SADPMR has worked closely with its shareholder, the Department of Mineral Resources and Energy (DMRE), in reviewing its key legislation, the Diamond Act 56 of 1986 (as amended) and the Precious Metals Act 37 of 2005, by compiling various proposed legislative amendments in both Acts, which were submitted to the DMRE in April 2025..

2.3.3 HIGH-VALUE GOODS DEALERS AND REGULATORY REPORTING IN TERMS OF SCHEDULE 1 OF THE FINANCIAL INTELLIGENCE CENTER ACT

Recent amendments to Schedule 1 of the FIC Act have brought dealers of precious metals and stones, who fall under the definition of high-value goods dealers, within the full scope of the Act. The FIC Act requires accountable institutions to meet regulatory obligations, including registering with and reporting to the Financial Intelligence Centre (FIC). The introduction of these amendments to the FIC Act has necessitated a collaborative relationship between the SADPMR and other regulatory bodies that regulate high-value goods and the Financial Intelligence Centre, the purpose of which is for the regulatory bodies to assist the FIC in ensuring compliance with the FC Act by the industries they regulate.

2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES FOR FIVE YEARS

In the past five (5) years, the SADPMR has issued a total of three thousand seven hundred and eighty-nine (3 789) licences, of which two thousand three hundred and sixty (2 360) were diamond licences. One thousand four hundred and twenty-nine (1 429) were precious metal licences, permits, and certificates.

The SADPMR coordinates and monitors projects to ensure the sustainability of SMME development in the downstream beneficiation of diamonds and precious metals. This is achieved through carefully structured agreements with relevant industry stakeholders and role-players. In the 2023/24 financial year, the enterprise development programme assisted SMME's within the programme to gain access to local and international markets through special jewellery exhibitions. The entity awarded thirty (30) contracts to B-BBEE compliant companies, valued at R55.3 million, during the period under review, in line with its priority of economic transformation. The entity achieved two clean audits and three unqualified audit opinions, reflecting good governance and ethical conduct.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 PROGRAMME 1: ADMINISTRATION

Purpose: To provide efficient administrative support by ensuring that Human Resources (HR) management, communication, and information and communications technology services are effectively operational and always maintained, while being responsive to the needs and aspirations of the SADPMR's stakeholders.

Sub-programmes: Finance and Supply Chain Management, Human Resources, Communication, Information Communication and Technology, Legal Services, Security Risk Management, Corporate Governance and CEO's office

3.1.1 SUB PROGRAMME: FINANCE

Purpose: To provide effective financial management and supply chain management support services.

Highlights: The focus of the sub-programme was to enhance its control environment within the Finance and Supply Chain Management, providing effective support to the core business and other branches as well as sustaining the unqualified opinion in 2023/24 financial year. The requirements of PFMA, Treasury Regulations and other laws governing procurement and financial management were adhered to. Payments to service providers were made within an average of 19 days (average days for payments). Bids in the approved Procurement Plan were finalised for the financial year 2024/25 within a period of 24 days. Contracts awarded, in the period under review, 63% were to companies owned by women, youth, black people as well as SMMEs.

3.1.2 SUB PROGRAMME: HUMAN RESOURCE MANAGEMENT

Purpose: To maximise the productivity of the entity by optimising the effectiveness of its employees.

Highlights: During the year under review the Human Resources Management embarked on the continuous project of youth development in the form of on job training. There were 12 TVET learners for the job training opportunities in collaboration with Transport Education Training Authority (TETA) for 18 months work-integrated learning programme that has been extended to 24 months. The SADPMR also continued to fund its 12 months internship programme to 24 months for 12 graduates from universities located within the borders of South Africa. The APP targets under review were achieved, except the target of awarding new bursaries which was negatively affected by the continuous SADPMR financial constraints since the beginning of Q2 in 2024/25 FY

The above, are part of the skills development initiatives, which involve increasing the number of interns and learners on an annual basis. Furthermore, there were no salary increase and inceptive bonuses for all employees during the year under review due to limited limited budget. At the same time, as part of promoting the culture of learning and appreciation for best performance, the SADPMR was celebrating academic achievements following the bursaries awarded to employees in the prior financial years.

3.1.3 SUB-PROGRAMME: COMMUNICATION

Purpose: To provide brand awareness, promote stakeholder engagement, support the mandate of the SADPMR, and promote public awareness of the SADPMR's activities and initiatives.

Highlights: During the year under review, the Communications Division conducted thirty-one(31) stakeholder engagements and brand promotions. These stakeholder engagements include schools for persons with disability, community outreach and exhibition shows, in the following provinces: Mpumalanga, Gauteng, KwaZulu-Natal, Western Cape and Northwest Province with the objective of promoting its mandate, services, and SADPMR brand.

During the financial year, the working groups were established, and the internal audit group had its first meetings in March 2024 to discuss the planning, followed by the execution of the audit. South Africa is one (1) of the member states within the African Diamond Producers Association (ADPA), which consists of fifteen (15) member states and five (5) observers. ADPA is an intergovernmental organisation that seeks to strengthen the level of influence African diamond-producing countries have on the world diamond market. Within ADPA, there is a Committee of Experts, which is a consultation body, and it is divided into two working groups, which are Technical Advisors and Internal Audit. South Africa is participating in both expert groups.

Furthermore, SADPMR continued to collaborate with Community Radio stations in various provinces with the view to promoting the mandate and services of the Regulator. The Communication conducted corporate re-branding of the SADPMR logo, to align its image with its services. The division also revamped the SADPMR website to promote quick access to the SADPMR information and its activities. The new logo was launched on the 1st of November 2024. The logo represents both commodities that are regulated by the entity, which are precious metals and diamonds. The SADPMR, as the KP Focal point for South Africa continues to hold critical positions within the KP. South Africa leads KP working Groups such as Working Group on Monitoring (WGM), Vice Chair on Working Group on Adhoc Committee on KP Review and Reform (AHCRR), and the Vice-Chair on Working Group of Diamond Experts (WGDE). The WGM Chair prioritised the attainment of lifting the embargo that was placed on the Central African Republic's trade of rough diamonds as of 2014.

Furthermore, efforts to ensure living to the theme of the year of delivery, the WGM managed to facilitate the review visits to Belarus, Brazil, the Russian Federation, Thailand, the United States of America and the People's Republic of China.

3.1.4 SUB-PROGRAMME: INFORMATION COMMUNICATION AND TECHNOLOGY

Purpose: To align the ICT strategy and automation of business processes with the business strategy.

Highlights: As part of ensuring improved service delivery within the SADPMR, the ICT division continued to implement projects geared towards achieving a paperless environment. In this regard, the development of various modules, i.e. online license applications, online bidding, petty cash (card system) and advance and S&T Claims Hub, were completed. ICT security protocols were bolstered to ensure that the environment is not compromised. An ICT governance framework was implemented.

3.1.5 SUB-PROGRAMME: LEGAL SERVICES

Purpose: To provide efficient and effective general legal support by ensuring compliance with legislation, identifying and mitigating legal risks, and providing well-informed legal advice.

Highlights: The SADPMR Legal Services continues to play a significant role in ensuring that the entity is not exposed to legal risks. In the year under review, the SADPMR had only two (2) litigation cases currently instituted against it. The first case is a Labour Court case wherein the applicants who are former employees are reviewing the CCMA Arbitration Award that was issued in the SADPMR's favour, confirming that their dismissal was procedurally and substantively fair. The matter is currently awaiting to be allocated a hearing date.

The second matter is a case of African Shades (Pty) Ltd and one (1) other v/s the SADPMR and four (4) others, wherein the applicants made an application at the High Court, South Gauteng Division, for a declaratory order to the effect that their business of crushing spent catalytic convertors in powder form intended for export does not require them to possess a Refining Licence as envisaged by the Precious Metals Act, since they are not extracting precious metals from the spent catalytic convertors during the crushing process. The SADPMR has eventually withdrawn from further participating in the matter due to a lack of prospects of success as advised by its attorneys.

3.1.6 SUB-PROGRAMME: SECURITY RISK MANAGEMENT

Purpose: To implement the Minimum Information Security Standards (MISS), Minimum Physical Security Standards (MPSS), National Vetting Strategy (NVS), and relevant pieces of legislation.

Highlights: The Security Risk Management Division continued to implement the provisions of the National Vetting Strategy (NVS), Minimum Information Security Standard (MISS), and Minimum Physical Security Standards (MPSS).

The year 2024/2025 Security Risk Management Division Collaboration with the State Security Agency managed to achieve the mandate for compliance, security clearances submitted are thirty-seven (37), and the returns are fifteen (15).

3.1.7 SUB-PROGRAMME: CORPORATE GOVERNANCE

Purpose: To provide advice to the Board on compliance with the application of relevant legislation, training and development, and administrative support.

Highlights: The SADPMR Board was appointed on the 20th of September 2024. They have approved the Strategic Plan (2025-2030), Budget and Annual Performance Plan (2025/26), and submitted all required quarterly reports to the shareholder (DMRE). The Board also submitted the 2023/2024 Annual Report as stipulated in Section 55 of the PFMA.

3.1.8 CEO'S OFFICE

Purpose: To enable service delivery programmes and the use of statistics in the diamond and precious metals sectors, as well as to conduct economic, policy, and market research on matters on diamonds and precious metals and their products.

Highlights: The CEO's Office Division delivered a strong performance for FY2024/25, fully achieving all annual targets and key strategic outputs. The Highlights in the performance of the Division included the completion of two research reports on emerging precious global metals standards, along with annual reviews of both the gold and precious metals sectors. The pilot project to digitise the Kimberly Process Certificate for South Africa was also complete and it is now awaiting to be gazetted by the Minister.

SUB PROGRAMMES AND INSTITUTIONAL OUTCOMES

PROGRAMME 1: ADMINISTRATION	
SUB-PROGRAMMES	OUTCOMES
Finance Management	An effective, efficient, developmental, and innovative-oriented regulator.
Human Resource Management	
Communication	
Information and Communications Technology	
Security and Risk Management	
Legal Services	
Internal Audit	
Corporate Governance	
CEO'S Office	

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION AND COMMUNICATION TECHNOLOGY, COMMUNICATIONS, CORPORATE GOVERNANCE, ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	AUDITED ACTUAL PERFORMANCE 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Increased participation of companies owned by designated groups	Percentage of total contracts awarded to suppliers compliant with 12 of 20 preference points.	N/A	N/A	85	63	22	Not Achieved. Out of five categories: Black people, Women, Youth, People with disabilities, and SMMEs; companies owned by youth and people with disabilities did not positively respond to the bids/RFQs. Continuous awareness programmes are done on the entity's digital platforms.
Ensured Financial Sustainability of the SADPMR	Percentage of Financial Sustainability Strategy KPI's implemented	N/A	100	100	100	-	Achieved as Planned
Developed Human Resources	Number of new bursaries awarded to staff	8	15	9	0	-	Not achieved due to limited financial resources of the entity. Other avenues such as discretionary grants from SETAs will be explored
	Number of graduates recruited into the Internship Programme	12	17	12	12	-	Achieved as planned
Developed Human Resources	Number of leadership development programmes implemented	2	2	2	3	1	Exceeded due to the increased number of participants registered on the National School of Government online programmes
	Number of skills development programmes implemented for women, youth, and people with disabilities	N/A	N/A	3	16	13	
	% of women in the organisation	N/A	60	62	63,9	1,9	Eexceeded due to the placement of work-integrated learners and Interns
	% of youth in the organisation	N/A	28	15	24	9	
	% Employees with disabilities	N/A	2	2	2,9	0,9	
Ensured compliance with Performance Management and Development system	Percentage of Performance contracts concluded	100	100	100	100	-	Achieved as planned

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	AUDITED ACTUAL PERFORMANCE 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Ensured promotion of gender equality	Number of gender mainstreaming awareness interventions coordinated (all employees)	N/A	5	2	7	5	Exceeded due to additional wellness interventions
	Number of gender mainstreaming projects coordinated (both women and men)	N/A	1	2	3	1	Exceeded due to additional projects coordinated
Promoted the SADPMR brand	Number of engagements with stakeholders conducted	18	24	25	31	6	Exceeded due to additional invitations received for stakeholder engagements
	Number of collaborations with community radio stations	N/A	5	4	5	1	Exceeded due to a special interview with the CEO on diamonds and precious metals commodities
	Number of KP Bi-Multilateral engagements organised	N/A	N/A	6	12	6	Exceeded due to additional requests from KP participants and observers to engage on matters of mutual interest
	Number of social media uploads to promote brand SADPMR	N/A	N/A	120	126	6	Exceeded due to the collaborative events with other stakeholders of the SADPMR .
Ensured business continuity	Number of disaster recovery tests implemented	4	4	4	4	-	Achieved as Planned.
Developed business applications	Number of online Applications developed	1	1	3	3	-	
Secured ICT environment	Number of ICT security awareness campaigns implemented	4	4	4	4	-	
Ensured the security of assets of the SADPMR and that of diamonds traded at DEEC	Number of Security Risk Mitigation Measures implemented	N/A	5	5	5	-	
	Number of security breaches	N/A	0	0	0	-	
Safe and secure work environment in line with the health and safety requirements	Number of occupational health and safety initiatives implemented	N/A	6	6	6	-	

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	AUDITED ACTUAL PERFORMANCE 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
Provided effective and efficient legal support to the SADPMR	Percentage of referred matters addressed within 15 days	100	100	100	100	-	Achieved as planned.
	Percentage of written contracts or Service Level Agreements addressed within 15 days	100	100	100	100	-	
Ensured sound Corporate Governance	Audit outcomes	N/A	N/A	Unqualified with no material findings	Unqualified with no material findings	-	
	Number of repeat Audit findings	N/A	Nil	Nil	Nil	-	
	Number of Board of Assessments Conducted	N/A	2	1	0	-	Not Achieved: Due to the absence of a Board in May 2024, so the assessment could not be conducted. The new Board was appointed on the 20th of September 2024. The Board assessment will be conducted for 2025/2026 financial year and submitted in May 2026.
	Annual Reports submitted to the Shareholder within the required timeframe	N/A	1	Submitted Annual Report	Submitted Annual Report	-	Achieved as planned
Ensured sound Corporate Governance	Reviewed and updated Board Charter and Committees Terms of Reference	N/A	4	1	1	-	
Contribute to legislative development	Proposed legislative amendments approved by the Board and forwarded to the Department (DMRE)	N/A	Approved and forwarded to the Department	Approved and proposed legislative amendments forwarded to DMRE	Approved proposed legislative amendments forwarded to DMRE	-	

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Research and analysis of emerging policy matters	Number of research and analysis reports with recommendations on emerging policy matters	N/A	2	2	2	-	Achieved as Planned
Annual Review of the performance of the diamond and precious metals industries	Number of Industries Annual Reviews	N/A	2	2	2	-	Achieved as Planned
Global diamond and precious metal regulator Benchmarking	research reports with recommendations on benchmarking the global Diamond Trade Centers		1	1	1	-	Achieved as Planned
SADPMR Brand Promotions	Number of articles on the diamond and precious metals industries published		6	6	7	1	Exceeded due Platinum Centenary Commemoration, for which there was one more promotional article than planned.
Promotion of PGMs in South Africa through projects	Number of PGMs promotional projects in South Africa	N/A	N/A	2	2	-	Achieved as Planned
Digitalization of the KPCS in South Africa	Completion and Implementation of pilot project to digitise Kimberly Process Certificates (KPCS)	N/A	N/A	Completion of pilot project to digitise Kimberly Process Certificates (KPCS)	Pilot project to digitise KPCS completed	-	Achieved as Planned

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Consequence management was held to address areas of non-compliance with the PFMA, and the National Treasury provided extensive training on irregular expenditure, fruitless and wasteful expenditure, as requested.

3.2 PROGRAMME 2: TRADE

Purpose: The trade programme is responsible for the facilitation of local trade as well as exports and imports of diamonds in accordance with the KPCS and to ensure that diamonds are traded at fair market values

SUB-PROGRAMMES: GOVERNMENT DIAMOND VALUATOR (GDV), DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

3.2.1 SUB-PROGRAMME:GOVERNMENT DIAMOND VALUATOR (GDV)

Purpose: To ensure that diamonds are traded at fair market value.

Highlights: Government Diamond Valuator (GDV) valued 6.1 million carats during this financial year compared to 8.9 million carats in the previous year. The GDV ensures all diamond trades in the DEEC are verified to ensure fair market value. Furthermore, the GDV maintains its continuous support for the South African Police Service (SAPS) and provides expert opinion on objects presented after confiscation.

During the current financial year, the GDV offered rough diamond valuation skills to ten (10) new diamond licences. The group consisted of five (5) women and five (5) young men. The initiative will enhance their knowledge of the value the inputs caused in their businesses.

3.2.2 SUB-PROGRAMME: DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

Purpose: The Diamond Exchange and Export Centre (DEEC) is responsible for the facilitation of local and beneficiation as well exports and imports of diamonds in accordance with the KPCS processes.

Highlights: The DEEC is the sole export centre for diamonds in RSA. This centre continued to provide equitable access to diamonds in the RSA. During the year 2024/25, the KP certificates issued by the DEEC declined significantly, from 963 in 2023 to 685 in 2024. The clients accessing DEEC services has increased from 2351 to 2461 in 2024/25. 2023/24 due to low production and the depressed diamond market.

Although there has been a decline in diamond production, the DEEC has remained resilient during these difficult times. As a result, the DEEC was able to facilitate a tender of 4,5 million carats in 2024/25, which is less when compared to 4,5 million carats in 2023/24. During the calendar year 2024, South Africa traded with 14 KP Participants, resulting in exports of approximately 6 million carats of rough diamonds, valued at around US$1.5 billion.

All quarterly trade statistical reports and annual diamond production statistical reports submitted were in line with KPCS' minimum requirements.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENT

PROGRAMME 2: TRADE	
SUB-PROGRAMMES	OUTCOMES
DEEC	Transformed diamond industry
GDV	Competitive and compliant diamond and precious metals industries. Job creation, skills development, value addition to diamond and precious metals industries.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	AUDITED ACTUAL PERFORMANCE 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
OUTCOME: Sustainable economic growth through local minerals beneficiation and skills development							
Trained new entrants in diamond planning, marking, sorting, valuation, and pricing	Number of trained new entrants	6	10	8	10	2	Exceeded due to new entrants' licensees that were issued through the Licensing Division and planned outreach programmes.
	Number of impact assessment reports for former trainees	N/A	2	2	3	1	Exceeded due to the Diamond Valuation team being concerned about the decline of the market
OUTCOME: COMPETITIVE AND COMPLIANT DIAMOND AND PRECIOUS METALS INDUSTRIES							
Verify the fair market value of diamonds	Percentage of diamond verified for fair market value	100	100	100	100	-	Achieved as planned
Detected an undisclosed polished synthetic diamond	Percentage of polished diamonds verified	100	100	100	100	-	
Detected undisclosed rough synthetic diamonds	% of melee rough diamonds submitted at DEEC subjected synthetic detection	N/A	N/A	2	2.3		Exceeded due to the variable quantities of melee diamonds in the production of different mines. Hence, when occasioned, a slightly higher percentage is submitted for synthetic detection to hedge against such natural variability
Ensure protection of diamonds at the DEEC	Number of diamonds lost	N/A	0	0	0	-	Achieved as planned
Ensure compliance to KPC requirements	Number of quarterly imports, exports statistics reports, and KP Annual Report submitted	5	5	5	5	-	Exceeded because the previous year's (2023) KP Annual Report was submitted in Q1 of FY2024/25, but the 2024 KP Annual Report was submitted early in Q4 of 2024/25.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	PLANNED ANNUAL TARGET 2024/2025	AUDITED ACTUAL PERFORMANCE 2024/2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024/2025	REASONS FOR DEVIATIONS
OUTCOME: TRANSFORMED DIAMOND AND PRECIOUS METALS INDUSTRIES							
Ensured equitable access of diamonds in the DEEC	Number of Beneficiators accessing the DEEC for the first time	8	10	10	8	-2	Not achieved: Due to the number of special tenders accessible to diamond beneficiators that were cancelled by some diamond producers in Q3, also depressed diamond market which has decimated diamond cutting profitability margins in most diamond categories and drastically reduced polished diamonds demands. DEEC will continuously engage internally with the Regulation division to get contact details of new Beneficiators. New Beneficiators will be directly contacted for workshops without depending on an online booking system
	Number of dealers accessing the DEEC for the first time	N/A	22	16	18	2	Exceeded due to the increase in small producer diamond tenders during the year. Smaller parcels by these smaller producers attracted new dealers' interest in their tenders

SUB-PROGRAMME: GOVERNMENT DIAMOND VALUATION (GDV)

Throughout the year, the South African diamond industry was distressed due to an unprecedented decline in both diamond production and value. The total diamond production for 2024 was recorded at 5.3 million carats, which is an unprecedented decline compared to 5.8 million carats in 2023. The RSA diamond price remains low at US$124 per carat, compared to US$137 recorded in 2023.

Diamond valuation continues to contribute to the transformation of the diamond industry by imparting skills to new entrants and also assessing the progress of those who were trained in previous years. In 2024/25, ten (10) new entrants were trained, and ten (10) have been assessed to determine whether the training interventions are making an impact or not. The assessment report will provide a basis for improving the training. Currently, the training is focused on diamond planning, marking, sorting, valuation, and pricing. The group includes youth and women.

The GDV provides valuation services related to diamond exports, imports, and diamond production, as offered to the State Diamond Trader (SDT) by producers under the Diamonds Act, to ensure that diamonds are traded at fair market value. The other function of the GDV is to provide technical and expert opinions on diamonds in criminal investigations and judicial proceedings

OVERVIEW OF DIAMOND PRODUCTION

In the year under review, diamond production decreased by -17.48% carats compared to 2023/2024. The decrease was attributed to the low output from the De Beers Group and Petra Diamonds. The SDT diamond purchases decreased by -78.31% carats in 2024/2025 compared to 2023/2024. The decrease was attributed to low production and a tight market, which were accelerated by geopolitical factors.

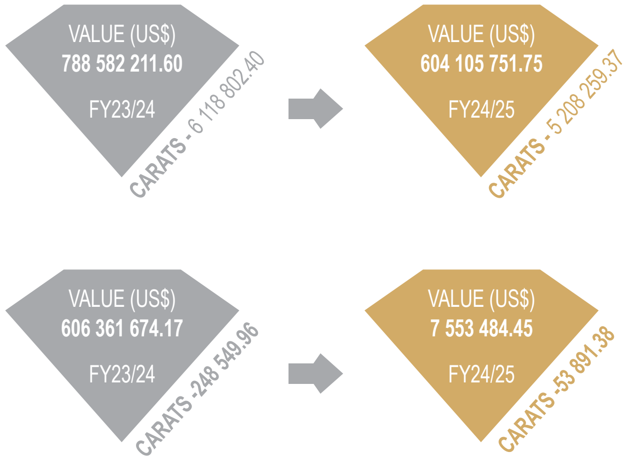
Table 1. Overview of production from 2024 to 2020 as aligned with KP.

PRODUCTION			
PERIOD	VOLUME (CTS)	VALUE (US$)	US$ / CTS
2024	5 340 219	662 351 549	124
2023	5 895 945.00	807 744 465.00	137
2022	9 646 300.00	1 538 930 037.97	159.53
2021	9 717 641.00	1 359 667 615.24	139.92
2020	8 478 398.00	958 497 881.28	113.02

Table 2. Diamond Producers (in carats) of all unpolished diamonds verified by the GDV in terms of Section 59B of the Diamond Act.

Diamond production presented to the SDT

10% purchased by the SDT



DIAMOND VALUATION SERVICES RENDERED TO THE SOUTH AFRICAN POLICE SERVICE IN 2024

The South African legislation prohibits unlicensed individuals or companies from trading in unpolished diamonds. All contraventions of the law are handed over to the South African Police Service (SAPS). SAPS presents all the confiscated exhibits for identification and valuation to the Diamond Valuator. Out of a total of thirteen thousand seven hundred and thirty (13 730) objects confiscated by the SAPS and presented to the SADPMR for verification in the year 2024, one hundred and fifty six (156) were found to be non-diamonds, and thirteen thousand five hundred and seventy four (13 574) objects were found to be diamonds, weighing a total of 3 726.70 carats valued at US$973 733.53 (R17 583 777.55). Table 3 below provides an overview of police confiscations for the years 2020 to 2024, aligned with KP.

Table 3. Overview of Police confiscations from 2023/24 to 2024/25 calendar years as aligned with KP.

PROVINCE	2024/ 2025	EXHIBITS		TOTALS		2023/ 2024	EXHIBITS		TOTALS	
		DIAMONDS	NON- DIA-MONDS	CARATS	VALUE (ZAR)		DIAMONDS	NON-DIAMONDS	CARATS	VALUE (ZAR)
GAUTENG	55	26	29	15.76	205 870.00	549	0	549	0	0.00
FREE STATE	9	8	1	30.64	762384	71	6	65	5.71	8 637.00
NORTHERN CAPE	11253	11183	70	3003.27	14 252 579.00	2 699	2 500	199	768.13	6 894 337.00
EASTERN CAPE	0	0	0	0	0	0	0	0	0	0.00
NORTHWEST	12	0	12	0	0.00	9	0	9	0	0.00
MPUMALANGA	0	0	0	0	0	0	0	0	0	0.00
KWAZULU-NATAL	0	0	0	0	0	0	0	0	0	0.00
WESTERN CAPE	26	3	23	4.63	33 464.00	1 486	23	1 463	10.88	54 894.00
LIMPOPO	0	0	0	0	0	13	13	0	8.66	18 773.00
TOTAL	11355	11220	135	3054.3	15 254 297.00	4 827	2 542	2 285	793.38	6 976 641.00

DIAMONDS AND NON-DIAMONDS VALUED BY GDV ON BEHALF OF SAPS IN 2024/2025

SAPS presented all the confiscated exhibits for identification and valuation to the Diamond Valuator. Out of a total of eleven thousand, three hundred and fifty-five (11 355) objects confiscated by the SAPS and presented to the SADPMR for verification in the year 2024/2025, one hundred and thirty-five (135) were found to be non- diamonds. Eleven thousand two hundred and twenty (11 220) objects were found to be diamonds, weighing a total of 3054.30 carats valued at $846 158.80 (R 15 254 297.00).

Table 4. Diamonds and non-diamonds valued by GDV on behalf of SAPS in 2024/25

PROVINCE	2024/ 2025	EXHIBITS		TOTALS		2023/ 2024	EXHIBITS		TOTALS	
		DIAMONDS	NON- DI-AMONDS	CARATS	VALUE (ZAR)		DIAMONDS	NON-DIAMONDS	CARATS	VALUE (ZAR)
GAUTENG	55	26	29	15.76	205 870.00	549	0	549	0	0.00
FREE STATE	9	8	1	30.64	762384	71	6	65	5.71	8 637.00
NORTHERN CAPE	11253	11183	70	3003.27	14 252 579.00	2 699	2 500	199	768.13	6 894 337.00
EASTERN CAPE	0	0	0	0	0	0	0	0	0	0.00
NORTHWEST	12	0	12	0	0.00	9	0	9	0	0.00
MPUMALANGA	0	0	0	0	0	0	0	0	0	0.00
KWAZULU-NATAL	0	0	0	0	0	0	0	0	0	0.00
WESTERN CAPE	26	3	23	4.63	33 464.00	1 486	23	1 463	10.88	54 894.00
LIMPOPO	0	0	0	0	0	13	13	0	8.66	18 773.00
TOTAL	11355	11220	135	3054.3	15 254 297.00	4 827	2 542	2 285	793.38	6 976 641.00

ROUGH DIAMOND TRADE ACTIVITIES AT THE DEEC

The decline in diamond production and trade activities, which was further made worse by the depressed global diamond market, has negatively impacted the DEEC. Notwithstanding the decline in diamond production, the DEEC remained resilient during these difficult times. As a result, the DEEC was able to facilitate a tender of 4,5 million carats in 2024/25, which is less compared to 4,5 million carats in 2023/24.

During 2024, South Africa traded with 14 KP Participants, resulting in exports of approximately 6 million carats of rough diamonds, valued at around US$1.5 billion. It is worth recording that the beneficiation strategy remains core, and diamond beneficiators continue to enjoy the privilege of getting priority during tender viewing in the DEEC.

During the 2024/25 period, the number of diamond beneficiators accessing DEEC services decreased from 127 to 111. This decline reflects the level of depression in the diamond trade but also provides confidence that the future is bright in the beneficiation industry, as the decline was not significant. This is also attributed to some of the diamond beneficiation tenders, which were cancelled.

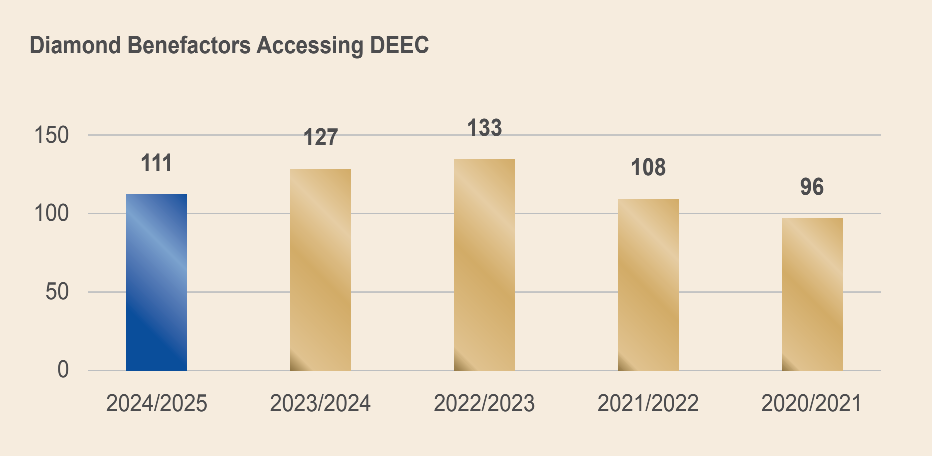
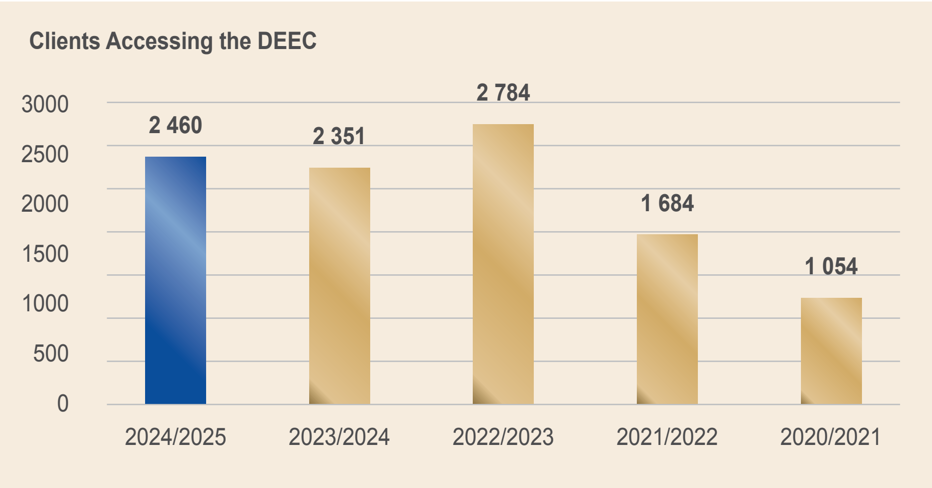


Figure 1. Diamond beneficiators accessing the DEEC service in the past five years 2024/25 to 2020/21.

The number of clients accessing the DEEC services showed a slight increase from 2351 in 2023/2024 to 2460 in 2024/2025. The DEEC strived in the depressed diamond market for services rendered and continues to expand assistance to clients accessing the DEEC. To this end, the reduced sizes of parcels offered by diamond producers to the DEEC played a role in attracting diamond beneficiators and dealers to trade according to the DEEC standards.



ROUGH DIAMOND TRADE ACTIVITIES AT THE DEEC

The first three quarters of the year were negative in terms of trade. However, the fourth quarter was positive due to the demand for rough diamonds. Notwithstanding this decline, the Republic of South Africa's (RSA) diamond market was resilient and ready to capitalise on the fourth-quarter recovery, resulting in a positive diamond price at year-end, and a slight improvement in revenue collected from service fees. As a result DEEC was able to facilitate a tender of 4,7 million carats in 2024/25 which is higher compared to 4,5 million carats in 2023/24.

Table 5 illustrates the rough diamond tender's activities facilitated at the DEEC during the 2024/2025 financial year. The DEEC received 4,7 million carats valued at approximately US$136 million. This is a noticeable increase in the volume of carats received. At the same time, the value decreased compared to the previous financial year, where the value was US$ 851 million with a volume of 4,5 million carats. This decrease in value resulted from the quality of low production in the country, which was consistent throughout the year, and the Dollar to Rand exchange rate. The quality of the rough diamonds can also influence this during the reviewed period.

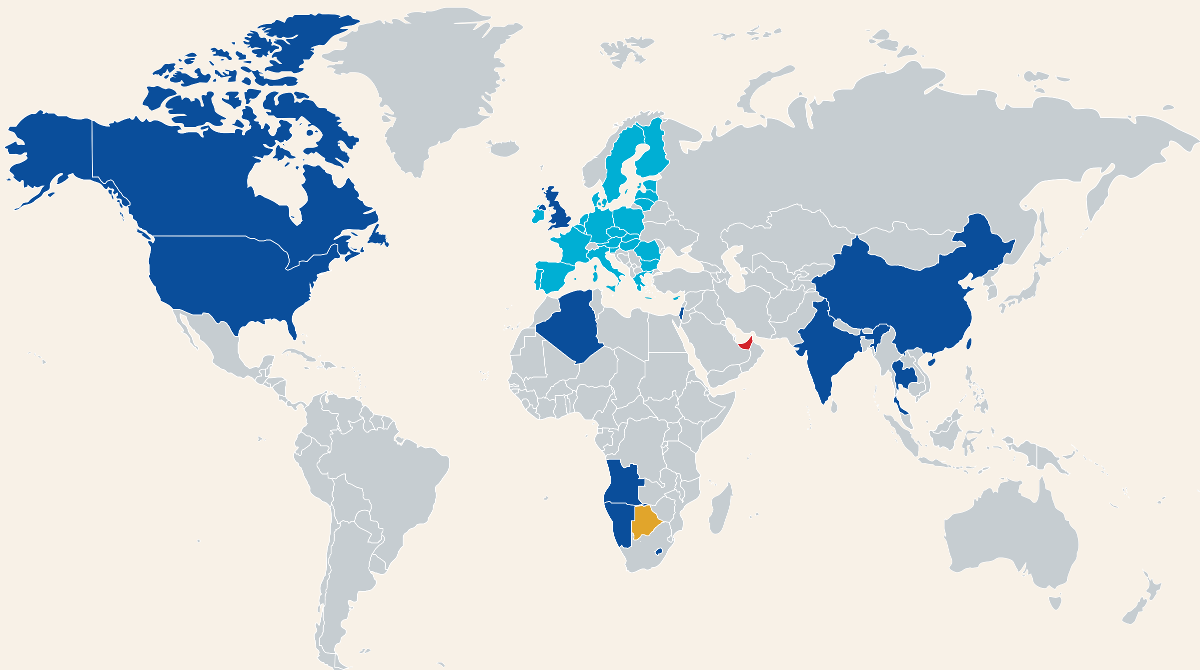
Table 5. Rough Diamond Trade Activities at the DEEC 2024/25 vs 2023/24.

	FY 2024/2025	FY 2023/2024
Total carats received	4 799 297.38	4 565 623.32
Total US$ value received	136 985 829.51	851 286 693.72
Total carats sold	1 135 044.65	725 751.22
Total carats qualified for export	3 661 962.60	3 839 202.82
Total US$ value sold	121 749 108.34	3 839 193.82
Total US$ value qualified for export	546 507 114.63	761 707 569.02
Total carats withdrawn	2 290.13	678.28

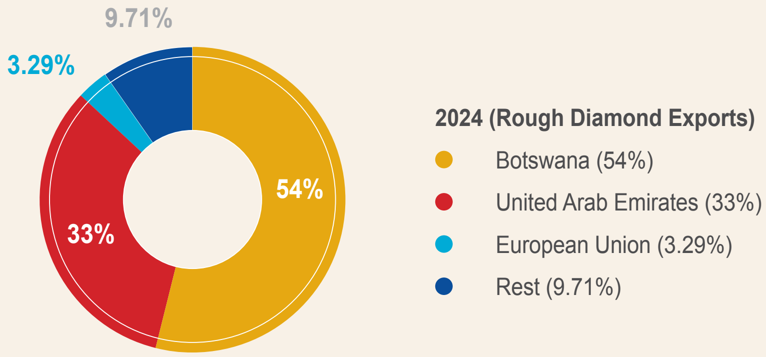
ROUGH DIAMOND EXPORTS: JANUARY 2024 TO DECEMBER 2024

During the calendar year 2024, South Africa traded with 14 KP participants, which resulted in the export of approximately 6 million carats of rough diamonds valued at around US$1.5 billion. The export volumes decreased slightly. However, the value increased due to the exchange rate reported during 2023.

In 2024, most of the rough diamonds were exported to Botswana (54%), followed by the UAE (33%) and the European Union (3.29%), respectively, as with the previous year where the UAE was the leader of exporters. With a total of 33% of the goods.



Exported approximately
6 million carats
valued at
US$ 1.5 billion



ROUGH DIAMOND EXPORTS

Table 6 below illustrates the rough diamond exports between South Africa and other KP Participants in 2024

ROUGH DIAMOND EXPORTS - JANUARY 2024 TO DECEMBER 2024										
	1 Quarter		2 Quarter		3 Quarter		4 Quarter		2024 TOTALS	
Participant	Volume, cts	Value, US$	Volume, cts	Value, US$	Volume, cts	Value, US$	Volume, cts	Value, US$	Volume, cts	Value, US$
Algeria	0.00	0.00	0.00	0.00	0.00	0.00	107.66	102 911.00	107.66	102 911.00
Angola	0.00	0.00	0.00	0.00	0.00	0.00	87.10	886 475.00	87.10	886 475.00
Botswana	525 168.66	56 840 771.64	446 241.62	44 864 376.83	451 298.45	37 649 565.19	602 847.98	670 994 517.29	2 025 556.71	810 349 230.95
Canada	22.65	4 351.95	0.00	0.00	0.00	0.00	0.00	0.00	22.65	4 351.95
China, People's Republic of	70.03	65 933.81	3 169.23	707 763.49	1 511.93	209 649.67	6 122.82	2 149 161.49	10 874.01	3 132 508.46
European Union	161 506.24	64 802 296.14	273 781.80	49 083 832.53	111 040.87	21 133 306.95	189 241.87	26 636 505.78	735 570.78	161 655 941.40
India	38 206.59	4 909 677.91	36 419.25	4 224 067.68	8 562.86	2 728 867.49	15 560.51	3 973 120.18	98 749.21	15 835 733.26
Israel	1 907.19	22 683 593.32	2 211.10	6 171 333.43	1 679.00	4 671 265.40	1 368.96	1 834 383.17	7 166.25	35 360 575.32
Lesotho	0.00	0.00	0.00	0.00	1 130.49	11 203.23	0.00	0.00	1 130.49	11 203.23
Namibia	0.00	0.00	1 224.90	358 664.76	0.00	0.00	0.00	0.00	1 224.90	358 664.76
Thailand	302.70	1 342 351.00	384.64	136 149.00	740.97	242 419.00	0.00	0.00	1 428.31	1 720 919.00
United Arab Emirates	740 714.43	155 028 700.28	842 342.06	117 309 984.48	641 658.84	135 249 207.33	964 130.42	99 352 866.37	3 188 845.75	506 940 758.46
United Kingdom	0.00	0.00	151.91	35 872.30	350.99	55 519.60	0.00	0.00	502.90	91 391.90
United States of America	436.85	392 719.73	191.37	492 317.00	256.45	480 235.00	546.82	1 356 017.00	1 431.49	2 721 288.73
TOTAL	1 468 335.34	306 070 395.78	1 606 117.88	223 384 361.50	1 218 230.85	202 431 238.86	1 780 014.14	807 285 957.28	6 072 698.21	1 539 171 953.42

During the year 2024, South Africa imported 622 thousand carats of rough diamonds valued at more than US $393 million and traded with ten (10) KP participants. The comparison and analysis of statistical data for rough diamond imports between 2023 and 2024 indicate a notable 52% increase in volume compared to the thousand carats imported in 2023.

Most rough diamonds were imported from countries listed below, led by the EU, the UAE and Botswana.

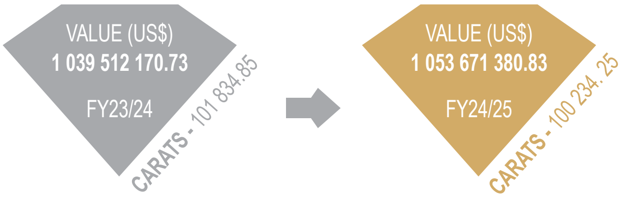
Table 7: below represents rough diamond imports of 2024 between South Africa and other KP Participants

ROUGH DIAMONDS IMPORTS - JANUARY 2024 TO DECEMBER 2024										
	1 Quarter		2 Quarter		3 Quarter		4 Quarter		2024 Totals	
Participant	Volume, cts	Value, US$	Volume, cts	Value, US$	Volume, cts	Value, US$	Volume, cts	Value, US$	Volume, cts	Value, US$
Botswana	19 078.36	25 228 932.87	25 506.00	32 335 431.04	26 398.41	33 124 388.12	12 934.04	26 600 417.47	83 916.81	117 289 169.50
China, People's Republic of	77.96	4 008 000.00	0.00	0.00	0.00	0.00	30 403.49	1 981 134.06	30 481.45	5 989 134.06
Canada	0.00	0.00	0.00	0.00	0.00	0.00	0.16	10.00	0.16	10.00
European Union	257 022.92	6 874 460.40	79 127.07	8 783 638.27	7 008.02	6 560 692.33	4 394.02	2 140 897.43	347 552.03	24 359 688.43
India	0.00	0.00	10 720.29	199 536.56	0.00	0.00	0.00	0.00	10 720.29	199 536.56
Israel	67.76	354 972.00	79.97	244 221.45	349.63	1 077 716.68	486.06	1 015 890.38	983.42	2 692 800.51
Namibia	242.75	97 420.00	2 670.98	1 913 253.26	1 062.60	791 436.54	453.72	453 281.10	4 430.05	3 255 390.90
United Arab Emirates	27 789.12	19 766 329.97	63 703.94	73 674 144.04	15 741.74	91 392 301.48	35 908.69	42 861 277.50	143 143.49	227 694 052.99
United Kingdom	0.00	0.00	676.00	10 594 000.00	0.00	0.00	0.00	0.00	676.00	10 594 000.00
United States of America	0.00	0.00	0.00	0.00	366.73	899 316.39	284.14	659 006.30	650.87	1 558 322.69
TOTAL	304 278.87	56 330 115.24	182 484.25	127 744 224.62	50 927.13	133 845 851.54	84 864.32	75 711 914.24	622 554.57	393 632 105.64

POLISHED DIAMOND EXPORTS

A total of 100 million carats of polished diamonds were declared for import, valued at approximately US$1 billion. The value has decreased significantly, while the volume remains steady compared to the previous financial year. Local laboratories imported part of these diamonds for certification.

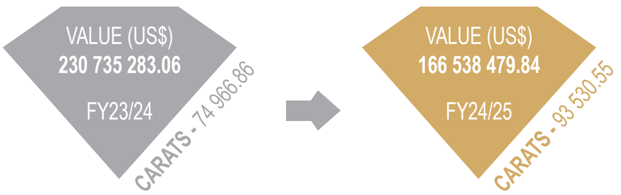
Figure 5. Polished diamond exports



POLISHED DIAMOND IMPORTS

A total of 93 000 carats of polished diamonds were declared for import at a value of approximately US$166 million; we noticed a decrease compared to the previous year. Some of these polished diamonds were imported into South Africa for consultation and certification purposes at local laboratories and re- exported back to their country of origin.

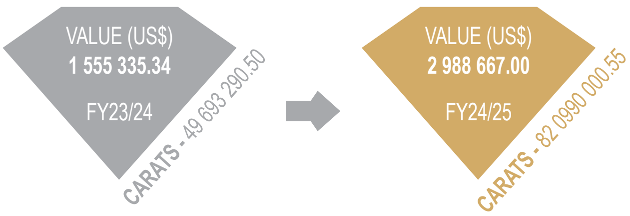
Figure 6. Polished diamond imports



SYNTHETIC DIAMOND POWDER IMPORTS

The DEEC received and cleared over 82 million carats of synthetic diamond powder, representing an increase valued at approximately US$2.9 million. The synthetic diamond powder was imported for manufacturing diamond tools

Figure 7. Synthetic diamond powder imports

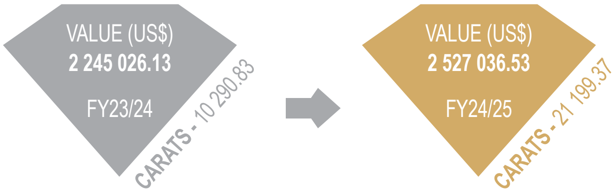


SYNTHETIC DIAMOND IMPORTS/LAB- GROWN DIAMOND

A total of 21 000 carats of synthetic diamonds, valued at US$2 million, were imported; this represents a significant decrease in carats compared to the previous financial year. This decrease in the value of synthetic or lab-grown diamonds is attributed to the low price and quality of the diamonds.

The integrity of the diamond trade remains a priority; hence, the identification of lab-grown or synthetic diamonds is still prioritised.

Figure 8. Synthetic diamond imports

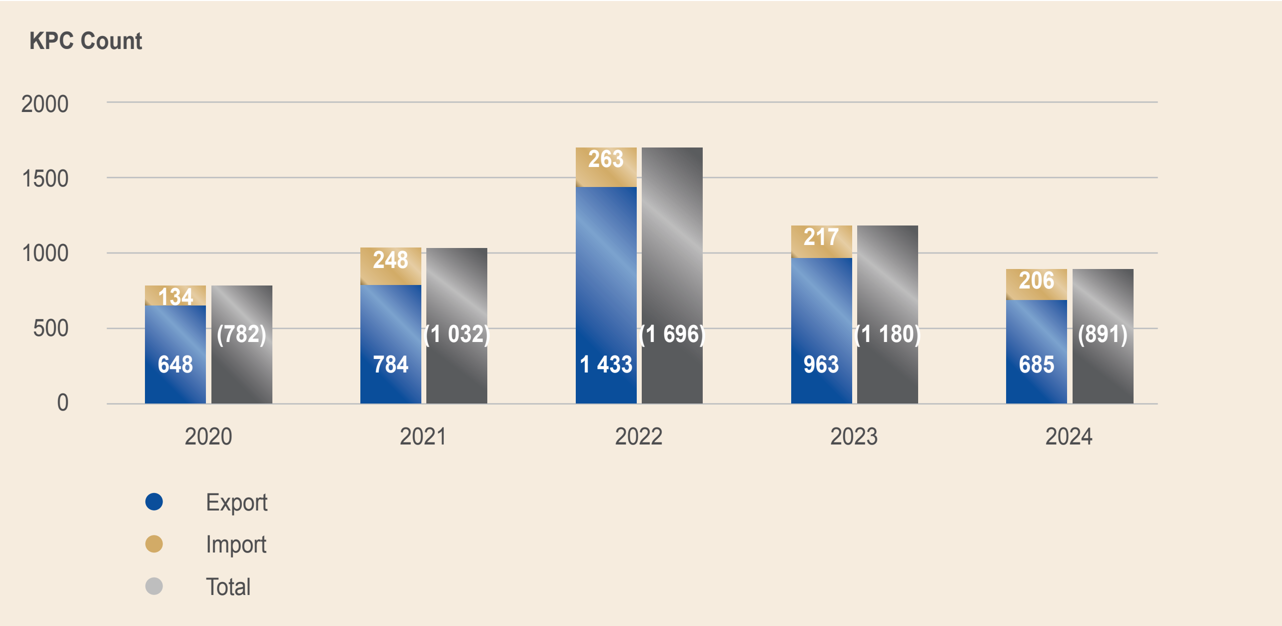


KIMBERLEY PROCESS CERTIFICATION SCHEME (KPCS)

During the 2024 calendar year, SADPMR oversaw the administration and implementation of KPCS and KP participation by ensuring compliance with KPCS requirements and other relevant legislation. All reports were submitted in accordance with KP requirements.

ISSUING OF KPCS CERTIFICATES

During the 2024 calendar year, 685 KP certificates for exports were issued to 14 Kimberley Process participants, while 206 KP certificates for imports were received from 10 KP member countries. This shows a significant decrease in both export and import certificates received compared to 2023



SUBMISSION OF QUARTERLY REPORTS (STATISTICS)

Five (5) statistical reports were timeously submitted to the Kimberley Process working group on statistics.

SUBMISSION OF 2024 ANNUAL REPORT

The South African KP 2024 Annual Report was submitted in line with the Kimberley Process minimum requirements.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

There was no underperformance recorded this year.

3.3 PROGRAMME 3: REGULATORY COMPLIANCE

Purpose: To ensure compliance with the legislative requirements in the diamond and precious metals industries and to improve transformation, competitiveness, sustainable development, and job creation in these industries

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE

3.3.1 SUB-PROGRAMME: REGULATIONS

Purpose: To receive, process, and issue diamond and precious metals licences, permits, and certificates in line with the Diamonds Act, 1986, and the Precious Metals Act, 2005

Highlights: During the review period, the division exceeded its targets by issuing all licenses within the required regulatory timeframe, granting a total of 633 diamond licences and 278 precious metals licenses. Additionally, 15 licences were issued to male and 28 to female historically disadvantaged persons (HDPs).

3.3.2 SUB-PROGRAMME: INSPECTORATE

Purpose: Monitor and enforce compliance with the Precious Metals Act, 2005, and the Diamonds Act, 1986; Monitor trade transactions through the analysis of prescribed registers; Measure transformation and compile assessment reports on transformation in the diamond and precious metals industry; Facilitate access to the industry by aspirant entrepreneurs in collaboration with industry through enterprise development programmes; and Promote beneficiation through the implementation of the SADPMR Beneficiation Strategy.

Highlights: Monitoring of compliance. A total of 1 717 diamond and precious metals inspections were conducted during the period under review, which translates to a slight increase of 1% from the preceding year. Precious metals and diamond inspections targets were exceeded by 9% and 20%, respectively. A total of 43 Export Approval Evaluations were conducted on export approval applications to ensure that the legislative obligation to cater for local demand is satisfied.

TRANSFORMATION

Highlights: During this financial year, three new enterprise development projects targeting aspiring black entrepreneurs, women, and youth were launched in collaboration with industry partners, resulting in the advancement of 50 candidates. Transformation assessments were conducted on 629 licenses, representing a 2% increase from the 614 assessments carried out in the previous year.

ENFORCEMENT OF COMPLIANCE

Highlights: Illegal mining and the related Illicit trade in diamonds and precious metals continue to be a problem in South Africa. The SADPMR is susceptible to unscrupulous precious metals refinery licensees and transactions that seeks to legitimise illegal metal from illegal mining activities. To address the challenge, the SADPMR has approved a strategy to Combat Illicit Trade in Diamonds and precious metals for the 2023/24 financial year and commenced its implementation during the 2024/25 financial year, in collaboration with relevant law enforcement and regulatory authorities. Such collaborative efforts are an opportunity for the Government to employ a coordinated effort in combating illicit trade in diamonds and precious metals. Thirty-five (35) precious metal joint inspections and twenty-seven (27) diamond joint inspections were conducted with law enforcement agencies to curb illicit trading. During the 2024/25 financial year, SADPMR commenced issuing non-compliance notices as part of a shift from levying penalties to reduce non-compliance identified.

SUB-PROGRAMMES: INSTITUTIONAL OUTCOMES

SUB-PROGRAMMES	OUTCOMES
Regulations	Job creation, skill development, and value addition to the diamond and precious metal industries.
Inspectorate	Job creation, skill development, and value addition to the diamond and precious metal industries. Transformation in the diamond and precious metal industries. Competitive and compliant diamond and precious metals industries.

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2023 / 2024	PLANNED ANNUAL TARGET 2024 / 2025	AUDITED ACTUAL PERFORMANCE 2024 / 2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024 / 2025	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: EFFECTIVE, EFFICIENT, DEVELOPMENTAL AND INNOVATIVE-ORIENTED REGULATOR							
Precious metals license applications finalized within legislated timeframes	% of license applications finalised	100	100	100	100		Achieved as planned.
Diamond licenses applications finalized within legislated timeframe	% of license applications finalised	100	100	100	100		
Diamond and precious metals beneficiation licences finalized within legislated timeframe i	% of beneficiation licenses finalised	100	100	100	100		

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE- ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2023 / 2024	PLANNED ANNUAL TARGET 2024 / 2025	AUDITED ACTUAL PERFORMANCE 2024 / 2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024 /2025	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: COMPETITIVE AND COMPLIANT DIAMOND AND PRECIOUS METALS INDUSTRY							
Ensure compliance monitoring and enforcement	Number of inspections conducted in licensed precious metals premises	481	752	750	815	65	Exceeded due to an increase in the number of requests for new premises inspections
	Number of inspections conducted in licensed diamond premises	755	961	750	902	152	
	% of non-compliance notices issued relative to non-compliance incidents identified	100	100	100	100	-	Achieved as planned.
	Number of precious metals joint inspections conducted with law enforcement stakeholders	30	32	30	35	5	Exceeded due to the increased number of requests from Law Enforcement stakeholders
	Number of diamond joint inspections conducted with law enforcement stakeholders	17	25	25	27	2	
	Number of audits conducted on high-risk precious metals refining licenses	N/A	8	8	8	-	Achieved as planned
Implemented strategic interventions to combat illicit trade in Diamond and Precious Metals	Number of diamond register analysis conducted	N/A	N/A	20	66	46	Target exceeded due to additional register analysis conducted on ongoing non-compliance matters being investigated
	Number of precious metals register analysis conducted	N/A	N/A	20	61	41	
OUTCOME: JOB CREATION, SKILLS DEVELOPMENT AND VALUE ADDITION TO THE DIAMOND AND PRECIOUS METAL INDUSTRIES							
Evaluated Export approval applications to ensure provision for local demand	% of recommended export approval applications meeting local demand	90	100	100	100	-	Achieved as planned.
Assisted inactive HDP diamond beneficiation licensees	Number of assisted inactive licensees through relevant interventions	2	22	5	9	4	Exceeded due to increased support from industry stakeholders to assist inactive licensees.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2023 / 2024	PLANNED ANNUAL TARGET 2024 / 2025	AUDITED ACTUAL PERFORMANCE 2024 / 2025	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2024 /2025	REASONS FOR DEVIATIONS FOR ALL INDICATORS
Assisted inactive HDP precious metals beneficiation licensees	Number of assisted inactive licensees through relevant interventions	2	4	5	5	-	Achieved as Planned
OUTCOME: TRANSFORMED DIAMOND AND PRECIOUS METALS INDUSTRIES							
conducted transformation assessment of diamonds and precious metals industries	No. of licensees assessed	273	614	550	629	79	Exceeded due to the increased number of follow-up inspections conducted in conjunction with data collection for transformation purposes
Developed Diamond / Precious Metals Enterprises in partnership with industry	No. of enterprises developed	6	7	3	3	-	Achieved as planned.
	No. of enterprises maintained	N/A	N/A	3	3	-	
	% of Enterprises/ partnerships monitored	N/A	100	100	100	-	
Diamond and precious metals licenses issued to HDP's including women, youth, and people with disabilities including women, youth, and people with disabilities	No. of HDP licences issued	40	47	50	43	-4	Not Achieved: Due to a lesser number of applications received from the designated groups. Outreach efforts about opportunities available in the downstream diamond and precious metals sector will be intensified.

SUB-PROGRAMME: REGULATIONS DIAMOND LICENCEES AND PERMITS ISSUED

During the period under review, a total of (633) diamond licences and certificates were issued, compared to (715) which were issued for the previous financial year as indicated in Figure 1 below. The decrease of the number of diamond licences issued this financial year is attributed to the continuous decline in the industry as a result of the loss of interest by new applicants to enter the industry due to the strong emergence of lab grown diamond industry.

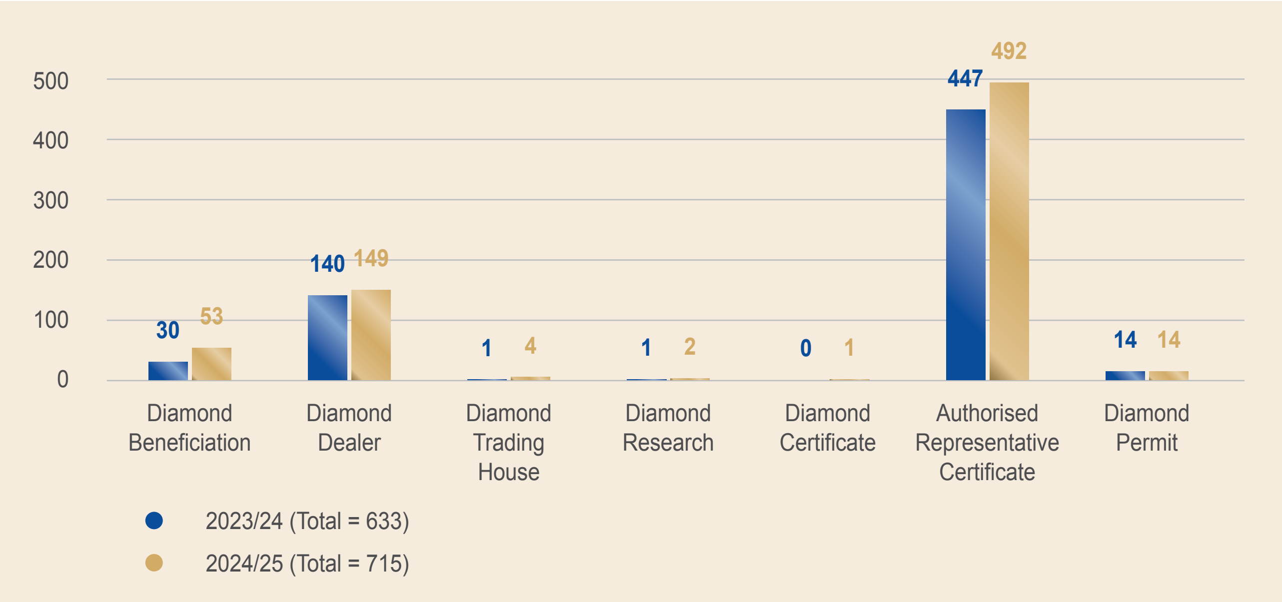


Figure 1. Diamond licences/permits issued.

PRECIOUS METALS LICENCES AND PERMITS ISSUED

The entity issued a total of 278 precious metals licences, permits, and certificates in the 2024/25 financial year, as compared to 200 issued for the previous financial year, indicated in Figure 2 below. The increase in the number of precious metals licences issued is attributed to the fact that the 2024/25 financial year was a renewal period.

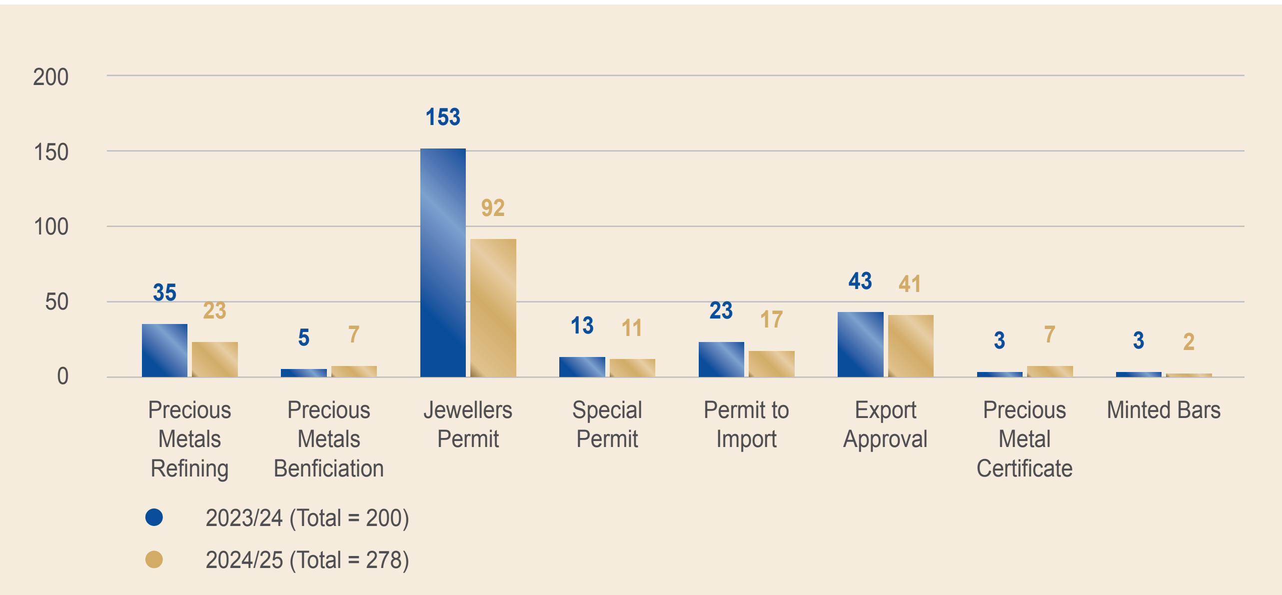


Figure 2. Precious metals licences/permits issued.

DIAMOND AND PRECIOUS METALS LICENCES ISSUED BASED ON HDP OWNERSHIP

A total of 43 licences were issued to HDP-owned entities, compared to a total of 94 issued to HDP-owned entities in the 2023-2024 financial year. The gender composition of the licences issued to HDP-owned entities is indicated in Table 1 (below).

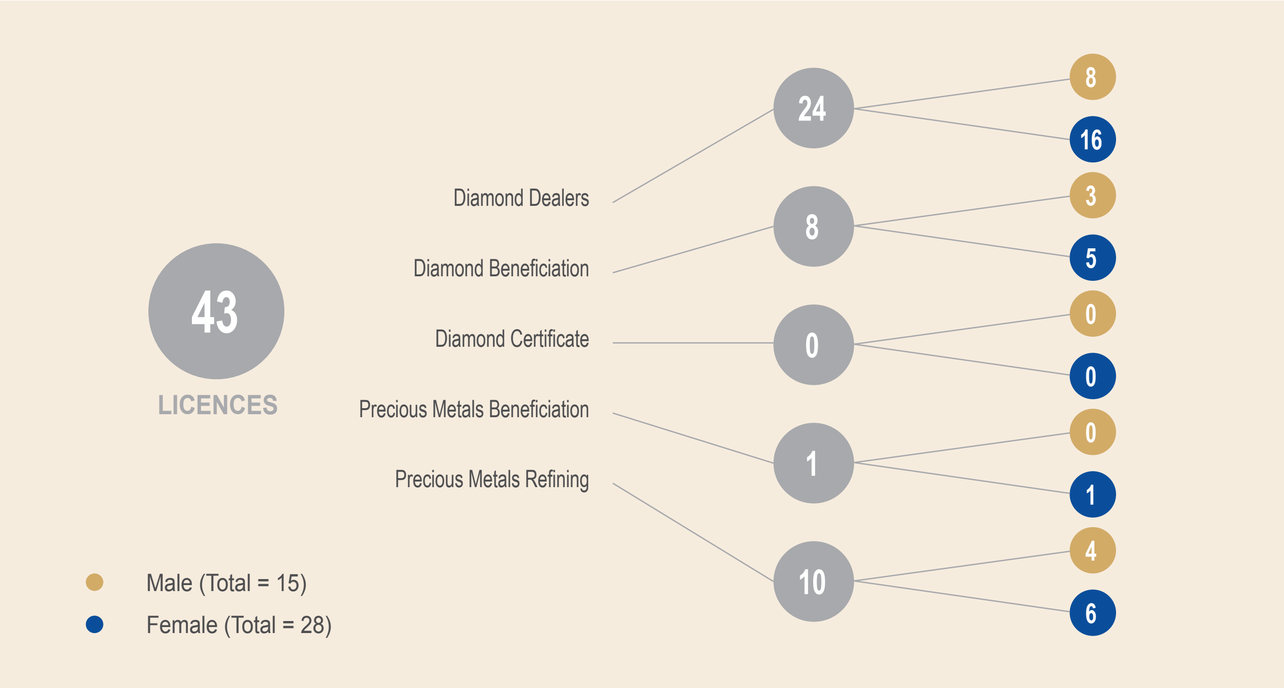


Figure 3. Diamond and Precious Metals Licences Issued to HDP-Owned Entities.

SUB-PROGRAMME: INSPECTORATE ASSESSMENT OF TRANSFORMATION

The South African Diamond and Precious Metals Regulator (SADPMR) continues to assess the extent to which the diamond and precious metals industry embraces transformation imperatives voluntarily. This assessment is conducted through the analysis of data submitted by licensees. It is essential to note that this assessment is not conducted to ensure compliance, as the Mining Charter has been set aside.

During the year under review, a total of 629 diamond and precious metal licensees holding different types of licenses were assessed. This figure represents a slight increase compared to the preceding year, of 2.4% in Figure 3. Out of the 629 data collected, the majority were received from 47% of Jeweller Permits and 29% of Diamond Dealers' licensees. This indicates that these two categories of licensees were the most responsive in submitting their data for the voluntary transformation assessment conducted by the SADPMR.

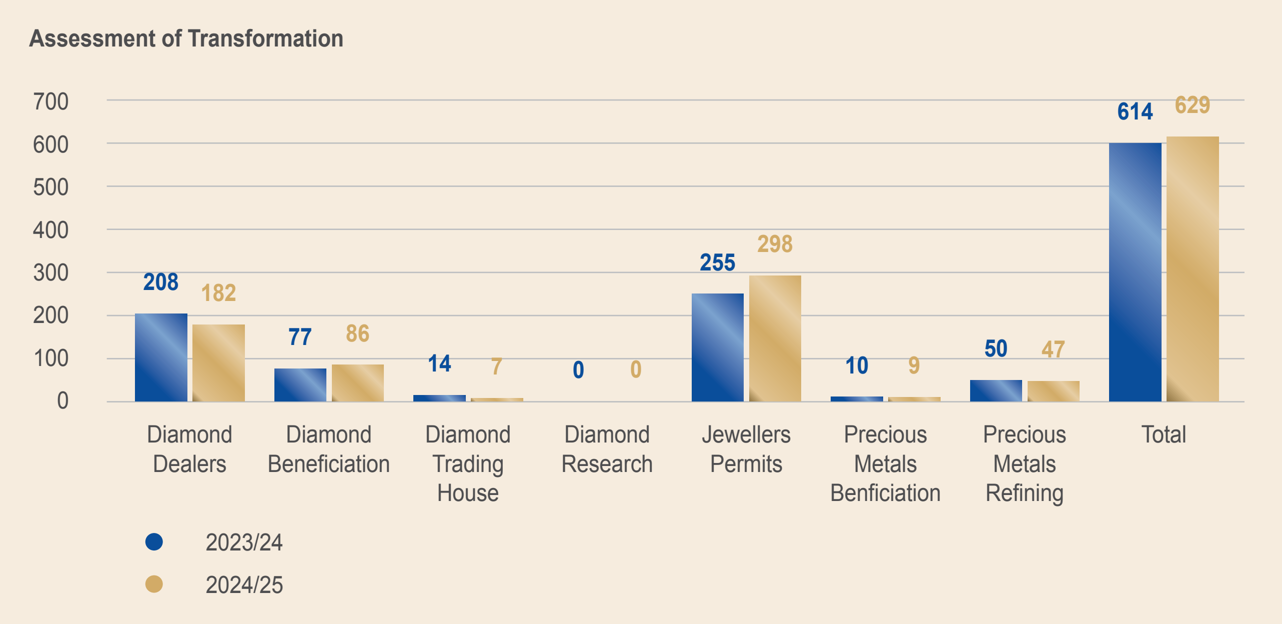


Figure 3: Assessment of Transformation.

ASSESSMENT OF TRANSFORMATION:

The data shows ownership percentages by race and gender among the 629 diamond and precious metals licensees assessed during the reporting year. It highlights that the industry remains predominantly male, with 74.3% male ownership and 25.7% female ownership.

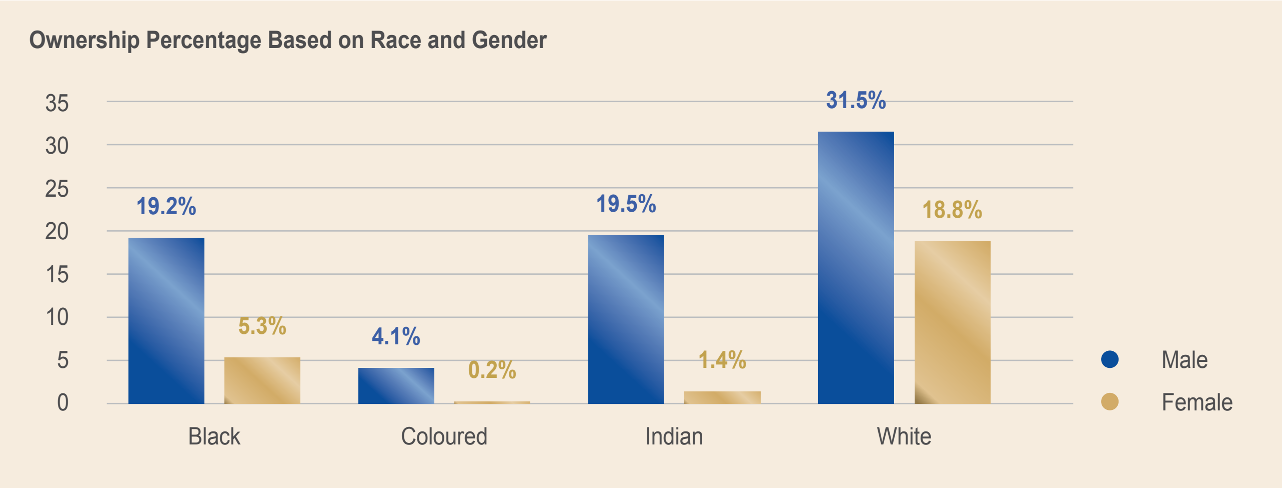


Figure 4: Ownership Percentage Based on Race and Gender

OWNERSHIP PERCENTAGE (RACE AND GENDER)

ASSESSMENT OF TRANSFORMATION: EMPLOYMENT EQUITY PERCENTAGE (RACE AND GENDER)

In assessing 629 license holders, a total of 2 558 individuals were found to be employed within the diamond and precious metals industries. Employment equity serves as a key measure of workforce capacity in these sectors. As shown in Figure 5, the demographic distribution reveals that black males, followed by White, Indian, and Coloured males, make up the majority of the workforce, significantly outnumbering their female counterparts. This points to a notable gender imbalance in employment within these industries. The employment equity data offers valuable insights into workforce capacity and representation, highlighting opportunities to foster greater inclusivity and diver.

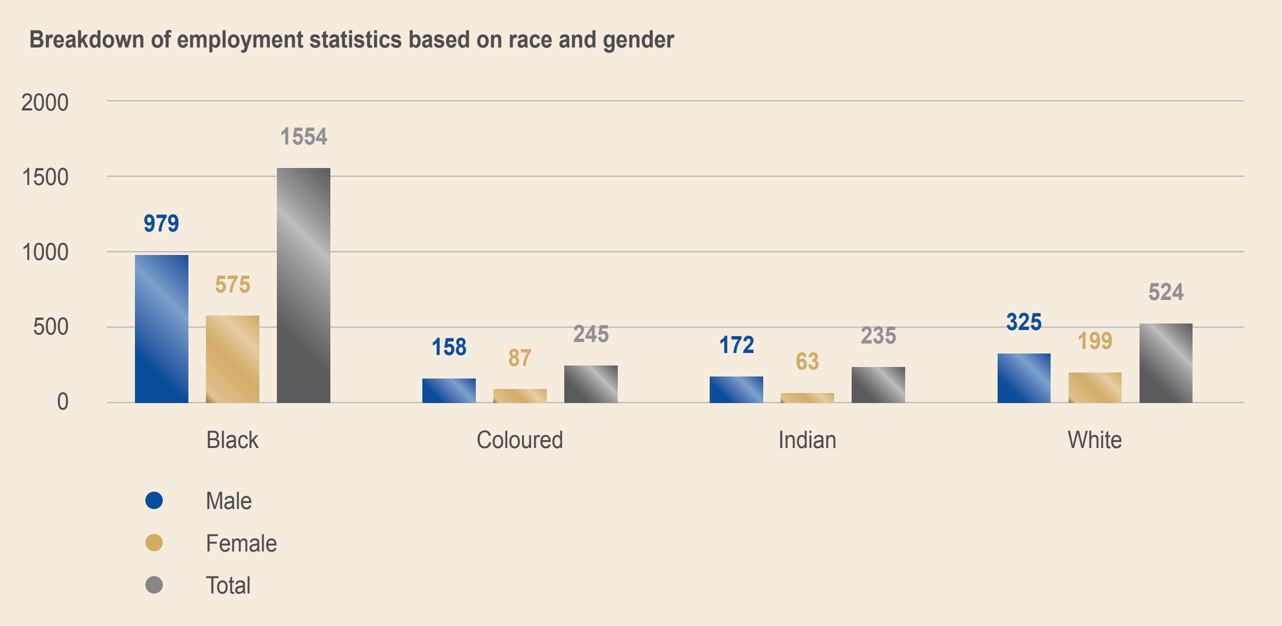


Figure 5: Breakdown of employment statistics based on race and gender

ENTERPRISE DEVELOPMENT PROJECTS

During the reporting period, the SADPMR established enterprise development partnerships with various industry stakeholders to promote the growth and support of Small, Medium, and Micro Enterprises (SMMEs) in the diamond and precious metals sectors. These collaborative initiatives are designed to invest both time and resources to assist emerging Black entrepreneurs in establishing, expanding, and enhancing their businesses through comprehensive skills training and support across all aspects of business development. By investing in the next generation of Black industrialists, the industry is helping to foster an entrepreneurial culture within the diamond and precious metals sectorssity in the diamond and precious metals sectors.

Notable collaborative projects include mentorship and enterprise development programmes, such as the Silver and Gold Mentorship Programme, which provide technical training, business development support, and increased market access for SMMEs. These initiatives have enabled participants to showcase their products at prominent industry events and access new business opportunities. The following are the details on the collaboration projects:

NEW PROJECT CREATED:

BETWEEN ALMET, PLATINUM BLAC, AND SADPMR

The project intends to support the establishment of black entrepreneurs that will be self-sustainable, increase their revenue, and be able to compete within the recycling, processing and refining of spent auto catalyst industry. Almet has developed a novel procedure with the help of the Department of Trade, Industry and Competition on processing spent catalyst. The project involves piloting the research work of Almet, which involves the extraction of PGMs from recycled spent catalyst (autocats).

NEW PROJECTS CREATED:

THE PLATINUM INCUBATOR (TPI) AND SADPMR (PROMOTION OF PLATINUM ENTREPRENEURSHIP THROUGH SKILLS AND ENTERPRISE DEVELOPMENT PROGRAMMES).

The project intends to support the establishment of black entrepreneurs that will be self-sustainable, increase their revenue, and be able to compete within the minerals industry. TPI has recently partnered with Golden Bridge on the China International Industrial Expo, and this partnership has enabled TPI, SADPMR, and two SMME's to attend the conference in South Africa (Sandton Convention Center).

NEW PROJECT DEVELOPED:

MOA SIGNED BETWEEN SADPMR AND KGK FOR THE JEWELLERY AND DIAMOND BENEFICIATION MENTORSHIP PROGRAMME

The project is intended to assist Small, Medium, and Micro Enterprises (SMME) and to build high-end diamond beneficiation and jewellery manufacturing entrepreneurs. The SMME's started with their Enterprise Development Programme Mentorship on the 10th of February 2025. The project consists of three female and one male youth, and the project will continue for a period of 12 months

EXISTING PROJECTS MONITORED DURING THE YEAR UNDER REVIEW:

RAND REFINERY, SADPMR, EJP AND NQ JEWELLERY SILVER MENTORSHIP PROGRAMME (THE PROJECT INTENDS TO ASSIST SMALL, MEDIUM AND MICRO ENTERPRISES (SMME): CLASS OF 2024/25

The current cohort has a total of nine SMMEs, which are incubated at the Ekurhuleni Jewellery project, all actively running their own business, with valid precious metals permits and supplying the Jewellery Village store situated at Monte Casino and the Kruger National Park Shop.

GRADUATION CEREMONY FOR CLASS OF 2024/25

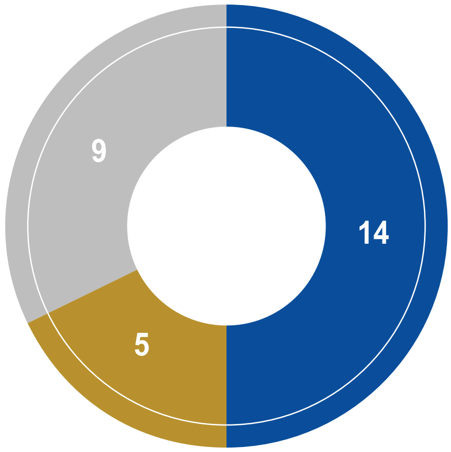
Lungile Xhwantini: A Storyteller in Platinum

In the world of fine jewellery, where metal is moulded into memory and form becomes feeling, Lungile Xhwantini stands out as one of South Africa's most exceptional artisan voices. Born in Bloemfontein and now based at The Platinum Incubator in Rustenburg, he has transformed metalwork into a narrative art, blending technical mastery with cultural depth. From his start as a trainee to becoming Production Manager and Master Goldsmith, Lungile's 12-year journey reflects the themes that define his work—resilience, heritage, and liberation. His award-winning creations, such as the 2020 PlatAfrica-winning "Sacred Shackle" and the 2023 dual-prize "Khalifah," use design to translate history and social commentary into wearable art. These works have solidified his reputation as a jeweller of rare vision.

Recognised by the South African Diamond and Precious Metals Regulator, Lungile represented the country at the 2024 Hong Kong International Jewellery Show, showcasing a capsule collection that fused African motifs with global aesthetics. His portfolio spans collaborations with TFG Sterns and bespoke platinum lines for markets in the US, Europe, Japan, and India—all retaining his storytelling essence. Beyond design, he mentors emerging jewellers, leads workshops, and advocates for creative sustainability. Looking ahead, Lungile plans to explore mixed-metal techniques and immersive co-design experiences, continuing to redefine jewellery as a medium of South African identity and global connection.

SADPMR PROMOTE LOCAL BENEFICIATION THROUGH ASSISTING INACTIVE LICENSEES

Inactive Licencees Assitisted



- Number of Inactive Licencees assisted
- Precious Metals Jewellers
- Diamond Beneficiation

The SADPMR, in partnership with Alexandra Bay Diamonds tender house, launched an initiative to help small diamond beneficiators, including women, youth, and other historically disadvantaged persons, access affordable small parcels of rough diamonds through special tenders. Since the project began in August 2022, quarterly special tenders have been held, enabling smaller beneficiation license holders to purchase diamonds they might otherwise be unable to compete for against larger companies.

SADPMR created a platform to improve access to metals for jewellery manufacturers as part of its efforts to promote local beneficiation. During the review period, SA Precious Metals, a local precious metals refiner, set aside 2 kilograms of fine sterling silver in granule and wire form specifically for SMMEs to use in local beneficiation. In total, five historically disadvantaged precious metals jewellers received this metal free of charge.

LOCAL AND INTERNATIONAL TRADE SHOWS

JEWELLEX 2024

The South African Diamond and Precious Metals Regulator (SADPMR) participated in Jewellex Africa 2024, held at the Wanderers Club in Illovo, Johannesburg. During the event, SADPMR successfully hosted both the Platinum Centenary commemoration and a Business Breakfast. As part of its market access initiatives, SADPMR sponsored four SMMEs from its collaborative projects to showcase their jewellery products at the exhibition

AFRICAN MINING INDABA

SADPMR participated in the African Mining Indaba, held in February 2025 at Cape Town’s International Convention Centre, convening industry leaders, investors, and policymakers under the theme “Future-proofing African Mining, today!” Discussions centred on technological advancements, inclusive growth, and sustainability to bolster Africa’s mining sector resilience. The South African Diamond and Precious Metals Regulator (SADPMR) participated in various sessions, contributing to dialogues on regulatory frameworks and industry standards. Their involvement underscored South Africa’s commitment to responsible mining practices and the promotion of equitable access to mineral resources.

MONITORING OF COMPLIANCE THROUGH INSPECTIONS (DIAMONDS)

The effectiveness and credibility of any regulatory authority are fundamentally linked to its capacity to monitor and enforce compliance with the relevant legislative requirements. In line with this mandate, the SADPMR sustained its compliance oversight during the year under review by conducting a total of 902 diamond inspections. Of these, 194 inspections were associated with new diamond license applications, while 708 were follow-up inspections of existing licenses. The total number of inspections conducted surpassed the annual target of 750, although it represents a slight decline compared to the 961 inspections completed in the previous financial year.

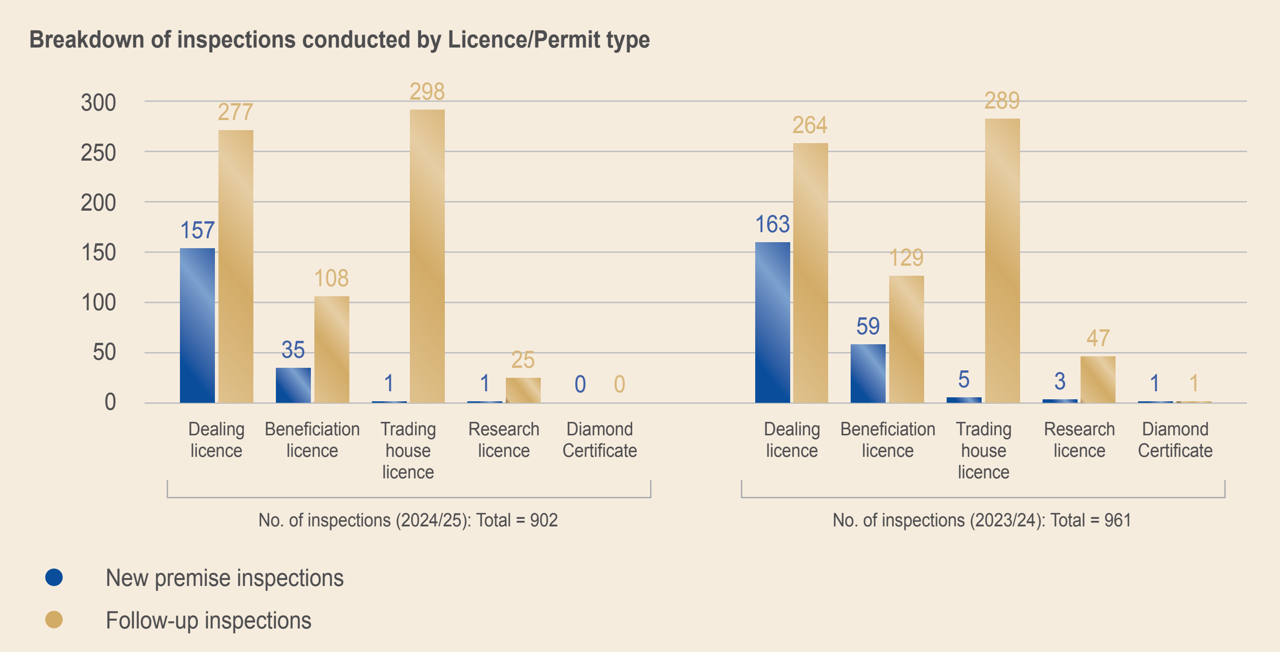


Figure 6: Breakdown of the Inspections Conducted by Licence/Permit Type

DIAMOND BENEFICIATION

During the period under review, diamond beneficiation totaled 150 489 carats, compared to 138,415 carats in the previous financial year. This data reflects a slight increase of 8.7% diamond beneficiated locally from the previous year. Specifically, the number of carats processed declined from 66 697 in Q1 2023 to 44 033 in Q1 2024. Similarly, Q2 figures show a modest decrease from 30 146 carats in 2023 to 28 975 carats in 2024. Notably, Q3 recorded an increase, with 48 383 carats processed in 2024 compared to 23 321 carats in 2023. In Q4, diamond beneficiation amounted to 18 251 carats in 2023 and 29 098 carats in 2024.

The overall decline in diamond beneficiation during the reporting period may be attributed to elevated rough diamond prices and prevailing interest rates, both of which have continued to affect the global economic environment. These factors have contributed to decreased production and trade activity, reflecting broader pressures faced by the sector.

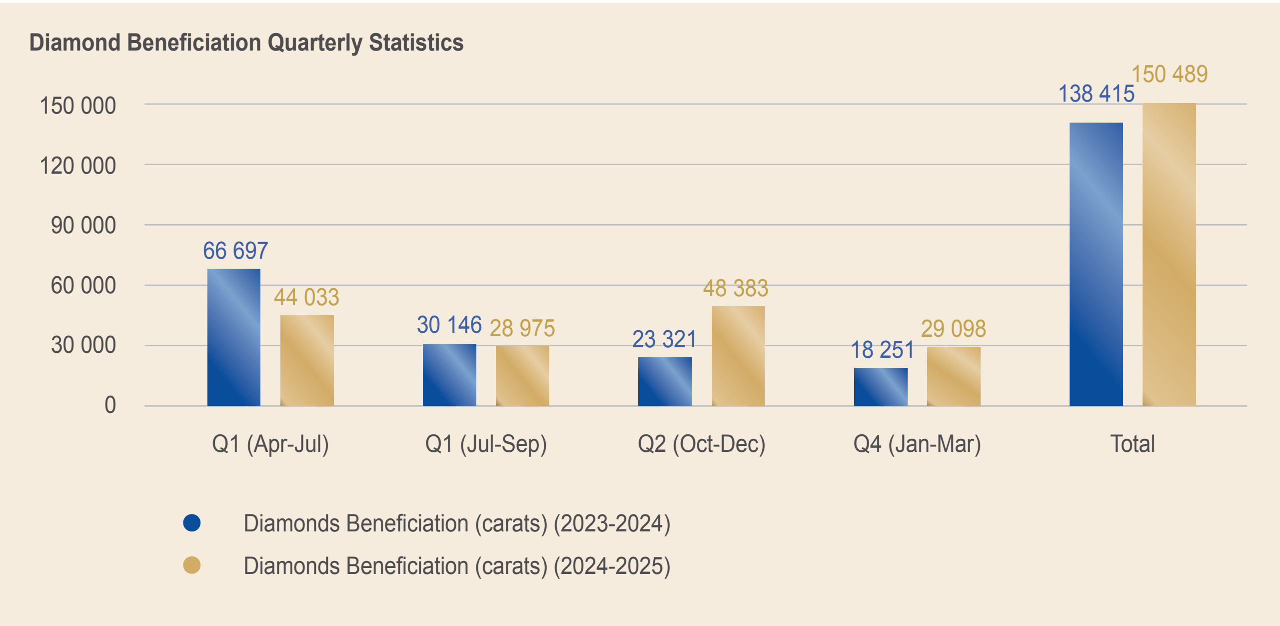


Figure 7: Diamonds Beneficiated

MONITORING OF COMPLIANCE (PRECIOUS METALS)

During the reporting period, the SADPMR conducted 815 inspections at precious metals premises. Of these, 282 inspections were related to new precious metals license or permit applications, while 533 were follow-up inspections for existing licence or permit holders. Figure 8 in the report provides a detailed breakdown of new and follow-up inspections by licence type. The total number of precious metals inspections conducted this financial year reflects an increase of 8.4 %compared to the previous year, 2023–2024. This growth is primarily attributed to the rise in follow-up inspections.

PRECIOUS METALS INSPECTIONS

Breakdown of inspections conducted by Licence/Permit type

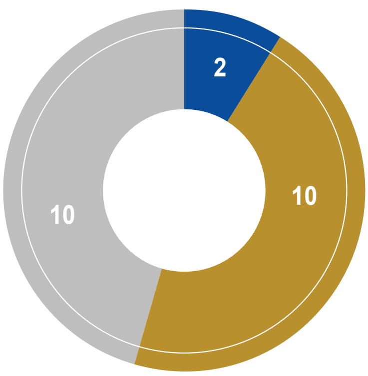
Figure 8 Breakdown of the Inspections Conducted by Licence/ Permit Type.

STAKEHOLDER ENGAGEMENT WITH LAW ENFORCEMENT AUTHORITIES

Through collaboration with law enforcement stakeholders, the SADPMR implements enforcement strategies and integrated measures to prevent, detect, and disrupt illicit trading in South Africa's diamond and precious metals sectors.

During the period under review, the SADPMR participated in several engagements with law enforcement to enforce compliance and combat illegal activities in the Diamond and Precious Metals Industries. All engagements discuss, identify, and plan joint disruptive operations to combat illicit trading in high-risk areas and compile enforcement strategies and other relevant legal framework documents.

Number of engagements during FY2024/25



- NATIONAL COORDINATION STRATEGIC MANAGMENT TEAM (NCSMT) meeting
  (Stakeholders: SAPS, SADPMR, SARS, Mineral Council, mining companies)
- NATIONAL ORGANISING COMMITTEE (NOC) Meeting
  (Stakeholders: SAPS, SADPMR, SARS, the Mineral Council, and mining companies)
- PROVINCIAL ORGANISING COMMITTEE (POC) meeting
  (Stakeholders: SAPS, SADPMR, SARS, Mineral Council, mining companies and Mintek)

Figure 9: Breakdown of stakeholder interaction.

JOINT COMPLIANCE INSPECTIONS

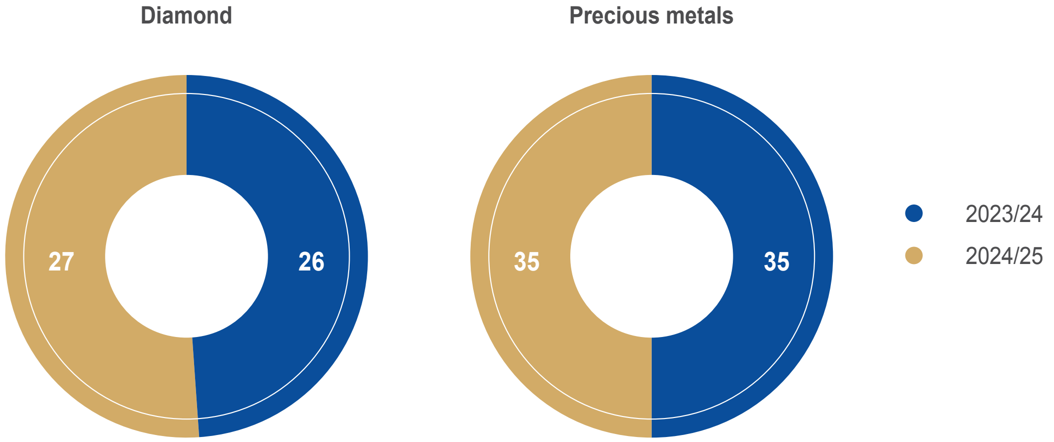


Figure 10: Breakdown of Joint Inspections with law enforcement

A total of 62 joint inspections were conducted according to Figure 10, 35 were conducted related to precious metals and 27 for diamonds. During the joint inspections, the SADPMR ensures that 100% of enforcement actions are taken in response to non-compliance notices issued. This demonstrates the regulator's commitment to maintaining the integrity of the diamond and precious metals trade by addressing any violations of the relevant laws and regulations.

Joint inspections facilitate the identification of illicit practices, including unlicensed trading, smuggling, and the processing of stolen or illicitly sourced precious metals. By combining regulatory expertise with law enforcement powers, these types of inspections uncovered violations that might otherwise go undetected.

SADPMR and law enforcement agencies combine regulatory oversight, intelligence-led policing, and targeted enforcement to systematically detect, disrupt, and deter criminal threats in the diamond and precious metals industries. Furthermore, the joint inspections played a targeted and multifaceted role in detecting and mitigating criminal threats within the diamond and precious metals supply chain. Their effectiveness is rooted in several specific strategies such as visible and coordinated enforcement, strengthening regulatory and enforcement frameworks, hotspot and crime pattern analysis, compliance monitoring, and detection of illicit activities.

Furthermore, disruptive operations conducted with Law Enforcement Authorities in Precious Metals Refinery cases targeting suspected illegal refining operations, which resulted in shutdowns of the illegal/ non-compliant companies, seizures of precious metals found at the premises, and arrests related to illegal refining activities.SADPMR, in partnership with SARS and SAPS, undertook at least five (5) operations at O.R. Tambo International Airport. Outcomes included seizure of undeclared precious metals falsely declared as unrelated goods, with further lab analysis and export suspensions initiated.

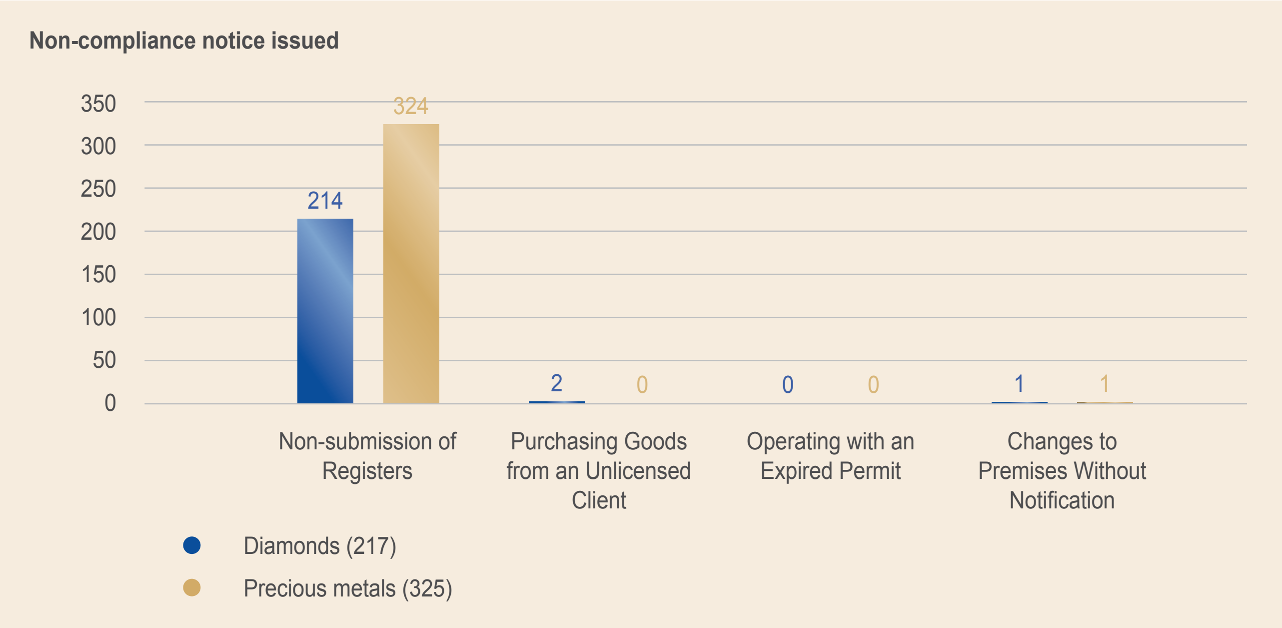
CRIMINAL PROCEDURE ACT SECTION 212 STATEMENTS ISSUED IN SUPPORT OF CRIMINAL INVESTIGATIONS

During the 2024/2025 financial year, SADPMR issued fifteen (15) Section 212 statements under the Criminal Procedure Act to support criminal investigations related to illegal refining, fraud, and non-compliance. SADPMR continues to strengthen its enforcement capacity through information sharing, partnerships, intelligence-driven inspections, and coordinated operations. Legislative reform will help ensure a compliant and transparent regulatory environment for South Africa's diamond and precious metals industries.

ENFORCEMENT OF COMPLIANCE

Following the cancellation of penalties for non-submission of the prescribed registers, the SADPMR commenced issuing non-compliance notices and suspending licences as part of a comprehensive strategy to intensify enforcement of compliance, under the Enforcement of Compliance Procedure. Consequently, during the year under review, a total of five hundred and forty-two (542) non-compliance notices were issued, and a total of six (6) licences were suspended due to the inaccessibility of premises and moving out of the licensed premises without informing the regulator. Table 2 indicates the number and reasons of non-compliance notices issued, as well as the applicable industry, resulting in more than 20% rectified non-compliance.

Table 2. Breakdown of non-compliance notice issued



LICENCE SUSPENSIONS AND CANCELLATIONS DUE TO NON-COMPLIANCE

During the financial review, the SADPMR cancelled one (1) refining licence, and suspended one (1) refining licence due to various forms of non-compliance. Key reasons included:

- Failure to operate from registered premises.
- Failure to maintain or submit statutory registers.
- Vacating licensed premises without prior notification.
- Ongoing non-responsiveness to non-compliance notices.

PERFORMANCE WITH BUDGETS

PROGRAMME/ACTIVITY/ OBJECTIVE	2024/2025			2023/2024		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration	79 593	84 718	(5 125)	71 355	78 940	(7 585)
Programme 2: Diamond Trade	17 446	17 238	209	15 008	17 036	(2 028)
Programme 3: Regulatory	31 637	31 109	528	29 537	34 074	(4 537)
TOTAL	128 676	133 064	(4 388)	115 900	130 050	(14 150)

The overspending of R5.1m on the administration programmes mainly results from depreciation R2.9m, post-retirement liability provision R1.0m and system support of R1.1m. The depreciation increase results from the revision of the useful lives of assets and additional assets procured in the period under review. The other expenditure items are funded from reserves, and the on-post-retirement liability provision variance is due to the correction of a prior period error in accounting for the post-retirement liability.

REVENUE COLLECTION

Table 6. Revenue Collection

SOURCES OF REVENUE	2024/2025			2023/2024		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/ UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Service fees	55 525	34 287	(21 238)	49 351	40 723	(8 627)
Licence fees	4 600	4 267	(333)	2 364	4 153	1 789
Interest received	3 876	4 450	574	2 310	6 797	4 487
Other income	137	343	206	95	375	280
Grant received	69 921	71 834	1 913	63 136	64 087	951
TOTAL REVENUE	134 059	115 181	(18 879)	117 256	116 135	(1 120)

The revenue from service fees is 30% (R34.3 million) of the total revenue generated, which represents a decline when compared to the 2023/24 financial year, where service fees contributed 35% (R40.7 million) of total revenue. The decline in revenue internally generated is due to the depressed diamond industry. The grant income is 61% of the total revenue, which represents an increase when compared to the 2023/24 financial year due to additional grants received from the DMRE conditional grants received from TETA and MQA for learnership and internship programmes.

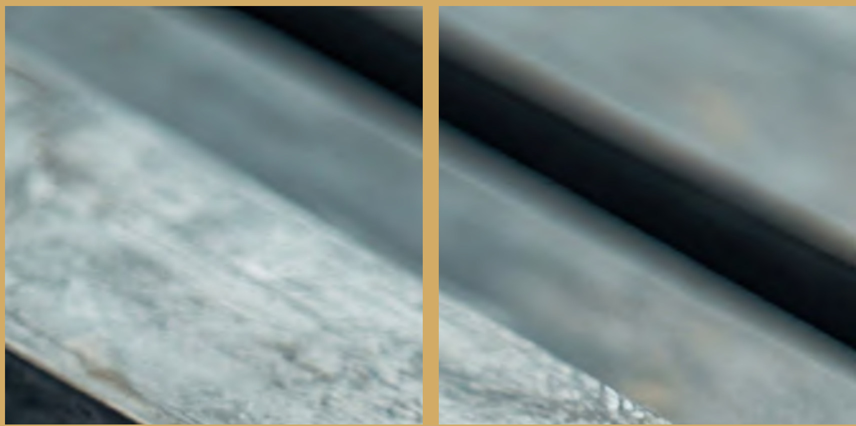
CAPITAL INVESTMENT

Table 7. Capital Investment.

INFRASTRUCTURE PROGRAMME	FY 2024/2025			FY 2023/2024		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	4 149	4 189	(39)	6 100	879	5 221
Motor vehicle	873	870	3	5 000	-	5 000
Furniture and fitting	1 088	1 082	6	7 000	4 625	2 375
Office equipment	14	10	4	1 656	322	1 334
Software	4 460	1 216	3 245	585	-	585
Security systems, machinery, and safes	2 600	740	1 860	30	30	-
TOTAL	13 184	8 106	5 077	20 371	5 856	14 515

The entity funds its capital expenditure from surplus funds (reserves). Approval was obtained from the National Treasury to retain the cash surplus for the 2024/25 financial year. Office equipment valued at R1.2 million and office furniture worth R280 000 were commitments as of year-end.

PART C



GOVERNANCE

1. INTRODUCTION

The SADPMR was established in terms of Section 3 of the Diamonds Amendment Act 29 of 2005 and is classified in terms of the PFMA, 1999, as a Schedule 3A state entity. The Diamonds Act of 1986, as amended, is the enabling legislation of the SADPMR. This Act provides for the objectives, functions, and role of the SADPMR. The Diamonds Act further makes provision for the appointment and composition of the Board of the SADPMR and the CEO as the accounting officer.

According to the PFMA of 1999, as amended, the SADPMR is a Schedule 3A state entity. The SADPMR's corporate governance is achieved through the application of the provisions contained in the PFMA, read together with the King Report IV on corporate governance.

2. PORTFOLIO COMMITTEE

Parliament has an oversight role in the overall performance of the SADPMR. The Parliamentary Portfolio Committee (PPC) on Mineral Resources and Energy reviews and oversees all functions and duties of the SADPMR, including financial matters. The SADPMR presented its annual report for 2023/2024 financial year to the PPC on 18 October 2024.

3. EXECUTIVE AUTHORITY

The SADPMR reports to the Minister of Mineral Resources and Energy as the executive authority of the entity. The SADPMR submitted the following compliance reports as required by the PFMA:

2024/2025 SUBMITTED	DOCUMENTS	DUE DATE FOR SUBMISSION	DATE SUBMITTED BY SADPMR	STATUS
QUARTER 1	Performance and financial results.	31 July 2024	31 July 2024	Completed
QUARTER 2	2025-2026 draft Budget and strategic plan 2025/2026 draft Annual report performance and financial results	31 October 2024 31 October 2024	31 October 2024 31 October 2024	Completed
QUARTER 3	Performance and financial results	31 January 2025	31 January 2025	Completed
QUARTER 4	Performance and financial results	30 April 2025	30 April 2025	Completed

4. THE ACCOUNTING AUTHORITY/BOARD

The SADPMR Board is duly appointed by the Minister of Mineral Resources and Energy in terms of Section 6 of the Diamonds Act, as amended, as the Accounting Authority (AA) of the entity. The Board comprises non-executive members and the CEO of the SADPMR; the latter serves as an ex officio member of the Board. In terms of Section 6(1) of the Diamonds Act, the Board must ensure that the functions of the SADPMR are performed. In so doing, the objects of the SADPMR are achieved. The Board is responsible for the strategic direction and financial management of the SADPMR in terms of the PFMA

4.1 BOARD CHARTER

The SADPMR Board is governed by a charter that is reviewed annually. The Board Charter outlines the Board's responsibilities towards the SADPMR as stipulated in the Diamonds Act, as amended, the PFMA, and the King Report on Corporate Governance. The Board oversees the Strategic Plan, Annual Performance Plan, and Quarterly Performance Plans of the SADPMR and ensures that the entity achieves its strategic objectives as outlined in these plans.

4.2 COMPOSITION OF THE BOARD

COMPOSITION OF THE BOARD NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES OR TASK TEAMS
Mr. Abiel Mngomezulu	Board Chairperson	20 September 2024	MSc (Engineering in Mining) BSc Hons (Geology)	Mining Value Chain Governance	Tshikululu Social Investment and Trust	Chairpersons Committee
Dr. Tshepo David Khoza	Non-Executive Board Member (Chairperson of the Committee)	20 September 2024	PhD. in Geophysics BSc (Hons). in Geophysics BSc. in Geology and Physics Global Executive Development Progamme	Mining	Moses Kotane Research Institute	Transformation and Licensing Committee
Ms. Faith Tumelo Mokwena	Non-Executive Board Member	20 September 2024	Master of Business Administration Post Graduate Diploma: Business Administration BTECH: Project Management BTECH- Business Administration National Diploma: Import and Export Management	Mining	None	Transformation and Licensing Committee
Dr. Natalie Skeepers	Non-Executive Board Member	20 September 2024	Doctorate in Engineering Management (PhD) MPhil in HIV/AIDS Management in the workplace Master of Health and Safety and Environment Post Graduate Diploma in HIV/AIDS B.Tech Degree in Environmental Health National Diploma in Public Health Executive Development Programme with University	Health and Safety	National Heritage Council South African Maritime Safety Authority Gateway Airport Authority Limited Onderstepport Biological Products	Transformation and Licensing Committee
Ms. Nongcebo Ngcobo	Non-Executive Board Member (SARB Main member)	20 September 2024	Master of Business Administration	Commerce and Banking	None	Transformation and Licensing Committee
Ms. Kamogelo Manamela	Non-Executive Board Member (SARB Alternate member)	20 September 2024	Master of Business Administration B. Com (Honours Economics) B. Com (Economics) Diploma in Central Banking Bankers Associate Diploma	Commerce and Banking	None	Transformation and Licensing Committee
Ms. Leanda-Marsha Mtshali	Non-Executive Board Member (chairperson)	20 September 2024	Post Graduate Diploma: Corporate Law Bachelor of Laws Degree (LLB) (Admitted as an Attorney, Notary and Conveyancer of the High Court of South Africa)	Law	Ports Regulatory of South Africa	HR, Remuneration and Ethics Committee
Mr. Mawethu Cawe	Non-Executive Board Member	20 September 2024	Master of Management in Human Resources Post Graduate Diploma in Management B A Degree Advanced Diploma in Labour Law	Human Resources	None	HR, Remuneration and Ethics Committee
Adv Leon Johannes Pretorius	Non-Executive Board Member	20 September 2024	LLM (Not Completed) LLB B Proc (Admitted as an Advocate of the High Court of SA)	Legal	None	HR, Remuneration and Ethics Committee
Mr. Rangers Molapo	Non-Executive Board Member (NUM Main member)	20 September 2024	Nated Course 2 HRM Certificate	Labour	None	HR, Remuneration and Ethics Committee
Mr. Dingindawo Sibeko	Non-Executive Board Member (NUM Alternate member)	20 September 2024	Human Resource Management Legal Principle of Labour Law Trade Union Practice Advanced Principles of Labour Law Assessor Learning Programme Principles of Social Security	Labour	None	HR, Remuneration and Ethics Committee
Adv. Mmadikeledi Moloto	Non-Executive Board Member (DMRE Main member)	20 September 2024	BJuris LLB	Mining and Law	None	HR, Remuneration and Ethics Committee
Ms. Fungai Mushohwe	Non-Executive Board Member (chairperson	20 September 2024	Masters in Business Administration Chartered Accountant - CA(SA) B Com Accounting (Hons) B Com Accounting	Finance, Audit and Risk	Eastern Cape Dept of Transport Eastern Cape Department of Sport, Recreation, Arts and Culture Elundini Municipality Senqu Municipality Intsika Yethu Municipality	Finance, Audit and Risk Committee

COMPOSITION OF THE BOARD NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES OR TASK TEAMS
Ms. Rebone Nkambule	Non-Executive Board Member (DMRE Alternate)	20 September 2024	Masters in Extractive Industry in Africa BJuris	Mining and Law	Petroleum Agency of SA	HR, Remuneration and Ethics Committee
Mr. Norman Tinyiko Baloyi	Board member	20 September 2024	Master of Philosophy in Development Finance Master of Business Administration (MBA) Master of Public Administration (MPA) Master of Science in Electronics Master of Science in Electrical Engineering Leadership in Municipal Governance Postgraduate Diploma in Internal Auditing Postgraduate Diploma in Risk Management BSc (Hons) in Applied Accounting BCom Honours in Industrial & Organisational Psychology, BSc Honours in Computational and Applied Mathematics BCom Honours in Human Resource Management Higher Diploma in Computer Auditing Postgraduate Diploma in Business Management Bachelor of Commerce in Financial Management Bachelor of Commerce in Human Resources Management Advanced Diploma in Accounting Sciences Bachelor of Science in Computer Science and Information Systems Bachelor of Science in Mathematics and Applied Mathematics Data metrics Diploma in Computer Science Diploma in Network Security	Finance	CENTLEC South African Forestry Company (SAFCOL)	Finance, Audit and Risk Committee
Ms. Nosiphiwo Mzamo	Non- Executive Board Member CEO, State Diamond Trader	20 September 2024	Masters in Business Administration (MBA), Engineering Graduate Diploma, Hons. BSc Degree & BSc Degree	Mining	Inyosi Coal Ndonsa Mining Khanyisa Mining	Finance, Audit and Risk Committee
Mr. Cecil Khosa	Chief Executive Officer	20 September 2024	Masters (Earth Sciences in Mining),BA Hons(Geography),BA (Geography),MDP	Earth Sciences and Mining	Jomela Consulting (Pty) Ltd	All committees and Board

BOARD AND COMMITTEE MEETINGS ATTENDED

NAMES BOARD MEMBERS	TYPES OF MEETINGS				
	BOARD	CHAIRPERSONS COMMITTEE	FARC	TRANSFORMATION & LICENCING	HR,REMUNERATION & ETHICS
1. Mr. Abiel Mngomezulu	3/3	1/1	N/A	N/A	N/A
2. Mr. Norman Tinyiko Baloyi	3/3	N/A	1/1	N/A	N/A
3. Mr. Mawethu Cawe	3/3	N/A	N/A	N/A	1/1
4. Dr. Tshepo David Khoza	2/3	1/1	N/A	1/1	N/A
5. Ms. Faith Tumelo Mokwena	3/3	N/A	N/A	1/1	N/A
6. Ms. Leanda-Marsha Mtshali	3/3	1/1	N/A	N/A	N/A
7. Ms Fungai Mushohwe	3/3	1/1	1/1	N/A	N/A
8. Dr. Natalie Skeepers	3/3	N/A	N/A	1/1	N/A
9. Adv. Leon Johannes Pretorius	3/3	N/A	N/A	N/A	1/1
10. Ms. Nongcebo Ngcobo	3/3	N/A	N/A	0/1	N/A
11. Ms. Kamogelo Manamela (Alternate)	0/0	N/A	N/A	N/A	N/A
12. Adv. Mmadikeledi Moloto	2/3	N/A	N/A	N/A	1/1
13. Ms. Rebone Nkambule (Alternate)	0/0	N/A	N/A	N/A	N/A
14. Mr. Rangers Molapo	2/3	N/A	N/A	N/A	1/1
15. Mr Dingindawo Sibeko (Alternate)	0/0	N/A	N/A	N/A	N/A
16. Ms. Nosiphiwo Mzamo	1/3	N/A	1/1	N/A	N/A
17. Mr. Cecil Khosa (CEO)	3/3	1/1	1/1	1/1	1/1

The Board members of the SADPMR are non-executive directors, except for the CEO, who serves as an *ex officio* member, as indicated. The Board is appointed by the Minister of Mineral Resources and Energy under the provisions stipulated in Section 6 of the Diamonds Act, as amended. In 2024 the CEO was acting as the Accounting Authority. The Board was appointed with effect from 20th September 2024, for a three-year term that will end on the 30th of August 2027

4.3 BOARD COMMITTEES

4.3.1 THE TRANSFORMATION AND LICENSING COMMITTEE

This committee oversees the functions of the SADPMR as described in the following pieces of legislation, regulations, and guidelines:

- The Diamonds Act No 56 (Act 56 of 1986), as amended
- Precious Metals Act No 37 (Act 37 of 2005)
- Diamond Export Levy Act No 15 (Act 15 of 2007)
- Diamond Export Levy Administration Act No 14 (Act 14 2007)
- Kimberley Process Certification Scheme
- Mining Charter 2018
- SADPMR Beneficiation Strategy

4.3.2 HUMAN RESOURCES, REMUNERATION, AND ETHICS COMMITTEE

This committee monitors the effectiveness and applicability of all HR policies, codes of practice, employment reports, employee wellness, and Occupational Health and Safety (OHS) matters. It reviews the development of codes of practice concerning remuneration and advises the Board on issues arising from them. The committee further advises the Board on all labour relations and litigation that may impact the entity as well as the shareholders. It monitors the selection and recruitment of executives managers as well as the CEO's position, as described in the SADPMR Recruitment and Selection Policy. It monitors and oversees SADPMR's marketing strategy to ensure healthy relationships with internal and external stakeholders, including public relations and communication. It advises the Board on ethics- related matters and recommends appropriate interventions for implementation by the management of the regulator.

4.3.3 THE FINANCE, AUDIT, AND RISK COMMITTEE

The primary purpose of the Finance, Audit, and Risk Committee is to support the functions of the SADPMR as described by the Public Finance Management Act (PFMA). The committee aims to ensure the following:

- Alignment between the activities of the SADPMR and provisions contained in the PFMA. The committee has oversight over SADPMR's financial affairs, which includes operational planning and capital budgeting.
- Assisting management with their responsibility of creating and maintaining an effective control environment within the regulator, including financial control, accounting systems, and reporting, as well as identifying material risks and giving them the required attention.
- The Audit Committee Charter is drawn in terms of paragraph 3.1.8 of the Treasury Regulations, read with Section 77 of the PFMA, to assist the Board concerning finance and associated matters.

4.3.4 BOARD COMMITTEES

COMMITTEE	NUMBER OF MEETINGS HELD	NUMBER OF MEMBERS	NAMES OF MEMBERS
Transformation and licensing committee	1	4	Mr T Khoza (Chairperson) Ms F Mokwena Dr N Skeepers Ms N Ngcobo Mr C Khosa (CEO)
HR, remuneration and ethics committee	1	5	Ms L Mtshali (Chair) Mr M Cawe Adv L Pretorius Mr R Molapo Adv M Moloto Mr C Khosa (CEO)
Finance, audit and risk committee	1	3	Ms F Mushohwe (Chairperson) Mr T Baloyi Ms N Mzamo Mr C Khosa (CEO)
Chairpersons committee	1	4	Mr A Mngomezulu Mr T Khoza Ms L Mtshali Ms F Mushohwe Mr C Khosa (CEO)

4.4 REMUNERATION OF THE BOARD

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER REIMBURSEMENTS	TOTAL
Mr MA Mngomezulu	57 312	102 313	3 615	163 240
Dr T Khoza	30 308			30 308
MS F Mushohwe	38 318	8 010		38 318
MR M Cawe	29 426		3 498	32 924
Adv L Pretorius	29 426		1 043	30 469
Mr R Molapo	29 426		2 290	31 716
Ms T Mokwena	29 426			29 426
Dr N Skeepers	29 426			29 426
Ms L Mtshali	38 318	1 602	280	40 200
Mr T Baloyi	29 426	8 010		29 426

SADPMR BOARD


Mr MA Mngomezulu
(Board Chairperson)


Ms L Mtshali
(Chairperson: HR, Remuneration and Ethics)


Dr T Khoza
(Chairperson: Transformation and Licensing)


MS F Mushohwe
(Chairperson: Finance, Audit and Risk)


Dr N Skeepers
(Board member)


MR M Cawe
(Board member)


Ms T Mokwena
(Board member)


Mr R Molapo
(Board member)


Mr T Baloyi
(Board member)

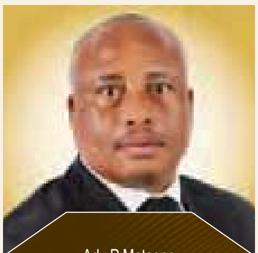

Ms N Ngcobo
(Board member)


Adv L Pretorius
(Board member)


Ms N Mzamo
(Board member)


Adv M Moloto
(Board member)


Mr C Khoza
(Ex-Officious)


Adv P Motsepe
(Company Secretary)

5. RISK MANAGEMENT

The entity operates through an approved Risk Management policy and Risk Management Terms of Reference. Risk Management Steering Committee met quarterly to deliberate on the Strategic and operational risk registers reported to the committee by management. New and emerging risks are identified by the committee quarterly and were reported to the Finance, Audit, and risk Committee. The entity's strategic and operational risks are reviewed quarterly by the Risk Management Steering Committee and reported to the Finance, Audit, and Risk Committee (FARC) on a quarterly basis and ultimately to the Board. The Finance, Audit and Risk Committee advises the entity on risk management and independently monitors the effectiveness of the system of risk management. Management continues to constantly monitor the identified risks by ensuring that they are managed and mitigated effectively. Furthermore, the management, through its Risk Management Steering Committee, continues to ensure that the entity's risk management and internal control systems always remain adequate and effective.

5.1 INTERNAL AUDIT AND AUDIT COMMITTEE

OBJECTIVE OF INTERNAL AUDIT

The objective of the internal audit is to assure that the internal control systems of the SADPMR are effective and efficient and that controls are implemented as required by Sections 51 and 77 of the PFMA under the guidance of the Finance, Audit, and Risk Committee of the Board. Key activities are as follows:

- Assists management in attaining objectives through assessing internal controls.
- Provides an assessment of the organisation's level of risk management, ensuring that controls and governance processes are operating effectively and efficiently.
- Examines and evaluates the adequacy and effectiveness of the organisation's internal control systems.
- Identifies and recommends changes that add value to the organisation.
- Provides management with sufficient, relevant, and useful information that will ensure that the organisation complies with policies, procedures, laws, and regulations.

Audit engagements conducted by the Internal Audit.

AUDIT PLAN ENGAGEMENTS	STATUS	COMPLETED
Regulatory Compliance (Regulations, Inspectorate and Transformation)	✓	Q2
Trade (DEEC and GDV)	✓	Q3
Corporate Services (Human Resources Management)	✓	Q3
Office of the CFO (Finance and Supply Chain Management)	✓	Q4
Corporate Services (ICT)	✓	Q4
Governance (Fleet Management)	✓	Q4
Performance Information (Quarter 1, 2, 3, and 4)	✓	Q4

The Internal audit division also performed follow up audits on the findings raised by AGSA in the 2023/20204 financial year as well as all internal audit findings.

Management has implemented corrective actions

An action plan to address findings of the quality assurance report was developed and tabled quarterly at the Finance Audit and Risk Committee as well as the Board. All findings relating to the report were addressed.

KEY ACTIVITIES OF THE FINANCE, AUDIT, AND RISK COMMITTEE

The key activities of the Finance, Audit, and Risk Committee are to:

- Review financial statements for completeness and accuracy and ensure they comply with disclosure requirements.
- Review the risk management framework for identifying, assessing, monitoring; and managing significant risks.
- Assess the steps management has taken to minimise significant risks and ensure that a risk management module is developed and maintained.
- Monitor the effectiveness and adequacy of the internal control systems of the regulator.
- Monitor the effectiveness and independence of the internal audit function.
- Review significant findings, recommendations, and corrective actions recommended by internal and external audits, together with the responses and action plans of management.

OBJECTIVES OF FINANCE, AUDIT, AND RISK COMMITTEE

The overall objective of the Finance, Audit, and Risk Committee is to assist management with the creation and maintenance of an effective control environment within the SADPMR. This includes financial control, accounting systems and reporting, identifying material risks, and giving them the attention they require.

Table 3. Members of the Finance, Audit and Risk Committee

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF SCHEDULED MEETINGS ATTENDED
Ms Fungai Mushohwe	Committee chairperson	20 September 2024	Masters in Business Administration Chartered Accountant - CA(SA) B Com Accounting (Hons) B Com Accounting	Finance, Audit and Risk	Finance, Audit, and Risk Committee	1/1
Ms Nosiphiwo Mzamo	Non-executive member	20 September 2024	Masters in Business Administration (MBA), Engineering Graduate Diploma Hons. BSc	Mining	Finance, Audit and Risk Committee	1/1
Mr Norman Tiyiko Baloyi	Non-executive member	20 September 2024	Master of Philosophy in Development Finance Master of Business Administration (MBA), Master of Public Administration (MPA) ,Master of Science in Electronics Master of Science in Electrical Engineering Leadership in Municipal Governance Postgraduate Diploma in Internal Auditing Postgraduate Diploma in Risk Management BSc (Hons) in applied Accounting BCom Honours in Industrial & Organisational Psychology, BSc Honours in Computational and Applied	Finance	Finance, Audit and Risk Committee	1/1

Table 4. Members of Interim Finance, Audit and Risk Committee

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF SCHEDULED MEETINGS ATTENDED
Ms Nosiphiwo Mzamo	Chairperson of interim finance, audit and risk committee	29 November 2023	Masters in Business Administration (MBA), Engineering Graduate Diploma, Hons. BSc Degree & BSc Degree	Mining	Finance, Audit, and Risk Committee	6/6
Dr Rendani Mavis Matakanye	Interim finance, audit and risk committee member	13 December 2023	PHD Business Leadership MA Business Leadership B.Com	Finance	Finance, Audit, and Risk Committee	6/6
Mr Conrad Van Der Ross	Interim finance, audit, and risk committee	24 November 2023	Leadership Management Certificate Programme for Management Development	Diamond Industry	Finance, Audit, and Risk Committee	6/6
Ms Hlumela Somikazi Madolo	Interim Finance, Audit and Risk Committee	30 November 2023	MA Accounting Sciences Postgraduate Diploma in Accounting/CTA level 1 Executive Development Programme Certificate B. Com Accounting Sciences Diploma in Education	Finance	Finance, Audit, and Risk Committee	6/6
Mr Abiel Mngomezulu	Interim Finance, Audit and Risk Committee	30 April 2024	MSc (Engineering in Mining) BSc Hons (Geology)	Mining Value Chain Governance	Finance, Audit, and Risk Committee	4/4

6. COMPLIANCE WITH LAWS AND REGULATIONS

Compliance management is a process by which management plans, organises, controls, and leads activities that ensure compliance with laws, regulations, and standards. The Risk and Compliance Unit has been established to ensure that all legislation, regulations, guidelines, and standards that govern the operation of the entity are identified and that all controls that management has put in place are effective. Regulatory Universe has been developed for all the relevant laws and legislations that the entity must comply with, it will be submitted to the Board for approval. The entity is also busy with the development of compliance frameworks, which will provide a structured set of guidelines that will ensure the entity complies with relevant laws, regulations, and internal policies. The entity has complied with all applicable laws and regulations during the financial year. Quarterly reporting to the shareholders (DMRE) as well as the Department of Planning, Monitoring, and Evaluation was conducted.

During the financial year, the internal audit division reviewed the organisation's compliance with processes and procedures, mainly focusing on compliance with internal standard operating procedures, regulations, and policies. The internal audit reports were tabled with the Finance, Audit and Risk Committee and the Board for oversight.

7. FRAUD AND CORRUPTION

The primary purpose of a fraud management plan is to proactively prevent, detect, and respond to fraudulent activities within an organisation. It aims to reduce the risk of financial losses, protect the organisation's reputation, and ensure compliance with legal and ethical standards.

The need to achieve precise victories against corruption is evident, which motivated the SADPMR employees to serve the organisation and promote the common good, but, above all, we unified efforts between SADPMR and the stakeholders mobilised collective commitment to eradicate fraud and corruption. By promoting transparency as value in all areas of SADPMR achieved more inclusive, fair and participatory of employees. For this reason, we reaffirmed our commitment towards strengthening stakeholders in a broader aspect within the organisation.

Fraud management programmes were implemented in the financial year under review. Programmes implemented included anti-fraud programs, code of ethics, internal controls and training programs.

Through the National Development Strategy of 2020- 2030. The National Anti-Corruption Hotline (NACH) (0800 701 701) is used by the SADPMR to maintain the integrity of the fraud and corruption reporting process.support of the SADPMR management this was achieved in collaboration with the external stakeholders to comply with the anti- fraud strategy of

8. MINIMISING CONFLICT OF INTEREST

The SADPMR implements the principle of transparency (segregation of duties) in financial transactions and procurement processes to minimise conflict of interest. Employees participating in the procurement process (bid committees) and job interviews are given an opportunity to declare, in writing, any existing conflict of interest, e.g., association with or relations with directors of companies participating in bids and the relationship with the candidates.

Members of the Board and various committees are required to declare any interest at the start of each meeting for record purposes and, if necessary, recusal. Additionally, SADPMR has a code of conduct in place as a guiding tool for its employees on how to conduct themselves ethically.

9. CODE OF CONDUCT

The code of conduct and good practices of the SADPMR were adhered to by employees to enhance professionalism and ethical conduct within the entity.

10. HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

Health and safety objectives in SADPMR aimed to create a safe and healthy workplace by preventing accidents, injuries, and occupational diseases. These objectives are specific, measurable, achievable, relevant, and time-bound (SMART) targets set by the SADPMR to ensure the well- being of its employees. The Health and Safety Committee played a significant role in ensuring that all legal prerequisites were complied with.

Continuous monitoring of health and safety programmes was monitored by conducting audit reviews, evacuation drills in line with the contingency plan and presentations conducted in the financial year under review. No injuries or fatalities reported in this financial year.

11. COMPANY SECRETARY/ GENERAL MANAGER GOVERNANCE

The Board of the SADPMR is appointed in terms of Section 6 of the Diamonds Act, as amended, and is assisted by the company secretary. The company secretary coordinates the following items on behalf of the Board:

- Annual schedule and compliance calendar;
- Overall administrative support and record- keeping of all proceedings of meetings;
- Advice and guidance on corporate governance matters; and
- Continuous training around corporate governance principles.

These are carried out under the Diamonds Act, PFMA, and King Report IV on Principles of Good Corporate Governance. The company secretary ensures that the Board reviews and approves all quarterly and annual performance reports, quarterly and annual financial results, five-year strategic plans, the mid-term expenditure framework, and the annual report. It is the responsibility of the company secretary to submit the Board-approved documents to the executive authority as required by the PFMA.

12. SOCIAL RESPONSIBILITY

During 2024/2025, SADPMR donated assets to three

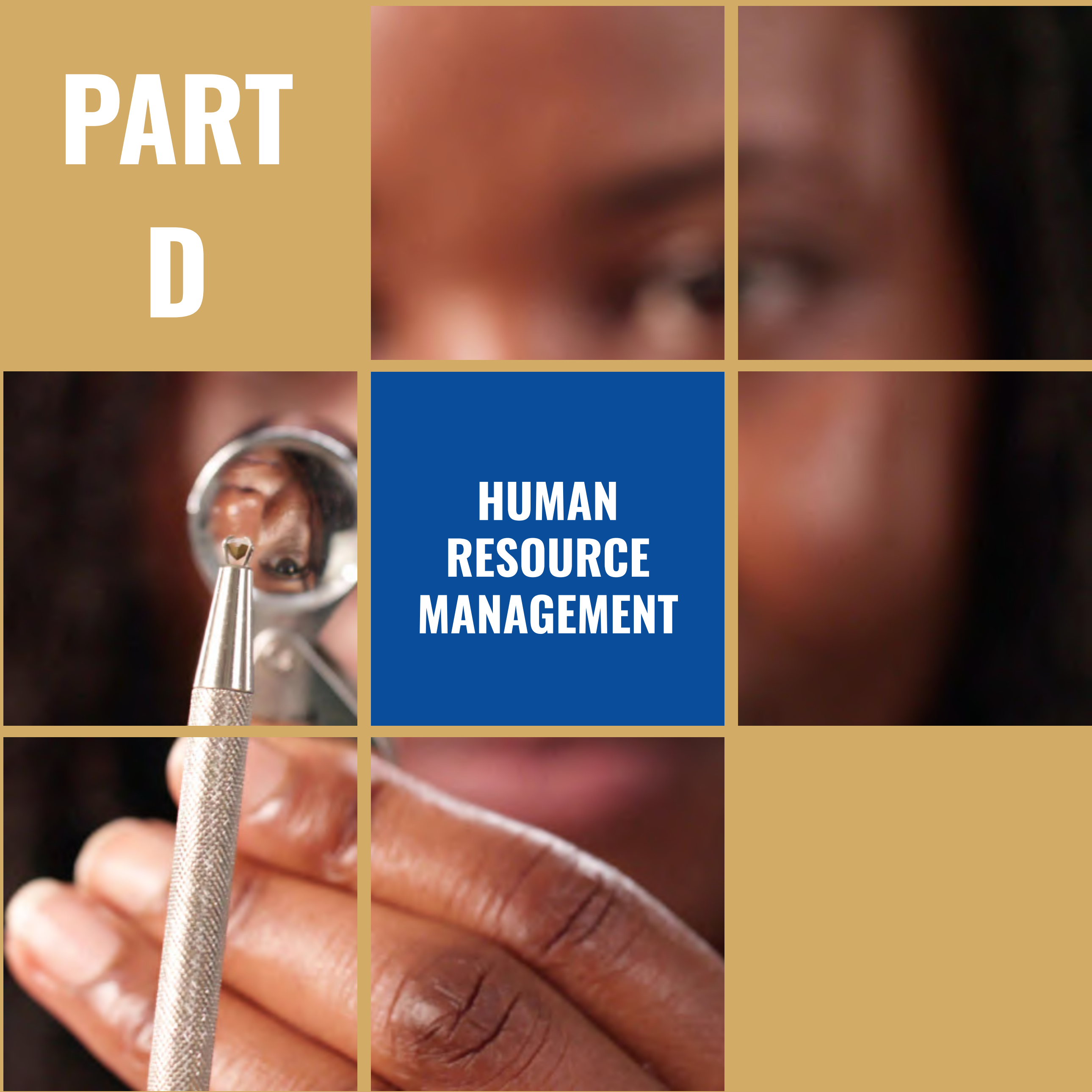
- (3) public schools. One (1) school is based in Gauteng i.e. Bonaero Park Primary School and
- two (2) at KZN which are Inkosi Lubhoko High School and Nombuso High School.

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with compliance with the Broad-Based Black Economic Empowerment (B-BBEE) requirement of the B-BBEE Act, 2013 and as determined by the Department of Trade, Industry, and Competition.

HAS THE SPHERE OF GOVERNMENT, PUBLIC ENTITY, OR ORGAN OF STATE APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1–8) WITH REGARDS TO THE FOLLOWING:		
CRITERIA	RESPONSE: YES/ NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law.	No	The provisions for B-BBEE in the relevant legislation were set aside by a court of law.
Developing and implementing a preferential procurement policy.	Yes	SADPMR developed and implemented a procurement policy that incorporates the 2022 Preferential Procurement Regulations. The policy seeks to target enterprises owned by historically disadvantaged groups such as black people, women, youth, and people living with disabilities.
Determining qualification criteria for the sale of state-owned enterprises.	N/A	This does not apply to SADPMR, as we are not mandated to sell state-owned enterprises.
Developing criteria for entering into partnerships with the private sector.	No	Not relevant to the business of the SADPMR.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of broad-based Black economic empowerment.	No	Not relevant to the business of the SADPMR.

PART D



HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The SADPMR acknowledges that human resources remain its key driving force for the successes and accolades it continues to receive in the industry and from the public. The Human Resources Division is strategically positioned to enable the SADPMR to achieve its mandate.

Highlights: In 2024/2025 financial year, the SADPMR, through the Human Resources division, embarked on a project to benchmark employees' salaries to address the disparities that exist in core and support divisions. The outcomes of the project are anticipated to be implemented in the coming financial years, subject to the availability of funds.

The strategic post of General Manager Trade became vacant in October 2024. Due to financial constraints, the filling of the post was put on hold until further notice.

The SADPMR signed another Memorandum of Understanding (MoU) with TETA for the funding of another intake of 12 learners from Technical and Vocational Education and Training (TVET) colleges for an 18-month contract. This follows the expiry of the 18-month contract of 16 TETA learners, which ended in September 2024.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

Table 1 below reflects the personnel cost per programme.

The total number of employees included (12) interns, and (3) terminated permanent employees.

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)		(R'000)
Administration	85 661	47 705	55	867
Diamond trade	17 238	15 295	25	612
Regulatory compliance	31 110	30 675	44	697
TOTAL	134 008	93 675	124	2176

2.2 PERSONNEL COST BY SALARY BAND

The table below depicts the personnel costs per salary band.

Table 2. Personnel costs per salary band

SALARY BAND	PERSONNEL EXPENDITURE	PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)	#	(R'000)
Top management	12 626	13%	6	2 104
Senior management	15 820	17%	10	1 582
Professional qualified	24 987	27%	25	999
Skilled	29 379	31%	43	683
Semi-skilled	9 452	10%	36	263
Unskilled	1 411	2%	5	282
TOTAL	93 675	100	124	5 913

The total includes (12) interns and (3) terminated permanent employees.

2.3 PERFORMANCE REWARDS (No performance Bonus)

The table below illustrates the percentages of the performance rewards paid to qualifying employees from the personnel expenditure:

Table 3. Performance rewards

Performance rewards per salary band

2024/25

No rewards = 0

0	Top management
0	Senior management
0	Professional qualified
0	Skilled
0	Semi-skilled
0	Unskilled

2.4 TRAINING COSTS

Table 4 (below) shows the personnel training and bursary expenditures per programme

Table 4. Personnel training and bursaries expenditure per programme

PROGRAMME	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A PERCENTAGE OF PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)	(R'000)		(R'000)
Administration	47 705	486	1%	22	22
Diamond trade	15 295	226	1.7%	9	25
Regulatory compliance	30 675	254	0.8%	11	23
TOTAL	93 675	966		42	70

2.5 INTERNSHIP AND WORK- INTERGRATED LEARNERS' PROGRAMME

Table 5(a). The number of interns in 2024/2025 financial year

								FOREIGN NATIONALS	
A	C	I	W	A	C	I	W	MALE	FEMALE
5	0	0	0	12	0	0	0	0	0

TOTAL

17

Table 5(a) above illustrates the number of 17 interns in the 2024/25 financial year. By the end of March 2025, the employer had 15 interns, after two of them received employment offers beyond the SADPMR internship programme.

*12 Interns funded through SADPMR budget

*5 Interns funded through MQA

A = Africans; C = Coloureds; I = Indians; W = Whites

Table 5(b) below illustrates the number of 28 learners in the 2024/25 financial year. By the end of March 2025, the employer had 11 learners after the 18-month contract of 16 learners expired, and 1 learner from the existing contract got employment offers beyond the SADPMR work-integrated learning programme.

Table 5(b). The number of learners in the 2024/2025 financial year under review as funded through TETA

								FOREIGN NATIONALS	
A	C	I	W	A	C	I	W	MALE	FEMALE
7	0	0	0	21	0	0	0	0	0

TOTAL

28

A = Africans; C = Coloureds; I = Indians; W = Whites

2.6 EMPLOYMENT AND VACANCIES EMPLOYMENT CHANGES

Table 6. Number of approved, filled, and vacant positions per programme

PROGRAMME	2024/2025 NUMBER OF EMPLOYEE (BUDGET R'000)	2024/2025 APPROVED POSTS	2024/2025 NUMBER OF EMPLOYEES	2024/2025 VACANCIES	PERCENTAGE OF VACANCIES
Administration	44 205	47	46	1	0.9
Trade	15 055	23	21	2	1.8
Regulatory compliance	29 575	42	42	0	0
TOTAL	88 835	112	109	3	2.7

2.7 EMPLOYMENT CHANGES

Table 8 (below) reflects that the number of full-time personnel employed at the beginning of the financial year was (111) and is currently (109).

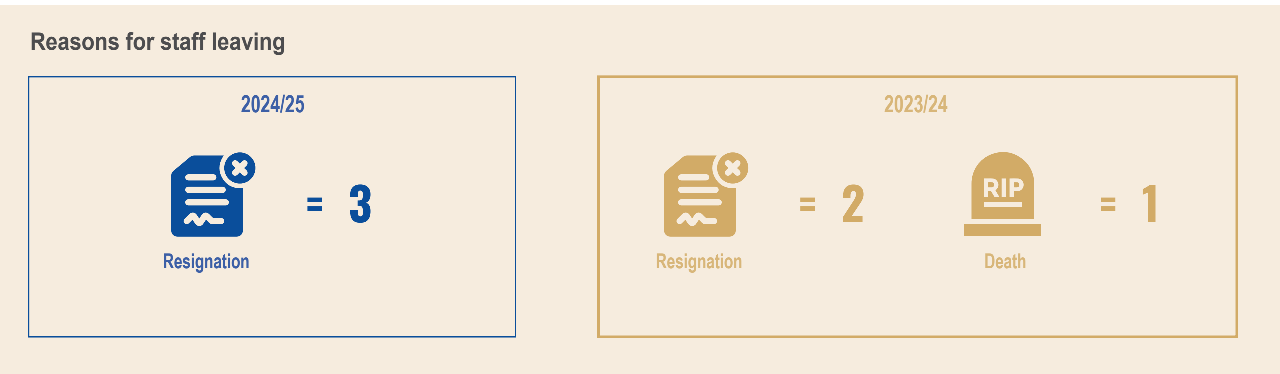
SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF PERIOD
Top management	6	0	1	5
Senior management	10	0	0	10
Professional qualified	25	0	0	25
Skilled	43	0	2	41
Semi-skilled	21	1+1*	0	23
Unskilled	6	0	1*	5
TOTAL	111	2	4	109

** One official was categorised at the level of unskilled for Hygiene Technician instead of Semi-Skilled for Data Analyst.*

Table 8. Number of full-time personnel employed at the beginning of the financial year.

2.8 REASONS FOR STAFF LEAVING

Table 9 below demonstrates the number of personnel posts terminated during the year under review. The vacant posts cannot be filled in 2025/2026 financial year due to financial constraints.



2.9 NATURE OF DISCIPLINARY ACTION

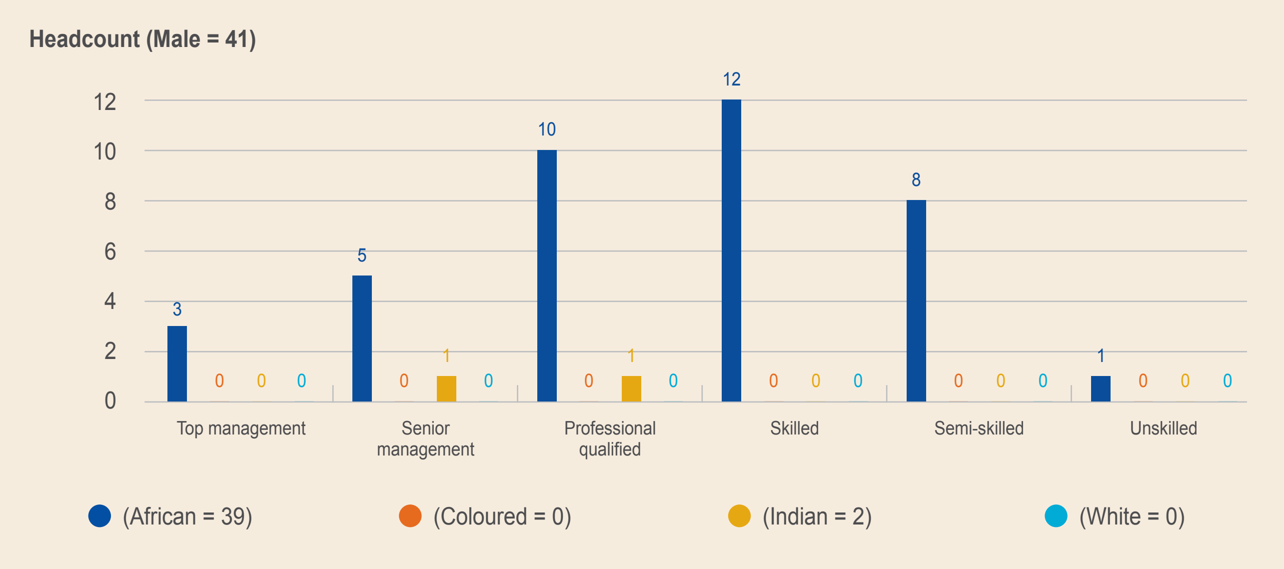
LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

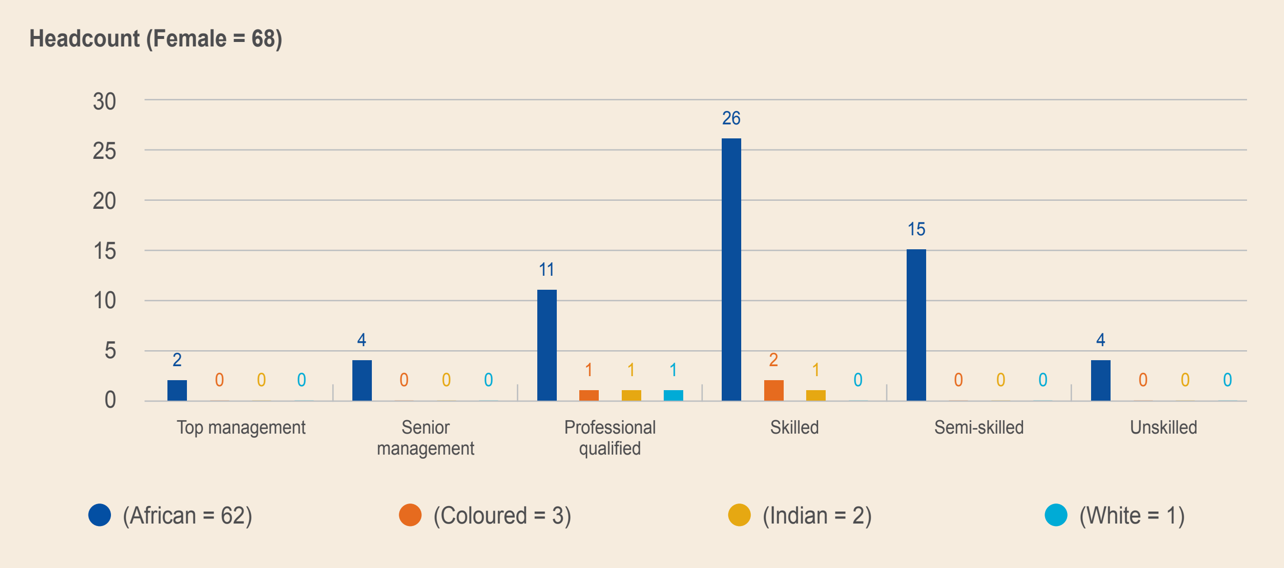
Table 9 illustrates the total number of corrective measures taken during the year under review.

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

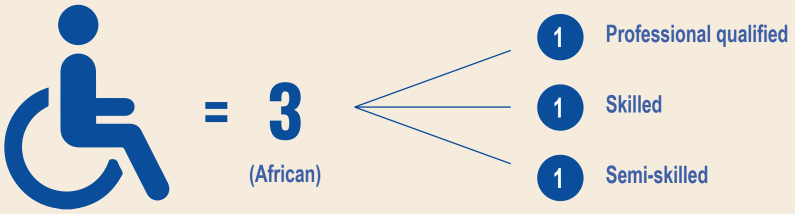
Table 7 (below) illustrates that, as of 31 March 2025, the employment equity staffing ratios is at 99.1% Black against 0.9% White; 61% females against 39% males; and 57.9% involved in core functions against 42.1% support-function staff. The SADPMR headcount is 109.

Table 7. SADPMR headcount





Disabled staff



The total number of (109) in the above table excludes the (1) WGM Chairperson, (15) interns, and (101) work- integrated learning programmes were excluded from the table.

2.10 FEMALES IN THE ORGANISATION

In the year under review, the SADPMR by the end of 31 March 2025, had a total of 66 female employees, representing 61% of the total female staff complement; this is consistent with the achievement in the 2023/2024 financial year. The achieved percentage of women during this period is 50% of the national EE target for women. The SADPMR is committed to complying with the objectives of the Employment Equity Act and oth.

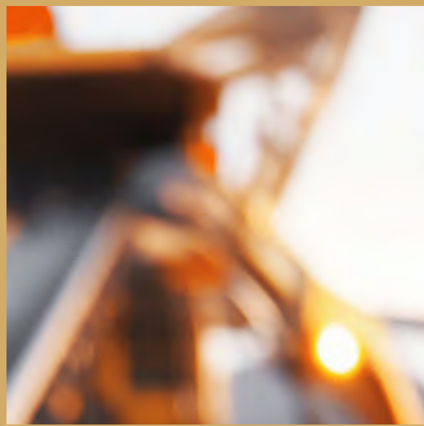
2. 11 YOUTH IN THE ORGANISATION

In the 2024/25 financial year, the SADPMR managed to achieve 24% against the target of 15% for the youth in the organisation by hiring 17 graduates on the internship programme, including the hiring of a female employee on a permanent post.er relevant legislation.

2.12 PEOPLE WITH DISABILITIES IN THE ORGANISATION

Throughout the year 2024/2025, the SADPMR maintained 2.9% of people with disabilities. The number comprises (4) Africans, (2) females are in the administration programme, and another (1) female, as well as one (1) male employee, are in the core division of the SADPMR

PART E



PFMA COMPLIANCE REPORT

1. INFORMATION ON IRREGULAR, FRUITLESS, WASTEFUL EXPENDITURE, AND MATERIAL LOSSES

RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Opening balance	61	234
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Irregular expenditure confirmed	234	76
Less: Irregular expenditure condoned	-	(234)
Less: Irregular expenditure not condoned and removed	61	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
CLOSING BALANCE	234	76

RECONCILING NOTES

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Irregular expenditure that was under assessment	-	76
Irregular expenditure that relates to the prior year and is identified in the current year	-	-
Irregular expenditure for the current year	234	76
TOTAL	234	76

DETAILS OF IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Irregular expenditure under assessment	234	76
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-

The assessment of the 2024/25 irregular expenditure was concluded after the financial year had closed

DETAILS OF IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Irregular expenditure condoned		234
TOTAL		234

The amount of R233 955.28 relating to non-adherence to financial delegations of authority was condoned by the Accounting Authority after corrective measures were implemented (disciplinary).

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

DESCRIPTION
None
TOTAL R-

There are no inter-institutional arrangements which led to irregular expenditure

Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)1

There are no inter-institutional arrangements which led to irregular expenditure

DESCRIPTION	2023/2024	2024/2025
	R'000	R'000
None	-	-
Total	-	-

Details of disciplinary or criminal steps taken as a result of irregular expenditure

DISCIPLINARY STEPS TAKEN
Two (2) employees were subjected to disciplinary processes for the irregular expenditure, amounting to R234 thousand, incurred without adherence to financial delegations of authority.

DETAILS OF IRREGULAR EXPENDITURE REMOVED (NOT CONDONED)

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Irregular expenditure NOT condoned and removed	71	-
TOTAL	71	-

The irregular expenditure was not condoned by the National Treasury but was removed as the entity had implemented corrective measures in the form of training and improved processes.

DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Irregular expenditure recoverable	-	-
TOTAL	-	-

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

DESCRIPTION	2023/2024	2024/2025
	R'000	R'000
Irregular expenditure written off	-	-
TOTAL	-	-

FRUITLESS AND WASTEFUL EXPENDITURE

RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Opening balance	0.6	0.6
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	0.6	-
CLOSING BALANCE	0.6	-

The interest levied by a service provider was successfully negotiated and reversed. A credit note was issued to the entity, hence, the R0 balance.

RECONCILING NOTES

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Fruitless and wasteful expenditure that was under assessment	0.6	-
Fruitless and wasteful expenditure that relates to the prior year and is identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	0.6	-
TOTAL	0.6	-

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Fruitless and wasteful expenditure under assessment	0.6	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
TOTAL	0.6	-

The interest levied by a service provider was successfully negotiated and reversed. A credit note was issued to the entity, hence, the R0 balance.

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

DESCRIPTION	2023/2024 R'000	20242025 R'000
Fruitless and wasteful expenditure recoverable.	-	-
TOTAL	-	-

The fruitless and wasteful expenditure is still under assessment; there is no conclusion on liability or recovery.

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERABLE AND WRITTEN OFF

DESCRIPTION	2023/2024 R'000	2024/2025 R'000
Fruitless and wasteful expenditure written off	-	-
TOTAL	-	-

There is no fruitless and wasteful expenditure identified in the 2024/25 financial year.

DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

DISCIPLINARY STEPS TAKEN
None

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))3

DETAILS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT	2023/2024	2024/2025
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
TOTAL		

OTHER MATERIAL LOSSES RECOVERABLE

NATURE OF LOSSES	2023/2024	2024/2025
	R'000	R'000
(Group major categories, but list material items)		-
TOTAL		-

There are no material losses and thefts reported in the 2024/25 financial year.

OTHER MATERIAL LOSSES NOT RECOVERABLE AND WRITTEN OFF

NATURE OF LOSSES	2023/2024	2024/2025
	R'000	R'000
(Group major categories, but list material items)	-	-
TOTAL	-	-

DETAILS OF OTHER MATERIAL LOSSES

NATURE OF LOSSES	2023/2024	2024/2025
	R'000	R'000
(Group major categories, but list material items)	-	-
TOTAL	-	-

2. INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

There were amendments to travel arrangements and queries with the travel agencies that were not resolved on time. Corrective measures were put in place.

DESCRIPTION	NUMBER OF INVOICES	VALUE R'000
Valid invoices received	787	41 683 319
Invoices paid within 30 days or the agreed period	768	41 385 190
Invoices paid after 30 days or the agreed period	19	298 129
Invoices not yet paid but still within 30 days or the agreed period	-	N/A
Invoices older than 30 days or the agreed period (unpaid and without dispute)	-	N/A
Invoices older than 30 days or the agreed period (unpaid and in dispute)	-	N/A

3. INFORMATION ON SUPPLY CHAIN MANAGEMENT

3.1 PROCUREMENT BY OTHER MEANS (DEVIATIONS)

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Compliance Short Course	University of Johannesburg	Single source	N/A	84
Payroll training and tax administration	Getsmater	Single source	SADPMR08640	15
Mobile toilets	TLD Enterprise	Emergency	SADPMR08638	15
Security equipment	NEC Xon	Emergency	SADPMR08462	7
Staff recognition ceremony	The Jewel	Single source	SADPMR08720	20
Disposal of a vehicle	G-Fleet	Single source	N/A	6
Kimberley office accommodation	Northern Cape Provincial Department of Economic Development (NCPDED)	Single source	SADPMR08673	12
SAGE VIP training	Sage South Africa (Pty) Ltd	Single source	SADPMR08674	19
Venue and facilities	GIDZ	Single source	SADPMR08695	4
Outreach programme	Favorite Sports (Pty)Ltd	Single source	SADPMR08736	5
Reconfiguration of VIP system.	Brilliant Link	Multiple source	SADPMR0876 6	14
PASTEL maintenance and support.	Finware	Multiple source	SADPMR08788	522
Salary benchmarking	21st Century	Single source	SADPMR08780	140
TOTAL				890

3.2 CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
Cleaning Services	Ilitha Projects	Contract expansion	SADPMR08529	830	93	0
Insurance Services	Quintonsys	Contract variation	SADPMR08477	1594	280	57
Vehicle Tracking Services	C-Track	Contract expansion	SADPMR08534	140	14	0
Salary Benchmarking	21st Century	Contract expansion	SADPMR08564	177	14	0
Financial System Support.	Finware	Contract expansion	SADPMR08433	43	14	0
Legal Services	Cliffe Dekker	Contract expansion	SADPMR08695	207	1100	863
Insurance Services	Quintonsys	Contract expansion	SADPMR08716	1594	4	337
TOTAL				4 583	1 282	1 494

PART F



FINANCIAL INFORMATION



INDEX

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

Report on the audit of financial statements

Opinion

1. I have audited the financial statements of the South African Diamond and Precious Metals Regulator set out on pages 89 to 143, which comprise statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Diamond and Precious Metals Regulator as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards} (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 85, forms part of my auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to regulatory compliance presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - % of license application finalised (Precious Metals}
    - % of license application finalised (Diamond)
    - % of beneficiation licenses finalised (Diamond)
    - Number of inspections conducted in licensed precious metals premises
    - Number of inspections conducted in licensed diamonds premises
    - % of non-compliance notices issued relative to non-compliance incidents identified.
    - Number of precious metals joint inspections conducted with law enforcement stakeholders
    - Number of diamond joint inspections conducted with law enforcement stakeholders
    - Number of audits conducted on high-risk Precious Metals refining licenses
    - Number of Diamond register analysis conducted
    - Number of Precious Metals register analysis conducted
    - Number of assisted inactive licensees through relevant interventions (Precious Metals)
    - Number of assisted inactive licensees through relevant interventions (Diamond)
    - % of recommended export approval applications meeting local demand
    - Number of licensees assessed
    - Number of enterprises developed
    - Number of enterprises maintained
    - % of enterprises/ partnerships monitored
    - Number of HDP licenses issued.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under- achievements.

18. The table that follows provides information on the achievement of the planned target and indicator that was not achieved as reported in the annual performance report. The reasons for any underachievement of the targets I measures taken to improve performance are included in the annual performance report on pages 22 to 45.

Programme 3: Regulatory compliance

Targets achieved: 86%

Key indicator not achieved	Planned target	Reported achievement
Number of HOP licenses issued.	50	43

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and(b) of the PFMA.

24. Material misstatements identified by the auditors in the submitted cashflow statement and commitments for expenditure were corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. The matters reported below are limited to the significant internal control deficiency that resulted in the material finding on compliance with legislation included in this report.

31. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

Auditor - General

Johannesburg
31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity's to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the public entity's financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the public entity's to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5. 7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3

GENERAL INFORMATION

Controlling Entity	Department of Mineral Resources and Energy	
Financial Statements relate to	South African Diamond and Precious Metals Regulator	
Domicile, Legal Form and Jurisdiction	Schedule 3A entity listed in terms of the Public Finance Management Act, No. 29 of 1999 (PFMA) as amended.	
Nature of Business and Principal Activities	Regulating the possession, purchase, sale, processing and the export of diamonds. In addition, administer and control all matters relating to the acquisition, possession, smelting, refining, fabrication, use and disposal of precious metals.	
Members of the Accounting Authority	Mr. A Mngomezulu	Board Chairperson
	Mr C Khosa *	Chief Executive Officer
	Mr N Baloyi	Board Member
	Mr M Cawe	Board Member
	Dr T Khoza	Board Member
	Ms T Mokwena	Board Member
	Ms L Mtshali	Board Member
	Mr R Molapo	Board Member
	Mrs F Mushohwe	Board Member
	Dr N Skeepers	Board Member
	Adv LJ Pretorius	Board Member
	Adv M Moloto	Board Member
	Ms N Ngcobo	Board Member
	Ms K Manamela (Alternate)	Board Member
	Mr D Sibeko (Alternate)	Board Member
	Ms R Nkambule (Alternate)	Board Member
	Ms N Mzamo	Board Member
	* Ex-officio Member of the Board	
	Members of the Accounting Authority (Board) were appointed on 20 September 2024.	

Address	**Business Address**	**Postal Address**
	C/o Bonaero Drive and Cote D'Azur Avenue	P O Box 16001
	Kempton Park	Jewel City
	1622	Doornfontein
		2028
Website:	http://www.sadpmr.co.za	
Bankers	Nedbank	
	Head Office Address	
	135 Rivonia Road	
	Sandton	
	2196	
Auditors	Auditor-General of South Africa	
	Head Office Address	**Postal Address**
	4 Daventry Street	PO Box 446
	Lynnwood Bridge Office Park	Pretoria
	Lynnwood Manor	0001
	Pretoria, SA	

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The Annual Financial Statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial controls established by the entity and places considerable importance on maintaining an effective control environment. The Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficiencies in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risks cannot be fully eliminated, the entity endeavours to minimise them by ensuring that, controls, systems and ethical behaviour are applied and managed within predetermined procedures.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the reasonable, and not absolute, assurance against material misstatement.

The SADPMR is dependent on government grants, licenses, penalties and service fees for the continued funding of its operations. The Accounting Authority has reviewed the SADPMR's cash flow forecast for the year to 31 March 2026, considering the current financial position, the Accounting Authority is concerned that the SADPMR's operational existence is dependent on the approval of National Treasury to retain cash surpluses (reserves). This is because the diamond industry, which is the main source of internally generated revenue, is depressed. The Annual Financial Statements are prepared on the basis that the SADPMR is a conditional going concern. The Accounting Authority is primarily responsible for the financial affairs of the entity. The SADPMR is supported by the entity's internal auditors.

The Annual Financial Statements set out on pages 89 to 143, were prepared on a conditional going concern basis, approved by the Accounting Authority on 30 May 2025.

Mr. Abiel Mngomezulu
Chairperson of the Board

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

	Note	31 March 2025 R	31 March 2024 Restated R
ASSETS			
Current Assets		**52,709,787**	**75,473,527**
Inventories	1	808,129	921,813
Prepayments	2	1,844,932	1,915,152
Receivables from Exchange Transactions	3	214,764	331,506
Statutory Receivables from Exchange Transactions	4	626,179	736,238
Receivables from Non-exchange Transactions	5	521,290	292,073
Cash and Cash Equivalents	6	48,694,493	71,276,745
Non-Current Assets		**26,644,330**	**23,114,222**
Property, Plant and Equipment	7	23,961,202	21,377,353
Prepayments	2	214,787	299,393
Intangible Assets	8	2,093,109	1,062,244
Long-term Receivables	9	375,232	375,232
Total Assets		**79,354,117**	**98,587,749**
LIABILITIES			
Current Liabilities		**10,036,763**	**12,973,229**
Provisions	10	135,066	126,339
Payables from Exchange Transactions	11	1,845,711	4,363,859
Employee Benefit Liabilities - Short Term	12	3,068,218	3,943,444
Unspent Grant	13	-	36,960
Operating Lease Liabilities	14	4,987,768	4,385,657
Finance Lease Obligations	15		116,970
Non-Current Liabilities		**11,214,963**	**9,108,100**
Employee Benefit Liabilities	16	11,214,963	9,108,100
Total Liabilities		**21,251,726**	**22,081,329**
NET ASSETS		**58,102,391**	**76,506,418**
Accumulated Surplus		58,102,391	76,506,418
Total Net Assets and Liabilities		**79,354,117**	**98,587,749**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2025

	Note	31 March 2025 R	31 March 2024 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Government Grants and Subsidies Received	18	69,921,000	63,136,000
Other Grants	18	1,912,873	1,232,873
Revenue from Exchange Transactions			
Rendering of Services	19	34,287,275	40,723,382
Interest Earned	20	4,450,158	6,796,793
License Fees and Permits	21	4,266,713	4,180,256
Other Revenue	22	342,893	367,403
Total Revenue		**115,180,912**	**116,436,707**
EXPENDITURE			
Employee Related Costs	23	93,426,209	88,909,211
Depreciation and Amortisation	24	4,004,118	3,888,530
Bad Debt Written-off	25	981	56,584
Impairment Losses	25	(1,039)	(55,545)
Finance Costs	26	1,359,270	1,275,808
Repairs and Maintenance	27	573,694	654,526
General Expenses	28	33,747,114	34,415,554
Total Expenditure		**133,110,347**	**129,144,669**
OPERATING DEFICIT FOR THE YEAR		**(17,929,435)**	**(12,707,962)**
OTHER REVENUE / EXPENDITURE INCURRED			
(Losses) / Gains on Other Operations:			
Gains / (Losses) on Foreign Exchange	29	(68,145)	(35,531)
Loss on Disposal of Assets	7	(406,447)	(1,363,370)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**(474,592)**	**(1,398,901)**
DEFICIT FOR THE YEAR		**(18,404,027)**	**(14,106,863)**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2025

Description	Accumulated Surplus/(Deficit) R	Total R
Balance at 31 March 2023	90,613,282	90,613,282
Balance at 01 April 2023	**90,613,282**	**90,613,282**
Restated deficit for the year	(14,106,863)	(14,106,863)
Previously stated	(14,399,054)	(14,399,054)
Correction of prior period error	292,192	292,192
Balance at 31 March 2024	**76,506,419**	**76,506,419**
Deficit for the year	(18,404,027)	(18,404,025)
Balance at 31 March 2025	**58,102,392**	**58,102,395**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

	Note	31 March 2025 R	31 March 2024 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grant and Subsidies		71,567,696	63,555,040
Rendering of Services		34,387,203	42,052,208
Licences		4,266,713	4,180,256
Interest Received		4,445,456	6,893,809
Other Receipts		432,014	265,086
		115,099,082	**116,946,399**
Payments			
Employee Related Costs		(95,397,697)	(91,957,795)
Cash paid to suppliers		(34,139,215)	(34,101,548)
Interest Paid		(2,170)	(26,708)
		(129,539,082)	**(126,086,051)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	32.	**(14,440,000)**	**(9,139,652)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7.	(6,890,806)	(5,855,667)
Purchase of Intangible Assets	8.	(1,215,550)	-
Proceeds on Disposal of Property, Plant and Equipment		81,074	37,353
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(8,025,282)**	**(5,818,314)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Borrowings		(116,970)	(259,645)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(116,970)**	**(259,645)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(22,582,252)**	**(15,217,614)**
Cash and Cash Equivalents at Beginning of Period	6.	71,276,745	86,494,359
Cash and Cash Equivalents at End of Period	6.	48,694,493	71,276,745

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2025

Description	Original Total Budget R	Budget Adjustments R	Final Adjustments Budget R	Shifting of Funds R	Final Budget R	Actual R	Variance R	Actual Outcome as % of Final Budget R
FINANCIAL PERFORMANCE								
Revenue from Non-exchange Transactions								
Government Grants and Subsidies Received	59,921,000	10,000,000	69,921,000	-	69,921,000	69,921,000	-	0.00-
Other Grants	-	-	-	-	-	1,912,873	1,912,873	100
Revenue from Exchange Transactions								
Rendering of Services	58,887,864	(3,362,618)	55,525,246	-	55,525,246	34,287,275	(21,237,971)	(38)
License Fees	3,180,500	1,419,500	4,600,000	-	4,600,000	4,266,713	(333,287)	(7)
Interest Earned	6,493,344	(2,617,448)	3,875,896	-	3,875,896	4,450,158	574,262	15
Other Revenue	137,300	-	137,300	-	137,300	342,893	205,593	150
Total Revenue	**128,620,008**	**5,439,434**	**134,059,442**	**-**	**134,059,442**	**115,180,912**	**(18,878,530)**	
Expenditure								
Employee Related Costs	95,448,660	(2,481,157)	92,967,503	3,752	92,971,255	93,426,209	(454,954)	0
Depreciation and Amortisation	1,053,036	-	1,053,036	-	1,053,036	4,004,118	(2,951,082)	(280)
Bad Debt Written-off	-	-	-	-	-	981	(981)	(100)
Impairment Losses	-	-	-	-	-	(1,039)	1,039	100
Finance Costs	50,370	-	50,370	291,085	341,455	1,359,270	(1,017,815)	(298)
Repairs and Maintenance	564,000	(220,000)	344,000	-	344,000	573,694	(229,694)	(67)
General Expenses	35,303,942	(1,043,389)	34,260,553	(294,837)	33,965,716	33,747,114	218,602	1
Total Expenditure	**132,420,008**	**(3,744,546)**	**128,675,462**	**-**	**128,675,462**	**133,110,347**	**(4,434,885)**	
Surplus/(deficit)	**(3,800,000)**	**9,183,980**	**5,383,980**	**-**	**5,383,980**	**(17,929,435)**	**(23,313,415)**	
Gains/(Losses) on Other Operations	-	-	-	-	-	(68,145)	(68,145)	(100)
Loss on Disposal of Property, Plant and Equipment					-	(406,447)	(406,447)	(100)
Surplus/(deficit) for the Year	**(3,800,000)**	**9,183,980**	**5,383,980**	**-**	**5,383,980**	**(18,404,027)**	**(23,788,007)**	

SADPMR obtained approval, from National Treasury, to retain cash surplus of R60.36m disclosed in the 2023/24 financial statements. The funds were utilised to fund capital expenditure and other operating expenditure to cover the revenue shortfall.

Shifting of funds related to movement of funds which were in line with the approved financial delegations of authority.

The entity adjusted its original budget by reducing the projected revenue to take into account the unfavourable conditions in the diamond industry. Cost containment measures were also put in place as a control to reduce the projected 2024/25 deficit.

The budget is for the period 1 April 2024 to 31 March 2025, prepared and presented on accrual basis. The budget is in line with the financial period.
A difference of the higher of above 10 % or R0.500m between budget and actual amounts is regarded as material and explained in the variance explanation below.

Note
Percentage expenditure variance :
() indicates overspending or lower than estimated revenue.

Revenue

Rendering of Services (38%)
The SADPMR derives its income from the services that are rendered in terms of regulation 10(2) b of the Diamonds Act. Decline in revenue is mainly due to the decline in diamond production which negatively affected revenue generated from service fees and the stronger Rand against the Dollar.

Licence fees (7%)
The under collection in licence fees is attributed to the ongoing slump in the diamond industry which has dampened the interest of new applicants and renewal of existing licences.

Interest Earned 15%
Interest exceeds budget due to higher than anticipated bank balance as some projects funded from reserves were put on hold during the period under review.

Other Revenue 150%
The increase is due to study fees recoverable from employees who did not meet the bursary contract obligations and management fees on the learnership program.

Expenditure

Depreciation and Amortisation (277%)
The increase in depreciation results from the revision of useful lives of assets.

Bad Debt Written-off (100%)
The variance relates to bad debts written-off which were not budgeted for. Reasonable steps were taken to recover the amounts outstanding with no success.

Impairment Losses (100%)
The variance relates to impairment provision reversed during the year. The SADPMR does not budget for impairment loss.

Finance costs (298%)
The variance results from interest on post retirement medical benefit not budgeted for.

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance and issued by the Accounting Standards Board and guidelines issued by National Treasury.

The Annual Financial Statements have been prepared on an accrual basis (excluding the cash flow) of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

Accrual basis of accounting means effects of transactions and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 Presentation currency and functional currency

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the SADPMR.

1.2 Changes in Accounting Policy

Accounting Policies have been consistently applied, except where otherwise indicated below.

1.3 Comparative information

Where the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed in the notes to the financial statements.

1.4 Use of estimates and judgements

Preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Actual results may differ from estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements and estimations that management have made in the process of applying the Entity's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.4.1 Impairment of Trade Receivables

The SADPMR assesses its financial assets for impairment at the end of each financial year. In determining whether an impairment loss should be recorded in surplus or deficit, judgements are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

These amounts are then transferred to a provision for doubtful debts which is adjusted annually.

1.4.2 Impairment of Other Financial Assets

Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period.

1.4.3 Defined Benefit Plan Liabilities

SADPMR obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the SADPMR are Post-retirement health benefit obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the applicable Notes to the Annual Financial Statements.

1.4.4 Useful lives of Property, Plant and Equipment and Intangible Assets

Estimates in this regard are based on historical experience and expectations of the manner in which assets are to be used. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

Property, Plant & Equipment is depreciated and Intangible Assets amortised over the estimated useful lives of the assets.

Changes in accounting estimates are applied prospectively and details are disclosed in notes to the Annual Financial Statements where applicable.

1.5 Going Concern Assumption

Management and the Accounting Authority have made the assessment of SADPMR's going concern and the financial statements have been prepared on a going concern basis based on the expectation that the entity will continue to operate as a going concern for at least 12 months, subject to approval of cash surplus (reserves) retention by National Treasury. The SADPMR is partly dependent on the state for funding.

1.6 Materiality and aggregation

In terms of GRAP omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. Users are assumed to have a reasonable knowledge of government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2. INVENTORIES

Inventories consists of broker's notes, certificates and registers held for resale and consumables held for office use.

Inventory is recognised as an asset if, and only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
(b) the cost of the inventories can be measured reliably.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transactions, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are subsequently measured at the lower of cost and net realisable value, except where they are held for:

(a) distribution through a non-exchange transaction; or
(b) consumption in the production process of goods to be distributed at no charge or for a nominal charge. In that case they are subsequently measured at the lower of cost and current replacement value.

Inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Broker's notes, certificates, registers and consumables are valued using the weighted average cost formula.

3. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

3.1 Financial Assets

A financial asset is cash; residual interest of another entity; or contractual right to receive cash or another financial asset.

Financial assets are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, including transaction costs, with the exception of financial assets measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other receivables from exchange transactions

Trade receivables comprise of receivables from the sales of good and service in the ordinary course of business. Other receivables consists of deposits relating to the leasing of premises and legal fees.

Trade and other receivables from exchange transactions are subsequently stated amortised cost, which, due to their short term nature, closely approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits held on call. Cash and cash equivalents are subsequently stated at amortised cost, which, due to their short term nature, closely approximate their fair value.

Investment at fair value

Investments at fair value are subsequently measured at fair value and the fair value adjustments are recognised in the surplus or deficit.

Impairment of financial assets

At the end of each reporting period the SADPMR assesses all financial assets, other than those at fair value through surplus

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The carrying amount of the receivable is reduced through the use of an allowance account. Impaired financial assets are derecognised when they are assessed as irrecoverable.

For amounts due to the entity, significant financial difficulties of the debtor e.g.defaulting on payment terms are all considered indicators of impairment. As the indicators are subject to uncertainty and as such may change in future financial periods. Such changes in estimates may have the effect of decreasing impairment losses recognised.

Offsetting

Financial assets have not been offset in the Statement of Financial Position.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is derecognised when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

3.2 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially measured at fair value, including transaction costs, with the exception of financial liabilities measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other payables from exchange transactions

Trade and other payables from exchange transactions comprise of obligations to make payments for goods delivered and services rendered.

Trade and other payables from exchange transactions are subsequently measured at amortised cost which due to their short term nature, closely approximate their fair value.
Accruals

Accruals relates to payment obligations for services rendered and goods delivered for which invoices have not yet been received. The amount of accrual is the present value of the expenditure required to settle the obligation.

Accruals are recognised as liabilities when the SADPMR has taken receipt of the related goods or services without a corresponding payment.

Offsetting

Financial liabilities have not been offset in the Statement of Financial Position.

Derecognition

A financial liability is derecognised when an obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability and the sum of the paid for it is included in the surplus or deficit for the period.

4. STATUTORY RECEIVABLES

Statutory receivables are those receivables that arise from legislation, supporting regulations or similar means and require settlement from another entity by cash. Statutory receivables arise from exchange and non exchange transactions.

Statutory receivables represents outstanding balances for charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Statutory receivables are recognised:

(a) when the definition of an asset is met
(b) when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; a
(c) when the transaction amount can be measured reliable.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

(a) interest or other charges that may have accrued on the receivable (where applicable);
(b) impairment losses; and
(c) amounts derecognised.

The SADPMR derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expired or are waived or they are assessed as irrecoverable.

4.1 Impairment

Statutory receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables (such as the probability of insolvency or significant financial difficulties of the debtor).

In assessing whether statutory receivables are impaired, the SADPMR assesses whether there are any indications that:

If there is evidence that the statutory receivable is impaired, the carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

5. PREPAID EXPENSE

Prepaid expense mainly consist of contractual payments for software licences and insurance for diamonds.

Prepaid expense is recognised when SADPMR has a contractual obligation to pay for services before they are received.

Prepaid expenses are initial measured at cost and subsequently measured at amortised cost which due to their short-term nature closely approximates their fair value.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the production and supply of goods and services or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the SADPMR; and
(b) the cost or fair value of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Property, plant and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives, residual values and depreciation methods each year, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Owned		Leased	
Furniture and Fittings	10 to 15	Office Equipment Improvements	Shorter of the lease term or useful life
Motor Vehicles	7		
Office Equipment	15 to 25		
Computer Equipment	3 to 15		
Security Equipment	15 to 50		

SADPMR derecognises property, plant and equipment assets when it disposes of the assets or when no economic benefit or service potential is expected from those assets.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

6.1 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the Entity or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Entity will obtain ownership by the end of the lease term.

6.2 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

A gain or a loss arising from the derecognition of an item of property, plant and equipment is included in the surplus or deficit when the item is derecognised. A gain or a loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

6.3 Impairment of Property Plant and Equipment

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

7. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licences and computer application licenses.

An intangible asset is recognised when:

(a) It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SADPMR; and
(b) The cost or fair value can be measured reliably.

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation and adjusted for any impairments.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The useful life indicators are used to review estimated useful lives and amortisation method each year, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

The amortisation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Software developed	15	Software purchased	15

SADPMR derecognises intangible assets when:-

a. it disposes the assets or
b. economic benefit or service potential is expected from those assets.

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

7.1 Impairment of Intangible Asset

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through amortisation.

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use for an asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

8. LEASES

8.1 Finance Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Finance leases are recognised as assets in the statement of financial position at amounts equal to the lower of fair value of the leased asset and the present value of the minimum lease payments. The corresponding lease commitments are recognised in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

8.2 Operating Leases

An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term. The difference between the actual amounts and straight lined amounts is recognised as an operating lease asset or liability in the statement of financial position.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

9. PROVISION AND CONTINGENCIES

9.1 Provision

A provision is a liability of uncertain timing or amount.

A provisions is recognised when:

(a) The SADPMR has a present legal or constructive obligation as a result of a past event
(b) It is probable that an outflow of economic benefits or service potential will be required to settle
(c) A reliable estimate can be made of the amount of the obligation

The amount recognised is the best estimate of the expenditure required to settle the present obligation at the reporting date.
All provisions of the SADPMR are short term in nature and thus ignore the effect of discounting.

9.2 Contingent Liability

Contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the SADPMR.

A contingent liability is not recognised but it is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

9.3 Contingent asset

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the SADPMR.

A contingent asset is not recognised but it is disclosed where an inflow of economic benefits or service potential is

10. EMPLOYEE BENEFIT

Employee benefits are all forms of consideration given by the SADPMR in exchange for service rendered by employees.

10.1 Short-term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

(a) Wages, salaries and social security contributions;
(b) Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
(c) Bonus, incentive, and performance related payments payable within twelve months after the end of the reporting period in which the employees render the

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The SADPMR recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10.2 Post-employment Benefits

Post-employment benefits are benefits which are payable after the completion of employment. The SADPMR has an obligation to provide post-retirement health care benefits to its employees. Qualifying employees are entitled to a medical aid benefit upon retirement according to the conditions of the benefit.

The defined benefit cost is made up of the following components:
(a) Service Costs, comprising:
- Current Service Cost
- Settlements
- Past Service Cost, comprising:
- Plan Amendments
- Curtailments

(b) Net Interest Revenue/Expense
(c) Remeasurements, comprising:
- Actuarial Gains and Losses
- Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability
- Any change in the Effect of the Asset Ceiling, excluding amounts included in the net interest on the defined benefit

Statement of financial position

The amount recognised as a defined benefit liability is the present value of the defined benefit obligation at the reporting date as determined by the actuarial valuation.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of financial performance

Recognise the net total of current service costs, interest costs, actuarial gains/losses and effect of the asset ceiling in surplus for deficit.

11. FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency.

Transactions in foreign currencies are translated to the functional currency of SADPMR at exchange rates at the date of the transactions. At each reporting date, foreign currency monetary items are translated using the closing rate.

Foreign currency differences arising from settlement or the translation of monetary items are included in surplus or deficit as a foreign exchange difference.

12. NET ASSETS

12.1 Accumulated Funds

Accumulated Funds comprise of rolled over funds from the current and prior years based on the recorded surplus or deficit for the period.

13. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

13.1 Revenue from exchange transactions

Revenue from exchange transactions is recognised only when:

(a) It is probable that economic benefits or service potential will flow to the SADPMR; and
(b) The amount can be measured reliably

Revenue from exchange transactions consists of the following:

Service fees

Services fees consist of charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Revenue from service fees is recognised when SADPMR has provided diamond valuation service and facilitated exports of rough and polished diamonds.

Licence Fees

Licence fees consist of charges for various licences issued by SADPMR in terms of the Diamond and Precious Metals Act (Act No. 37 of 2005).

Revenue from licence fees is recognised when SADPMR has received the license application/renewal and payment. Application fee for licences is non-refundable.

Interest income

Interest received is recognised on a time proportionate basis using the effective interest rate method.

Sale of diamond books and registers

Revenue from the sale of diamond books and registers is recognised at the date of sale when an inflow of resources from a transaction is recognised as an asset.

13.2 Revenue from non-exchange transactions

Revenue from non-exchange transaction relates to revenue received by the SADPMR without directly giving approximately equal value in exchange

When the SADPMR receives revenue as a result of a non-exchange transaction, it recognises an asset and revenue in the period when it is probable that SADPMR will receive economic benefits or service potential and it can make a reliable estimate of the amount.

Where the revenue transferred to the SADPMR is subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Revenue from non-exchange transactions consists of the following:

Grant from the Department of Mineral Resources and Energy (DMRE)

Transfer payments from the Department of Mineral Resources and Energy (DMRE) are recognised as income in terms of the

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

allocation letter received from DMRE. Revenue is recognised when an inflow of resources from a non-exchange transaction recognised as an asset and measured at the amount equal to the increase in net assets. This grants is received for immediate financial support with no future related costs. The grant is recognised as income in the period in which it is receivable.

Other Grants Received

Other grants represent conditional grants received and grants that have restrictions on their utilisation.

Conditional grants received are recognised as a liability in the statement of financial position. As the SADPMR satisfies the conditions attached to the transferred asset, the carrying amount of the liability is reduced and revenue is recognised in the statement of financial performance to an amount equal to the reduction in the liability.

Where a grant that has restrictions is received prior to the occurrence of the restricted event, a liability for grant received in advance is recognised in the statement of financial position. Upon satisfaction of the restricted event the liability is reduced and revenue recognised in the statement of financial performance to an amount equal to the reduction in the liability.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset are required to be consumed by the SADPMR as specified or future economic benefits or service potential must be returned to the transfer.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used by the SADPMR but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

14. EXPENDITURE

Expenditures are presented by nature and are recognised in surplus and deficits as incurred. Significant expenses relating to operating activities of the SADPMR are presented in separate lines by their nature in the statement of financial performance.

15. BUDGETS

Budget information in accordance with GRAP 1 and 24. The budget information has been provided in a separate statement of comparison of budget and actual performance. The operational budget is monitored against actual expenditure incurred.

The approved budget is prepared on an accrual basis and it is for the financial period 1 April 2023 to 31 March 2024.

Variances between budget and actual amounts are regarded as material differences when a 10% or R0.500m and more variance exists and are explained in the budget statement section of the Annual Financial Statements.

16. ACCOUNTING PRONOUNCEMENTS

16.1 Standards and interpretations effective and newly adopted in the current year

In the current year, there were no new standards that became effective that are relevant to SADPMR's operations.

16.2 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SADPMR and may have an impact on future financial statements.

Standard	Description	Effective date
GRAP 104	Financial Instruments	01 April 2025
iGRAP 7	Limit On Defined Benefits Assets	To be determined
iGRAP 22	Foreign Currency Transactions and Advance Considerations	01 April 2025
iGRAP 21	The Effect Of Past Decisions On Materiality	To be determined

17. MATERIAL LOSSES

In terms of Section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any material losses through criminal conduct.

The SADPMR did not have any losses resulting from criminal or fraudulent conduct.

18. IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) The Public Finance Management Act, or
(b) State Tender Accounting Authority Act, 1968

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

When confirmed, irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes is equal to the value of the irregular expenditure incurred.

GUIDELINE ON IRREGULAR EXPENDITURE

The accounting officer or accounting authority may remove irregular expenditure that was not condoned by the relevant authority.

Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the relevant committee (in a case of a determination) and a function that conducted the investigation confirms that –

(a) the matter is free of fraudulent, corrupt or other criminal conduct.
(b) disciplinary action was taken against the responsible employee(s);
(c) the department, constitutional institution or public entity, whichever applicable, did not suffer any loss;
(d) the non-compliance that led to the irregular expenditure has been addressed to ensure that such expenditure does not recur under similar circumstances; and
(e) transactions of a similar nature are regularly reviewed to ensure compliance with the relevant prescripts.

The accounting officer or accounting authority may proceed with the removal of irregular expenditure from the notes to the annual financial statements after confirmation of the processes indicated above.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and de-recognised when the receivable is settled or subsequently written off as irrecoverable.

All irregular expenditure is charged against income in the period in which they are incurred.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period that expenditure is incurred. The expenditure is classified according to the nature of the expense and not as a separate line item on the face of the Statement of Financial Performance. All fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

20. COMMITMENTS

Commitments relates to future expenditure committed to and that will result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position and Statement of Financial Performance but are included in the disclosure notes of the annual financial statements.

OPERATING COMMITMENTS

Operating commitments relates to non-cancellable contracts or cancellable at significant cost. These include fixed amount contracts and purchase orders that are not delivered by the end of a financial year for goods and service.

CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual amounts committed to the capital expenditure on reporting date that will be incurred in the period subsequent to the specific reporting date.

21. RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

A person as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or has significant influence over the other party in making financial and/ or operating decisions.

Management is regarded as a related party as they have the authority and responsibility for planning, directing and controlling the activities of the entity. Management refers to the Accounting Authority Members, Chief Executive Officer, and all executive managers reporting directly to the Chief Executive Officer.

SADPMR only discloses transactions with related parties not at arm's length or not in the ordinary course of business.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

22.1 Adjusting Events

These events provide evidence of conditions that existed at the reporting date and these are accounted for in the Annual Financial Statements.

22.2 Non-Adjusting Events

Non-adjusting events after the reporting date are those events that are indicative of conditions that arose after the reporting date. The SADPMR shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date are been disclosed in Notes to the Annual Financial Statements.

23. COMPARATIVE INFORMATION

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

24. PRIOR PERIOD ERRORS

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

25. SEGMENT REPORTING

The operations of SADPMR do not have identifiable segments as required by GRAP 18.05, as a result management has concluded that the segmented information will not be included in the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

1. INVENTORIES

Inventory comprises:			
Brokers notes, certificates and registers		147,276	198,809
Office stationery and cartridges		290,754	338,718
Tamper proof stationery		370,099	384,286
Total Inventories		**808,129**	**921,813**

Inventory consists of items on hand as at the end of the reporting year. The cost of the inventory recognised as an expense is included under other operating expenses.

The cost of Inventories recognised as an expense during the period was R714 132 (2024: R653,666). No write down of inventory to net realisable value was required.

2. PREPAYMENTS

Current Prepayments		1,844,932	1,915,152
Non-Current Prepayments		214,787	299,393
Total Prepayments		**2,059,719**	**2,214,545**

Prepaid expenses represent the prepayments for insurance, licences and other administrative expenses.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2025			
Interest Receivable	91,917	-	91,917
Staff Debtors	122,847	-	122,847
Total Receivables from Exchange Transactions	**214,764**	**-**	**214,764**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

As at 31 March 2025 , none of the trade and other receivables were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

Interest receivable refers to the interest due to the SADPMR from its bankers, on interest bearing accounts, by 31 March 2025.

Staff debtors consist of study fees recovery where the bursary contract terms were not met.

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Interest Receivable	87,215	-	87,215
Creditors with Debit Balances	32,323	-	32,323
Staff Debtors	153,620	-	153,620
Other Receivables	58,348	-	58,348
Total Receivables from Exchange Transactions	**331,506**	**-**	**331,506**

3.1 Reconciliation of the Provision for Impairment

	31 March 2025	31 March 2024
Balance at beginning of year	-	56,584
Impairment Losses reversed	-	(56,584)
Balance at end of year	**-**	**-**

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	31 March 2025	31 March 2024
Exchange Statutory Receivables	626,179	737,277
Impairment	-	(1,039)
Total Statutory Receivables from Exchange Transactions	626,179	736,238

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2025			
Exchange Statutory Receivables	626,179	-	626,179
Total Statutory Receivables from Exchange Transactions	**626,179**	**-**	**626,179**

As at 31 March 2025, none of the statutory receivables were impaired and provided for as they were not past due.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

4.1 Ageing of Statutory Receivables from Exchange Transactions

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
As at 31 March 2025					
Exchange Statutory Receivables:					
Gross Balances	625,636	909	-	(366)	626,179
Less: Provision for Impairment	-	-	-	-	-
Not impaired	**625,636**	**909**	**-**	**(366)**	**626,179**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Exchange Statutory Receivables	737,277	1,039	736,238
Total Statutory Receivables from Exchange Transactions	**737,277**	**1,039**	**736,238**

Statutory receivables comprise outstanding balances from clients for service fees rendered.

4.2 Ageing of Statutory Receivables from Exchange Transactions

	Current		Past Due		Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
As at 31 March 2024					
Exchange Statutory Receivables:					
Gross Balances	731,281	3,648	45	2,303	737,277
Less: Provision for Impairment	-	-	45	994	1,039
Not impaired	**731,281**	**3,648**	**-**	**1,309**	**736,238**

4.2 Reconciliation of Provision for Impairment

	31 March 2025 R	31 March 2024 Restated R
Balance at beginning of year	1,039	-
Impairment Losses Recognised	-	133,156
Impairment Losses Reversed	(1,039)	(132,117)
Balance at end of year	**-**	**1,039**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2025			
Grant Receivable MQA	418,357	-	418,357
Grant receivable TETA	102,933	-	102,933
Total Receivables from Non-exchange Transactions	**521,290**	**-**	**521,290**

Grant receivable represents unpaid amounts by the Mining Qualifications Authority (MQA) for the internship and workplace coach programme amounting to R349 824 as well as Management and Executive Development Programme valued at R68 533.

There is also an amount of R102 933 owed by the Transport Education Training Authority (TETA).

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Statutory Receivable: Government Grants and Subsidies	292,073	-	292,073
Total Receivables from Non-exchange Transactions	**292,073**	**-**	**292,073**

Grant receivable includes an amount of R86 474 for MQA Workplace Experience training and R205 599 for Management and Executive Development Programme (MEDP).

6. CASH AND CASH EQUIVALENTS

Current Investments	46,040,556	69,928,360
Bank Accounts	2,643,178	1,342,214
Cash-on-Hand	10,759	6,171
Total Bank, Cash and Cash Equivalents	**48,694,493**	**71,276,745**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash- on-Hand and Cash in Banks.

The decline in cash and cash equivalent results from inadequate cash generated from operations due to lower revenue than estimated, payments for capital expenditure funded from cash reserves and other operating expenses were covered by the cash reserves as approved by National Treasury. Cash and cash equivalents are measured at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

6.1 Current Investment Deposits

Call Deposits		46,040,556	69,928,360
Total Current Investment Deposits		**46,040,556**	**69,928,360**

Call Deposits are investments with a maturity period of less than 3 months, available upon call, and earn interest rates varying from 7.% to 7.85% (2024 7% to 8.25%) per annum.

6.2 Bank Accounts

Cash in Bank		2,643,178	1,342,214
Total Bank Accounts		**2,643,178**	**1,342,214**

6.3 Cash-on-Hand

Cash Floats and Advances		10,759	6,171
Total Cash-on-Hand in Cash Floats, Advances and Equivalents		**10,759**	**6,171**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

7. PROPERTY, PLANT AND EQUIPMENT

31 March 2025

Reconciliation of Carrying Value

Description	Computer Equipment R	Furniture and Fittings R	Security systems, Machinery and Safes R	Motor Vehicles R	Office Equipment R	Leased Equipment R	Leasehold Improve-ments R	Total R
Carrying values at 01 April 2024	**7,775,843**	**5,131,841**	**2,807,537**	**1,406,442**	**3,872,265**	**102,771**	**280,654**	**21,377,353**
Cost	14,103,831	6,075,282	3,712,107	3,334,882	6,396,444	733,168	333,335	34,689,049
Accumulated Depreciation:	(6,327,988)	(943,441)	(904,570)	(1,928,440)	(2,524,179)	(630,397)	(52,681)	(13,311,696)
Acquisitions:	**4,098,416**	**1,172,257**	**740,144**	**869,988**	**10,002**	**-**	**-**	**6,890,807**
- At Cost	4,098,416	1,172,257	740,144	869,988	10,002	-	-	6,890,807
Depreciation:	**(1,920,066)**	**(602,436)**	**(237,729)**	**(629,244)**	**(289,492)**	**(102,772)**	**(37,703)**	**(3,819,442)**
Carrying value of Disposals:	**(233,889)**	**(150,195)**	**(72,115)**	**-**	**(31,317)**	**-**	**-**	**(487,516)**
- Cost	(3,168,969)	(557,393)	(329,152)	-	(122,801)	(733,169)	-	(4,911,484)
- Accumulated Depreciation	2,935,080	407,198	257,037	-	91,484	733,169	-	4,423,968
Carrying values at 31 March 2025	**9,720,304**	**5,551,467**	**3,237,837**	**1,647,186**	**3,561,458**	**-**	**242,951**	**23,961,202**
Cost	15,033,278	6,690,146	4,123,099	4,204,870	6,283,645	-	333,335	36,668,372
Accumulated Depreciation	(5,312,974)	(1,138,679)	(885,262)	(2,557,684)	(2,722,187)	-	(90,384)	(12,707,170)

The SADPMR had capital commitments of R1 476 183.65 at year end for acquisition of property and equipment. None of the assets were pledged as security and there are no restriction on them.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

31 March 2024
Restated
Reconciliation of Carrying Value

Description	Computer Equipment R	Furniture and Fittings R	Security systems, Machinery and Safes R	Motor Vehicles R	Office Equipment R	Leased Equipment R	Leasehold Improve-ments R	Total R
Carrying values at 01 April 2023	**8,862,549**	**2,140,834**	**3,157,740**	**1,968,226**	**3,830,921**	**347,020**	**318,459**	**20,625,749**
Cost	13,570,224	4,330,537	3,840,113	3,334,882	6,104,028	733,168	333,334	32,246,286
Accumulated Depreciation:	(4,707,675)	(2,189,703)	(682,373)	(1,366,656)	(2,273,107)	(386,148)	(14,875)	(11,620,537)
Acquisitions:	**879,699**	**4,624,775**	**29,500**	**-**	**321,694**	**-**	**-**	**5,855,668**
- At Cost	879,699	4,624,775	29,500	-	321,694	-	-	5,855,668
Depreciation:	**(1,901,930)**	**(429,067)**	**(256,297)**	**(561,784)**	**(272,210)**	**(244,249)**	**(37,806)**	**(3,703,343)**
Carrying value of Disposals:	**(64,476)**	**(1,204,701)**	**(123,406)**	**-**	**(8,140)**	**-**	**-**	**(1,400,723)**
- Cost	(346,093)	(2,880,030)	(157,506)	-	(29,278)	-	-	(3,412,907)
- Accumulated Depreciation	281,617	1,675,329	34,100	-	21,138	-	-	2,012,184
Carrying values at 31 March 2024	**7,775,843**	**5,131,841**	**2,807,537**	**1,406,442**	**3,872,265**	**102,771**	**280,654**	**21,377,353**
Cost	14,103,831	6,075,282	3,712,107	3,334,882	6,396,444	733,168	333,335	34,689,049
Accumulated Depreciation	(6,327,988)	(943,441)	(904,570)	(1,928,440)	(2,524,179)	(630,397)	(52,681)	(13,311,696)

SADPMR assets were not pledged as security and there are no restriction on them.

7.1 Expenditure incurred to Repair and Maintain Property, Plant and Equipment

The following specific costs included in the amount of Repairs and Maintenance were incurred by the Entity during 2024/25 financial year:

Computer Equipment and Accessories	2,771	88,138
Equipment and Furniture	2,384	6,539
Leased Building	327,765	331,178
Pool Cars	81,823	50,401
Other Assets	158,952	178,270
Total Expenditure incurred to Repair and Maintain	**573,695**	**654,526**

Repairs on other assets relates to calibration of scales and maintenance of security equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS

	Note	31 March 2025 R	31 March 2024 Restated R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses		2,093,109	1,062,244
The movement in Intangible Assets is reconciled as follows:			
Computer Software:			
Carrying values at 01 April		**1,062,244**	**1,247,436**
Cost		4,643,224	4,643,225
Accumulated Amortisation		(3,580,980)	(3,395,789)
Work In Progress		1,215,551	-
Software Development		1,215,551	-
Amortisation:		(184,685)	(185,191)
- Standard Amortisation		(184,685)	(185,192)
Carrying values at 31 March		**2,093,109**	**1,062,244**
Cost		5,858,774	4,643,224
Accumulated Amortisation		(3,765,665)	(3,580,980)

The amortisation expense has been included in the line item “Depreciation and Amortisation” in the Statement of Financial Performance (see Note 24.)

All of the Entity’s Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the Entity.

9. LONG-TERM RECEIVABLES

Rental deposit	375,232	375,232
	375,232	**375,232**

Long term receivable represents deposits paid to landlord for office accommodation. The amounts are carried at cost and are only recovered when the lease expires.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

10. PROVISIONS

Provision for COID		135,066	126,339
Total Provisions		**135,066**	**126,339**
The movement in provisions are reconciled as follows:			
Provision for COID			
Balance at beginning of year		126,339	138,050
Contributions to provision		135,066	126,339
Expenditure incurred		(126,339)	(138,050)
Balance at end of year		**135,066**	**126,339**
Provision for Staff bonuses			
Balance at beginning of year		-	2,856,518
Contributions to provision		-	331
Expenditure incurred		-	(2,856,849)
Balance at end of year		**-**	**-**

Due to cost containment measure, no performance bonuses was provided for in the period 2024/25.

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors		180,821	1,790,919
Accruals		1,366,758	2,324,867
Other Creditors		235,930	246,119
Payroll third party payables		62,202	1,954
Total Payables		**1,845,711**	**4,363,859**

Trade Creditors:

Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied. The decline when compared to prior year is due to less travel expenditure payable at the end of year.

Accruals:

Accruals relates to goods received or services rendered for which invoices have not been received at year end.

Other Creditors:

Other creditors relates to balances of clients who paid, voluntarily, upfront deposits for anticipated services.

Payroll third party payables:

Salary-Related Payables relates to amounts owing to third parties such as medical aids, provident fund and SARS for PAYE, UIF and SDL at end of the period.

All payables are paid within 30 days where there are no disputes. Payables are not secured.

The Entity's liquidity risk management processes are disclosed in Note 35.3 to the Annual Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

12. EMPLOYEE BENEFIT LIABILITIES - SHORT TERM

Staff Leave Accrual		2,613,786	3,462,142
Bonus Accrual (13th cheque)		454,432	481,302
Total Payables		**3,068,218**	**3,943,444**

Staff Leave Accrual:

The Leave Accrual relates to the value of vacation leave accumulated by staff at the end of the period.

Bonus Accrual (13th cheque):

Employees may elect to structure bonus as part of their total package. This accrual relates to bonuses that have accrued at the end of the period.

13. UNSPENT GRANTS

Total Unspent Grant		**-**	**36,960**

The unspent grant relates to the projects where stipulations are not yet fulfilled at year end.

12.1 Reconciliation of Grant received in advance - TETA

Balance unspent at beginning of year		-	558,720
Current year receipts		-	419,040
Conditions met - transferred to revenue		-	(940,800)
Balance at the end of year		**-**	**36,960**

The unspent grant relates to the balance of the monies received in advance from TETA and conditions not yet met. In terms of the arrangement TETA will pay SADPMR the grant to fund the training of learners including stipends.

14. OPERATING LEASE LIABILITIES

Total Operating Lease Liabilities		**4,987,768**	**4,385,657**

14.1 Obligations under Operating Leases

At the reporting date the SADPMR had outstanding commitments under Non-cancellable Operating Leases which fall due as follows:

Head office		**39,059,008**	**43,766,699**
No later than one year		5,037,231	4,707,692
Later than one year and not later than five years		23,930,569	22,365,017
Later than five years		10,091,208	16,693,990

The SADPMR entered into a 10 year lease agreement for the head office in Kempton Park.The lease commenced on 01 September 2021 and provides for an escalation of 7% per annum on rental and parking costs as well as 8.5% annual escalation on operating costs.

Parking costs are treated as contingent expense and excluded from the straight lining.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R
Total lease obligations			
Not later than one year		5,044,231	4,707,692
Later than one year, less than five years		23,930,569	22,365,017
Later than five years		10,091,208	16,693,990
		39,066,008	**43,766,699**

15. FINANCE LEASE LIABILITY - SHORT TERM

Finance Lease Liabilities	-	116,970
Total Long-term Liabilities	**-**	**116,970**

15.1 Summary of Arrangements

Finance Leases:

SADPMR leases certain items of office equipment and related software under finance lease. The lease for the photocopiers ended on the 30 August 2024. The entity entered into a new short-term lease.

The obligations under Finance Leases are as follows:

	Present Value of Minimum Lease Payments	
	2025 R	2024 R
Amounts payable under finance leases:		
Not later than one year	-	116,970
Later than one year and not later than five years	-	-
	-	**116,970**
Reconciliation minimum lease payments and the present value of lease payments:		
Minimum lease payments		
No later than one year	-	119,140
Later than one year and not later than five years	-	-
Future finance charges	-	(2,170)
Present Value of Minimum Lease Obligations	**-**	**116,970**
Summary of Arrangement		
Less: Amounts due for settlement within 12 months (Current Portion)	-	116,970
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)	**-**	**-**

The Entity had finance lease agreements for office equipment (photocopiers)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

16. Employee Benefit Liabilities

SADPMR has an obligation to provide post employment medical benefits to its employees. These liabilities have been provided for in full, calculated on an actuarial basis.

Periodic valuation of this obligation is carried out by an independent actuary, the latest being 31 March 2025 and there are currently no assets specifically earmarked to back the accrued liability.

The accrued service liabilities as at 31 March 2025 and 31 March 2024 are shown in the table below:

In-service Members' accrued liability	10,076	8,030
Continuation Members' accrued liability	1,149	1,078
Net defined benefit liability	**11,225**	**9,108**

The amounts recognised in the statement of financial position arising from the obligation in respect the post-retirement medical plan are as follows:

Defined Benefit Plan		
Statement of Financial Position		
Present value of defined benefit obligation	11,214,963	9,108,100
Fair value of plan assets	-	-
Defined medical benefit obligation disclosed in Statement of Financial Position	**11,214,963**	**9,108,100**
Statement of Financial Performance		
Interest	1,357,100	1,249,100
Current service costs	651,100	765,300
Remeasurement	1,915,000	(2,133,473)
	3,923,200	**(119,073)**

Reconciliation of opening and closing balances of present value of defined benefit obligation

Present value of obligation on 1 April	9,108,100	9,391,500
Net Interest expense	1,357,100	1,249,100
Service costs	651,100	765,300
Remeasurements	1,915,000	(2,133,473)
Benefits paid	(180,375)	(164,227)
Settlement	(1,635,962)	-
Present value of obligation	**11,214,963**	**9,108,200**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

Changes in the present value of the defined benefit obligation are as follows:

Defined benefit obligation as at 1 April	**9,108,100**	**9,391,500**
Net interest expense		
Interest cost	1,357,100	1,249,100
Expected return on plan asset/liability	-	-
	1,357,100	**1,249,100**
Service Costs		
Current service cost	651,100	765,300
Past service cost	-	-
	651,100	**765,300**
Remeasurements		
Return on plan asset	-	-
Actuarial losses/(gains)	1,915,000	(2,133,473)
	1,915,000	**(2,133,473)**
Benefits paid	(180,375)	(164,227)
Settlement	(1,635,962)	-
Defined benefit obligation plan as at 31 March	**11,214,963**	**9,108,200**

Actuarial assumptions of defined benefit obligation

The following are the significant actuarial assumptions used to calculate the present value of the Entities defined benefit obligations for the as of 31 March 2024. The assumptions are expressed in absolute terms to provide clarity on their impact:

Discount Rate	13.30%	14.90%
Medical Inflation	8.80%	10.50%
Marital status	Actual	Actual
Age of spouse	Actual	Actual

A discount rate of 13.0% per year has been used to place a present value on future benefit payments for In-Service Members. This is consistent with the GRAP 25 requirement that the discount rate used should be the long-term government bond yield applicable to the duration of the liability. The discount rate for in-service members was calculated using the Prudential Authority risk-free rates published on 31 March 2025, with reference to the DMT of the liabilities.

An expected long-term rate of increase to the medical aid subsidy, of 8.8% per year has been used to value the liabilities for all members. The medical inflation assumption has been set as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

The medical inflation assumption has been set as follows:

The base inflation rate CPI: (after reduction of 0.5% IRP)	7.50%
Less inflation risk premium	-0.50%
Plus medical inflation premium:	1.80%
Equals the medical inflation assumption:	8.80%

Valuation method

The Projected Unit Credit discounted cash flow method was used in calculating the liabilities and projected expenses. The results of the valuation depend on the assumptions used.

The plan accrued liability is taken as the aggregate of the present value of the employer's obligation required to settle the subsidies towards each member's medical scheme contributions, using a discounted cash flow approach.

The subsidies are assumed to be paid or payable, in terms of the employer subsidy policy, in respect of all continuation members. The subsidies are projected to grow with annual medical aid inflation increases allowing for expected future lifetimes of members and any adult dependant/spouse, into retirement, allowing for joint-life survival probabilities where applicable.

These projected cash flows for each member are then discounted back to the valuation date using the discount rate, and aggregated to form present value of the benefit, which is the accrued liability.

The discount rate has been determined by reference to market yields at the balance sheet date of South African long-term bonds.

General increases to the employer's medical aid subsidy ("medical inflation") take into account the estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. The inflation rate has been determined by reference to market yields at the balance sheet date of long-term bonds. The medical inflation premium has been set based on past experience for the industry

The net defined benefit liability (the present value of the defined benefit obligation net of the fair value of any plan assets) is calculated as the present-day value of the employer's subsidy to current continuation members which is deemed to have accrued up to 31 March 2024.

The changes in the accrued service liability since the previous valuation for GRAP 25 purposes (as at 31 March 2024) can be explained as follows:

	R
Projected net defined benefit liability at 31 March 2024 (Restated)	**(9,108,000)**
Projected net interest expense – (April 2024 - March 2025)	(1,357,000)
Projected current service cost – (April 2024 - March 2025)	(651,000)
Actual benefit payments – (April 2024 - March 2025)	180,375
Settlement (buy-out) – (April 2024 - March 2025)	1,636,000
Projected net defined benefit liability at 31.03.2025	**(9,299,625)**
Remeasurement of the net defined benefit liability due to actuarial gains /(losses)	(1,915,000)
Net defined benefit liability at 31 March 2025	**(11,214,625)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

The actuarial loss of R1 915 000 arose as follows:

Experience Item	R
Mortality lower than expected	(156,000)
Change in Economic Basis	(615,000)
Actual Medical Inflation differed than expected	(41,000)
Impact of retirement of in-service members	(1,112,000)
Data effect	9,000
Total actuarial gain/(loss)	**(1,915,000)**

Mortality lower than expected

The change in membership is lower than expected over the period. The effect of this was an increase in the actuarial reserves due to the greater than expected survival of members, of some R156 000.

Economic basis

The net discount rate has decreased from 3.98% to 3.86%. This has led to an increase in the liability of some R615 000.

Actual medical inflation

The actual medical inflation differed from that expected to arise during the year. The total effect of this was a strain of some R40 000.

The projection of the results from 1 April 2025 to 31 March 2026, assuming that the experience follows the assumptions exactly, is as follows:

	R
Net defined benefit liability as at 31.03.2025	(11,225,000)
Net interest expense – (April 2025 - March 2026)	(1,459,000)
Current Service Cost – (April 2025 - March 2026)	(755,000)
Expected benefit payments – (April 2025 - March 2026)	192,000
Projected net defined benefit liability as at 31.03.2026	**(13,247,000)**

Sensitivity testing

The results are dependent on the assumptions used. The tables below show how the liability and the service cost as at 31 March 2025 would be impacted by changes to these assumptions:

Continuation Members	Net defined benefit liability as at 31.03.2024	% Increase
Assumptions as above	(11,225,000)	
Discount rate – increases by 1% p.a.	(9,504,000)	-15%
Discount rate – reduces by 1% p.a.	(13,326,000)	19%
Medical inflation – increases by 1% p.a.	(13,174,000)	17%
Medical inflation – reduces by 1% p.a.	(9,515,000)	-15%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

The table below shows how the interest expense for the year to 31 March 2026 would be impacted by changes to the assumptions:

Continuation Members	Net interest expense 01.4.2024 - 31.03.2025	% Increase
Assumptions as above	(1,459,000)	
Discount rate – increases by 1% p.a.	(1,331,000)	-9%
Discount rate – reduces by 1% p.a.	(1,605,000)	10%
Medical inflation – increases by 1% p.a.	(1,713,000)	17%
Medical inflation – reduces by 1% p.a.	(1,237,000)	-15%

The table below shows how the service cost for the year to 31 March 2026 would be impacted by changes to the assumptions:

Continuation Members	Net interest expense 01.4.2024 - 31.03.2025	% Increase
Assumptions as above	(755,000)	
Discount rate – increases by 1% p.a.	(626,000)	-17%
Discount rate – reduces by 1% p.a.	(915,000)	21%
Medical inflation – increases by 1% p.a.	(903,000)	20%
Medical inflation – reduces by 1% p.a.	(623,000)	-17%

The prior year amount for Employee Benefit Liabilities has been adjusted.Refer to Note 30.1 on “Correction of Error” for details of the restatement.

Trend information

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	11,225,000	9,108,100	9,291,500	8,253,200	8,234,500
Fair Value of Plan Assets	-	-	-	-	-
Present value in excess of plan assets	**11,225,000**	**9,108,100**	**9,291,500**	**8,253,200**	**8,234,500**
Experience adjustments (Actuarial gain and losses before change in assumptions):	1,915,000	(2,133,473)	1,408,600	(1,459,200)	(624,000)
In respect of present value of obligation	-	-	-	-	-
In respect of fair value of plan assets	-	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

Undiscounted Cash Flows for Medical Benefits

The following table outlines the projected undiscounted future cash flows expectedto be paid in respect of the medical benefit obligation as of reporting date:

Year 1 expected benefit payments (31.03.2026)	192,000
Year 2 expected benefit payments (31.03.2027)	215,000
Year 3 expected benefit payments (31.03.2028)	213,000
Year 4 expected benefit payments (31.03.2029)	318,000
Year 5 expected benefit payments (31.03.2026)	378,000
Year 6 - 10 expected benefit payments (31.03.2035)	5,987,000

These amounts represent the estimated gross benefit payments expected to be paid to or on behalf of plan participants. These cash flows are based on current actuarial assumptions regarding health care cost trends, employee longevity and eligibility.

The actual cash flows may differ from these estimates due to changes in actuarial assumption, employee demographics or future plan ammendments.

17. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

	31 March 2025	31 March 2024
Accumulated Surplus due to the results of Operations	58,094,957	76,411,601
Total Accumulated Surplus	**58,094,957**	**76,411,601**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

18. GOVERNMENT GRANTS AND SUBSIDIES

	31 March 2025	31 March 2024
National Government - Department of Mineral Resources & Energy	69,921,000	63,136,000
Other Grants	1,912,873	1,232,873
Total Government Grants and Subsidies	**71,833,873**	**64,368,873**

Other grants are from TETA and MQA to fund Workplace Experience training for interns, Workplace Coach as well as the Management and Executive Development Programme (MEDP).

19. RENDERING OF SERVICES

	31 March 2025	31 March 2024
Diamond Valuation Service fees	28,129,870	34,932,493
Other services	6,157,405	5,790,889
Total Rendering of Services	**34,287,275**	**40,723,382**

Other services include fees charged for imports and exports of polished and unpolished diamonds.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

20. INTEREST EARNED

Total Interest Earned		**4,450,158**	**6,796,793**

The interest is earned from the entity's various bankers for positive balances, particularly on its call deposit accounts at rates between 7.2% and 8.15% per annum. The interest income was used for operations.

21. LICENCES AND PERMITS

Licences		4,054,713	4,034,756
Permits		212,000	145,500
Total Licences and Permits		**4,266,713**	**4,180,256**

22. OTHER REVENUE

Administration fees		33,600	-
Sale of diamond books and registers		73,800	70,050
Other income		234,743	297,003
Bad debts recovered		750	350
Total Other Revenue		**342,893**	**367,403**

Other income includes study fees recovered and admin (management) fees for learnership programme.

23. EMPLOYEE RELATED COSTS

Employees:			
Basic Salaries		81,036,455	76,693,479
Performance and Other Bonuses		-	331
Allowances		192,000	192,000
Social Contributions (Medical Aid, Pension, UIF, etc)		12,767,143	12,712,152
Leave Accrual		(569,391)	(691,097)
Total Employee Related Costs		**93,426,207**	**88,906,865**

24. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment		3,819,433	3,703,340
Amortisation: Intangible Assets		184,685	185,191
Total Depreciation and Amortisation		**4,004,118**	**3,888,531**

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 30.1 on "Correction of Error" for details of the restatement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

25. IMPAIRMENT LOSSES AND BAD DEBTS

25.1 Impairment Losses on Financial Assets

Impairment Losses Recognised:	**-**	**76,572**
Receivables From Exchange Transactions	-	(56,584)
Statutory Receivables from Exchange Transactions	-	133,156
Impairment Losses Reversed:	**(1,039)**	**(132,117)**
Statutory Receivables from Exchange Transactions	(1,039)	(132,117)
Receivables From Exchange Transactions	-	-
Total Impairment Losses	**(1,039)**	**(55,545)**
Bad Debts Written-off:	**981**	**56,584**
Bad Debts Written-off against Operating Account	981	56,584

The decrease in debts written off is caused by stringent collection processes in place where clients are required to settle the outstanding balances before new transactions can be engaged in.

26. FINANCE COSTS

Supplier interest	-	417
Net interest expense/revenue on Defined Benefit Liabilities	1,357,100	1,249,100
Finance Leases	2,170	26,291
Total Finance Costs	**1,359,270**	**1,275,808**

Finance costs relate to interest incurred on leasing of equipments as disclosed in the note 14 to 15 and finance costs in the Post Retirement Benefit Obligation in note 16.

27. REPAIRS AND MAINTENANCE

Computer Equipment	2,771	88,138
Leased Asset	327,765	331,178
Office Equipment and Furniture	2,384	6,539
Other Assets	158,952	178,270
Motor Vehicles	81,823	50,401
Total Repairs and Maintenance	**573,695**	**654,526**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. OTHER OPERATING EXPENSES

	Note	31 March 2025 R	31 March 2024 Restated R
Included in General Expenses are the following:			
Administrative fees		147,735	183,313
Audit fees		3,126,935	3,043,863
Accounting Authority costs		460,747	1,279,869
Cleaning		280,461	224,923
Computer accessories		689,373	-
CSR programmes		15,000	3,463,606
Document storage		270,776	175,008
Domestic travel		594,699	1,074,271
Hiring		184,016	923,220
Hospitality		77,331	68,927
Inspection		41,691	143,292
Insurance		1,405,165	1,334,181
International travel		2,378,568	3,584,493
Inventory expense		712,132	653,666
Kimberley process		1,440,795	1,295,621
Legal expenses		1,287,668	966,226
Actuarial remeasurements		1,915,000	(2,133,473)
Motor vehicle expenses		253,000	303,438
Office lease expenses		7,569,053	7,628,839
Organisational Change Management		-	84,815
Strategic Planning		4,399	176,767
Postage and courier		6,700	8,977
Public relations		819,168	1,474,583
Recruitment and selection		71,930	59,719
Relocation of Offices		-	45,143
Relocation of Staff		-	30,130
Security		1,554,628	1,373,883
Software expenses		2,883,918	2,914,452
Staff recognition		24,512	51,848
Staff welfare		113,655	252,131
Subscription and membership		102,182	100,534
System support fees		1,989,202	443,065
Telecommunication		2,122,785	1,739,750
Training and development		1,136,090	1,444,944
Transformation		-	1,530
Venue and facilities		67,801	-
Total General Expenses		**33,747,114**	**34,415,554**

The prior year amount for General Expenses has been adjusted. Refer to Note 30.1 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the Entity and not directly attributable to a specific service or class of expense.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

28.1 Audit fees

External audit		3,126,935	2,737,467
Quality Review		-	199,713
IT Audit		-	106,683
		3,126,935	**3,043,863**

28.2 Accounting Authority

Meeting fees		340,812	856,364
Other fees		119,935	224,472
Accounting Authority evaluation		-	199,033
		460,747	**1,279,869**

The Accounting Authority was appointed in September 2024 resulting in less expenditure in the current year when compared to 2023/24.

28.3 Office lease

Office lease - space		5,578,894	6,017,832
Office lease - parking		333,021	130,100
Office lease - municipal services		1,120,171	939,356
Operating costs		536,966	541,551
		7,569,053	**7,628,839**

28.4 Telecommunication

Internet, email and data storage		1,131,806	257,617
Telephone rental		108,984	628,277
Telephone usage		127,036	233,865
Cell phones and data		754,959	694,176
		2,122,785	**1,813,934**

28.5 Public relations

Exhibition Stands		3,645	765,281
Wallpaper and logo rebranding		415,940	-
Annual report		142,188	169,088
Promotional material		35,926	134,260
Other		221,469	405,954
		819,168	**1,474,583**

Other public relations mainly includes outside branding. Some activities planned for 2024/25 were cancelled as part of cost containment measure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

28.6 Software expenses

Microsoft		2,572,705	2,526,684
Other		439,743	387,768
		3,012,448	**2,914,452**

Other includes Sage Pastel, Sage VIP, Asset module software and dynamic financial statement software licence.

29. GAINS AND LOSSES ON OTHER OPERATIONS

Gains / (Losses) on Foreign Exchange		68,145	35,531
Net Other Gains and Losses		**68,145**	**35,531**

30. PRIOR PERIOD ERRORS

30.1 Insurance

SADPMR pays for legal liability insurance annually in advance. During 2023/24 financial year, the full amount was expensed. The error relates to the prepayment portion related to 2024/25 financial year.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follows:

Statement of Financial Performance and Equity	**2024**
Decrease in Insurance cost	(445,740)
Increase in closing Accumulated surplus	445,740
Statement of Financial Position	
Increase in Prepaid expense	445,740
Increase in Net asset	(445,740)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

30.2 Property Plant and Equipment

Certain assets that were disposed in 2022/23 were erroneously not removed from the asset register.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follows:

Statement of Financial Performance and Equity	2024
Decrease in depreciation	(24,706)
Statement of Financial Position	
Decrease in Furniture and fittings	(930)
Decrease in Furniture and fittings Accumulated depreciation	771
Decrease in Computer equipment	(58,363)
Decrease in Computer equipment Accumulated depreciation	118,188
Decrease in Office Equipment	(1,595)
Decrease in Office equipment Accumulated	8,001
Decrease in Net asset	66,072

30.3 Accrued Expense

During 2022/23 financial year Accrued expense included invoices disputed with SITA. The invoices related to services billed but not rendered and they have been reversed.

During 2023/24 invoices relating international travel were not accrued for. Although services occured in the 2023/2024 financial year, the invoices were dated after year end resulting in the error.

The errors was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the financial statements is as follows:

	2024
Statement of Financial Performance and Equity	
Increase in opening Accumulated surplus	199,400
Increase in General expenses	(412,876)
Statement of Financial Position	
Increase in Accrued expense	(213,476)
Decrease in Net asset	213,476

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

30.4 Post Retirement Benefit Obligation

SADPMR has been paying post retirement medical aid benefit to retired employees who came from the Diamond Board. The policy was revised in 2021 financial year to cater for all SADPMR employees who meet the qualification criteria. However, there was an omission to update the liability as per the revised policy.

The error was corrected retrospectively. The effect of the error on individual line items in the financial statements is as follows:

Statement of Financial Performance

	2024
Increase in interest expense	(1,144,100)
Increase in service costs	(765,300)
Decrease in remeasurements	2,197,473
Decrease in deficit	**288,073**
Decrease in opening Accumulated surplus	(8,264,586)
Decrease in closing Accumulated surplus	**(7,976,513)**

	2024
Statement of financial position	
Increase in Post retirement obligation	(7,976,513)
Decrease in net asset	7,976,513

30.5 Non-disclosure of amount owed by related party

The disclosure for MQA in 37.3 excluded the amount that was owed to the SADPMR. This error only affected the disclosure amount and has been corrected.

31. CHANGE IN ACCOUNTING ESTIMATES

31.1 Depreciation/Amortisation Expenditure:

The estimated useful lives of assets were reviewed as at 31 March 2024. The revision of the useful lives is based on expected usage of assets, technological development and the assumption that some assets will be replaced within the next two years in line with the entity's the capitalisation plan.

	2024
The change in estimates resulted in the following:	
Decrease in current year depreciation	(115,988)
Increase in future period depreciation	122,949

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. CASH GENERATED BY OPERATIONS

	Note	31 March 2025 R	31 March 2024 Restated R
Surplus / (deficit) for the Year		(18,404,027)	(14,106,862)
Adjustment for Non-cash Transactions included in Surplus / (Deficit):			
Employee Related Costs	Note 20.1	(434,325)	(564,758)
Depreciation and Amortisation	Note 24	4,004,127	3,888,531
Impairment Losses on Financial Assets	Note 25	(1,039)	(55,545)
Bad debts		981	56,584
Finance Costs	Note 30.1	1,357,100	1,249,100
Actuarial remeasurements and service cost	Note	2,566,100	(1,368,173)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:			
Loss on Disposal of Capital Assets	Note 26	406,447	1,363,370
Operating surplus before working capital changes		**(10,504,636)**	**(9,537,753)**
(Increase)/Decrease in Inventories		113,684	68,980
(Increase)/Decrease in Receivables from Prepayments made		154,825	(83,992)
(Increase)/Decrease in Receivables from Exchange Transactions		116,742	(37,624)
Decrease/(Increase) in Receivables from Non-exchange Transactions		(229,217)	(292,073)
(Increase)/Decrease in Statutory Receivables from Exchange Transactions		110,117	1,408,996
Increase/(Decrease) in Provisions		(126,339)	(2,994,568)
Increase in Payables from Exchange Transactions		(2,518,155)	2,029,083
Increase/(Decrease) in Defined Benefit Obligations		(1,816,337)	(164,227)
Increase/(Decrease) in Employee Benefits		(305,835)	(70,256)
(Decrease)/Increase in Conditional Grants and Receipts		(36,960)	(521,760)
Increase/(Decrease) in Operating Lease Liabilities		602,111	1,055,542
Cash generated by Operations		**(14,440,000)**	**(9,139,652)**

33. NON-COMPLIANCE WITH PFMA

Irregular Expenditure		76,295	233,955
		76,295	**233,955**

Irregular Expenditure

33.1 Current Year

Irregular expenditure under assessment of R76 295 relates to the expenditure incurred without following the procurement process. The matter is currently under assessment by the relevant committee.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

33.2 Prior Year

Purchase orders not approved as per delegation of authority.

Irregular expenditure of R233 955 relates to the security services purchase order not approved in terms of the delegation of authority. The amount was condoned by the Accounting Authority after corrective measures were put in place.

34. COMMITMENTS FOR EXPENDITURE

34.1 Commitments

	31 March 2025 R	31 March 2024 Restated R
Approved and Contracted for:-		
Operational Expenditure	11,161,468	17,935,029
Capital Expenditure	1,997,134	11,786,999
Total Operational Commitments	**13,158,602**	**29,722,028**

Operational Commitments relates to commitments for operating expenditure approved and contracted for.

	31 March 2025 R	31 March 2024 Restated R
Commitments in respect of capital expenditure:		
Computer Equipment	-	4,149,169
Office equipment	1,195,960	-
Furniture and Fittings	280,224	1,087,785
Security systems, Machinery and Safes	-	293,250
Motor Vehicles	-	872,522
Office Equipment	-	924,060
Softwares	520,950	4,460,213
	1,997,134	**11,786,999**

35. FINANCIAL INSTRUMENTS

35.1 Classification

		31 March 2025 R	31 March 2024 Restated R
FINANCIAL ASSETS:			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Interest Receivable	91,917	87,215
Receivables from Exchange Transactions	Staff Debtors	122,847	153,620
Receivables from Exchange Transactions	Other Receivables	-	58,348
Cash and Cash Equivalents	Call Deposits	46,040,556	69,928,360
Cash and Cash Equivalents	Bank Balances	2,643,178	1,342,214
Cash and Cash Equivalents	Cash Floats and Advances	10,759	6,171
		48,909,257	**71,575,928**
Total Financial Assets		**48,909,257**	**71,575,928**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		Note	31 March 2025 R	31 March 2024 Restated R
FINANCIAL LIABILITIES:				
Financial Liabilities at Amortised Cost:				
Payables from Exchange Transactions	Trade Creditors		180,821	1,790,919
Payables from Exchange Transactions	Accruals		1,366,758	2,324,866
Payables from Exchange Transactions	Other Creditors		235,930	246,119
Payables from Exchange Transactions	Salary Control		62,202	1,954
Long-term Liabilities	Finance Leases		-	-
Current Portion of Long-term Liabilities	Finance Leases		-	116,970
Total Financial Liabilities			**1,845,711**	**4,480,828**

35.2 Financial Risk Management Objectives

The SADPMR's overall risk management program seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. The SADPMR has a risk management policy which considers financial risk management in the organisation.

35.3 Significant Risks

It is the policy of the SADPMR to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Entity is exposed to on the reporting date.

The SADPMR has exposure to the following risks from its operations in Financial
(a) Market Risk.
(b) Liquidity Risk;
(c) Credit Risk; and
(d) Foreign Currency Risk

Risks and exposures are disclosed as follows:

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 35..8 to the Annual Financial Statements.

35.3.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices, interest rates and equity prices.

A significant part of the market risk encountered arises from financial instruments that are managed by other financial institutions.

The objective of the market risk management policy is to protect and enhance the statement of financial position and surplus or

There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

35.3.2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The SADPMR is exposed to foreign currency risk through transaction that are denominated in foreign currencies. The exposure is limited to Microsoft software license, Rapaport subscription and international insurance contract.

It is not policy for the SADPMR to hedge outstanding foreign currency transactions due to the fact that these transactions take place on an ad hoc basis.

35.3.3 Interest Rate Risk

The SADPMR is exposed to interest rate risk as a result of interest bearing bank accounts. These accounts include deposits and call accounts that attract interest rate which vary from prime.

The SADPMR's policy is to manage interest rate risk by investing in a range of balanced portfolios so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

The change in SADPMR's exposure to interest rate risk from the previous year to the current year is primarily due to the utilisation of reserves to fund operations, driven by weak revenue generation.

The maximum exposure to interest rate risk is as follows:

	31 March 2025	
	Amount	Interest rate
Nedbank Ltd - Call account	26,833,189	7.35 - 7.8%
Investec Ltd - Call account	2,673,873	7.00%
SA Reserve Bank - Call account	16,533,494	7.50%
	46,040,556	

	31 March 2024	
	Amount	Interest rate
Nedbank Ltd - Call account	10,161,544	8.10%
Investec Ltd - Call account	4,392,632	8.10%
SA Reserve Bank - Call account	55,374,184	8.25%
	69,928,360	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

35.3.4 Liquidity Risk

Liquidity risk is the risk encountered by the SADPMR in the event of difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The SADPMR is exposed to liquidity risks as a result of outstanding obligations to make payments to trade creditors for goods delivered and services rendered as well as future commitments.

The SADPMR manages its exposure to liquidity risk through ongoing review of future commitments, proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

There were no material changes to SADPMR's exposure to liquidity risk from the previous year to the current year except for the movement in accruals.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2025

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Accruals	1,366,758	-	1,366,758	-	-
Other creditors	235,930	-	-	235,930	-
Trade payables	1,527,165	1,527,165	-	-	-
	3,129,853	**1,527,165**	**1,366,758**	**235,930**	**-**

31 March 2024

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Accruals	2,324,867	-	2,324,867	-	-
Finance lease	119,140	-	-	119,140	-
Other creditors	246,119	-	-	246,119	-
Trade payables	1,790,919	1,790,919	-	-	-
	4,481,045	**1,790,919**	**2,324,867**	**365,259**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

35.3.3 Credit Risk

Credit risk is the risk of financial loss to the SADPMR if a customer or other counterparty (including government and financial institutions) to a financial instrument fails to meet its contractual obligations.

The SADPMR is exposed to credit risk through holding call deposits, cash equivalents and trade receivables. Credit risk includes counterparty risk and delivery or settlement risk. Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the year of a transaction.

To manage the credit risk that the SADPMR is exposed to as a result of holding these classes of financial assets the following steps are generally taken:

Call deposits, cash and cash equivalents

The SADPMR limits its counterparty exposures from its call deposits and cash equivalents by only depositing cash with major banks and SA Reserve Bank with high quality credit standing and limits exposure to any one counterparty.

Trade and other receivables

Management evaluates credit risk relating to customers on an ongoing basis. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts through the debt management policy and restriction of services. Trade receivables are presented net of doubtful debts.

There were no material changes to SADPMR' exposure to credit risk from the previous year to the current year.

35.3.3.1 Credit quality

Credit quality is a measurement of an individual's or company's creditworthiness, or the ability to repay its debt due to the SADPMR.

Cash and cash equivalent

The credit quality of cash and cash equivalents are sound as SADPMR only make deposits at the well-established financial institutions.

Trade and other receivables

The credit quality of trade and other receivables are determined and monitored with reference to historical payment trends. Based on the evaluation of the historical payment trends, customers are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payments, but seldomly default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		Note	31 March 2025 R	31 March 2024 Restated R
The maximum exposure to credit risk is as follows:				
Long-term Receivables			375,232	375,232
Receivables from Exchange Transactions			214,764	331,506
Receivables from Non-exchange Transactions			521,290	292,073
Bank, Cash and Cash Equivalents			48,694,493	71,276,745
Maximum Credit Risk Exposure			**49,805,779**	**72,275,556**
Bank and Cash Balances				
Nedbank Ltd	Current		2,625,022	1,337,972
Nedbank Ltd	Call		26,833,189	10,161,544
Nedbank Ltd	Call - Salary savings		18,156	4,242
SA Reserve Bank	Call		16,533,494	55,374,184
Investec Ltd	Call		2,673,873	4,392,632
Cash on hand	Cash		10,759	6,171
Total Bank and Cash Balances			**48,694,493**	**71,276,745**

36. CHANGES IN PRESENTATION

Budget Statement

In the 2023/24 Budget Statement, detailed information on general expenses was presented, including some immaterial items. For 2024/25, management decided to consolidate this information into a single line item for general expenses, as this approach provides more useful and concise information to users of the financial statements consistent with the presentation of statement financial performance.

37. RELATED PARTY TRANSACTIONS

37.1 Controlling Entity

The Department of Mineral Resources and Energy is the controlling party.

	31 March 2025	31 March 2024
Total transactions	69,921,000	63,136,000
Amounts owed by	-	-
Amounts owed to	-	-

The transactions relate to the transfer payment (grant) from the Department of Mineral Resources and Energy (DMRE) and recorded as revenue from non-exchange transaction in the statement of financial performance.

The department also provide office space at no costs to the SADPMR's Cape Town and Durban officials. Both offices have two officials from SADPMR.There is no reliable estimates to recognise services in-kind at year end.

There were no balances owed by or due to DMRE at the end of the year under review nor commitments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

37.2 National government

The SADPMR is classified as a Schedule 3A Public Entity in accordance with the Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1 of 1999), as amended.The SADPMR being a government entity reports to the National Department. Accordingly, a related party relationship is implied, notwithstanding that all SADPMR'S transactions with government entities are at arm's length and on commercial terms.

The transactions relates to purchases with other government entities and were concluded at arm's length.

37.3 Other public entities

Mining Qualification Authority (MQA)

The SADPMR entered into an arrangement with MQA to provide Workplace Experience training to Interns appointed by MQA for a period of 12 months. In terms of the arrangement MQA will pay SADPMR the grant to fund training of the Interns.

The SADPMR also receives a grant from MQA which is subject to the submission of entity's Annual Training Report (ATR) as per the Work Skills Plan (WSP).

	31 March 2025	31 March 2024
Total transactions	1,070,020	292,073
Amount owed by	418,357	292,073
Amounts owed to	-	-

37.4 Members of Management of the entity

There were transaction with management as discussed below:

Executive Management Remuneration

	31 March 2025					
	Basic Salary	Termination leave	Disability cover	Performance bonus	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,528,792	-	42,977	-	336,332	2,908,101
Y Lusibane - Chief Financial Officer	1,934,054	-	31,621	-	171,928	2,137,603
L Nkhumishe - GM: Corporate Services	1,908,131	-	32,248	-	239,206	2,179,585
C Mlondo - GM: Diamond Trade #	765,019	212,842	13,936	-	134,854	1,126,651
T Motloung - GM: Regulatory	1,831,862	-	31,621	-	273,789	2,137,272
P Motsepe - GM: Governance	1,897,155	-	31,621	-	208,480	2,137,256
Totals	**10,865,013**	**212,842**	**184,023**	**-**	**1,364,589**	**12,626,467**

No performance bonuses were paid during the period 2024/25.
Retired August 2024

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

	31 March 2024					
	Basic Salary	Termination leave	Disability cover	Performance bonus	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,436,601	-	43,838	101,763	292,743	2,874,945
Y Lusibane - Chief Financial Officer	1,841,738	-	32,267	61,035	164,001	2,099,041
L Nkhumishe - GM: Corporate Services	1,819,355	-	32,907	76,260	226,233	2,154,755
C Mlondo - GM: Diamond Trade	1,748,557	-	32,969	76,406	301,224	2,159,156
T Motloung - GM: Regulatory Compliance	1,742,054	-	32,267	74,768	263,835	2,112,924
P Motsepe - GM: Governance	1,807,512	-	32,267	74,768	198,363	2,112,910
Totals	**11,395,817**	**-**	**206,515**	**465,000**	**1,446,399**	**13,513,731**

Non- executive members of the Accounting Authority and Other Committees

	31 March 2025		
	Meeting fees	Otheractivities	Total
Mr MA Mngomezulu	57,312	102,313	159,625
Dr T Khoza	30,308	-	30,308
Mrs F Mushohwe	38,318	8,010	46,328
MR M Cawe	29,426	-	29,426
Adv L Pretorius	29,426	-	29,426
Mr R Molapo	29,426	-	29,426
Ms F Mokwena	29,426	-	29,426
Dr N Skeepers	29,426	-	29,426
Ms L Mtshali	38,318	1,602	39,920
Mr T Baloyi	29,426	8,010	37,436
TOTAL NON-EXECUTIVE REMUNERATION	**340,812**	**119,935**	**460,747**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

The Board term started in October 2024.

	31 March 2024		
	Meeting fees	Otheractivities	Total
Mr MA Mngomezulu	98,180	32,232	130,412
Mr E Blom	69,644	8,010	77,654
Ms N Zikalala-Mvelase	113,372	28,035	141,407
Mr G Serokane	64,248	24,030	88,278
Ms M Mosing	65,130	-	65,130
Adv N Van Rooyen	56,238	20,025	76,263
Mr S Mokoena	40,218	8,010	48,228
Ms K Macingwane	77,822	28,035	105,857
Ms N Dikwayo $	26,980	16,020	43,000
Ms N Munyai	137,284	32,040	169,324
Mr Z Fihlani	85,832	8,010	93,842
Mr R Molapo (Appointed on (01/07/2023))	21,416	20,025	41,441
TOTAL NON-EXECUTIVE REMUNERATION	**856,364**	**224,472**	**1,080,836**

$ Independent member of the Finance, Audit and Risk Committee

38. CONTINGENT LIABILITIES

38.1 Surplus funds

The SADPMR as a schedule 3A public entity is required to surrender any surpluses to the relevant revenue fund (via its designated department).

The public entity identifies surpluses as at the reporting date as defined in the National Treasury Instruction and will either recognise a provision or contingent liability (as defined in GRAP 19 on Provisions, Contingent Liabilities and Contingent Assets)

The surplus is calculated in terms of National Treasury Instruction No. 12 of 2020/2021.

Contingent liability subject to approval by National Treasury	**42,454,914**	**62,253,110**

39. CONTINGENCIES

39.1 Dispute between SADPMR and former employees

The SADPMR is currently a respondent in a Labour Court matter involving three former managers who were dismissed and are seeking reinstatement. The SADPMR's legal counsel has advised that the probability of an adverse ruling is low.

39.2 High Court ruling in favor of SADPMR

The three (3) former managers of SADPMR erroneously referred their case to a wrong court and later withdrew the matter without tendering costs. Cost awarded in favour of SADPMR, however, no reliable estimate of the cost order amount could be made as at the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	31 March 2025 R	31 March 2024 Restated R

40. GOING CONCERN ASSESSMENT

The Accounting Authority has reviewed the entity's cash flow statement for the year ending 31 March 2025 and is concerned about the current financial position and the forecast, the entity's reserves are conditional to National Treasury's approval. The going concern of the entity is in question and its ability to meet contractual obligations in the next 12 months. SADPMR has an approved budget deficit for the 2025/26 financial year, the budget deficit was approved by National Treasury and it will be funded from reserves.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern basis conditional to National Treasury's positive consideration for retention of cash surpluses (reserves).

ANNEXURES

ANNEXURE A: STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General. The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury. The annual financial statements (Part F) have been prepared in accordance with the GRAP standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of performance information, the human resources information and the annual financial statements.

External auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2025.

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Mr Abiel Mngomezulu
Board Chairperson

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Mr Cecil Khosa
Chief Executive Officer (CEO)

ANNEXURE B: REPORT OF THE FINANCE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2025.

Finance Audit and Risk Committee Responsibility

The Finance Audit and Risk Committee ("the committee") is a committee of the Board and has discharged its responsibilities accordingly in terms of section 51 (1) a (ii) of the PFMA and 27.1.8 of the Treasury Regulations. The committee adopted formal terms of reference, and an Audit and Risk Committee charter. The committee acknowledges the attendance and participation of senior management including the Accounting Officer and Chief Finance Officer in the audit committee meetings.

Effectiveness of Internal Controls

In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

During the year various reports of the Internal Auditors indicated that the system of internal control has shortcomings in some areas and management are in the process of implementing the recommendations, the status of which is monitored by the committee. Of concern to the committee is some repeat findings, as depicted in some internal audit reports, as well as slow implementation of internal audit recommendations.

Internal Audit

The committee has an oversight responsibility for the in-house Internal Audit function. As delegated by the Board, the committee reviews and approves the Internal Audit Charter annually. The Internal Audit function has the responsibility of reviewing and providing assurance on the adequacy of internal controls. It therefore plays an integral role in sound corporate governance. The committee reviewed the activities of the Internal Audit function including its annual work programme, co-ordination with the external auditors, the reports of significant audit investigations and the responses of management to issues raised therein.

The Internal Audit completed their 2024/25 annual plan as approved by the Committee.

Risk Management and Governance

The Board has assigned the oversight of the risk management function to the committee.

An approved risk management framework and policy has been adopted. A process of risk management was implemented by management wherein risk assessments are conducted on a quarterly basis and updated on an annual basis by the Internal Audit function at both senior management and Board level. The committee has reviewed the risk register and reports from management's risk committee. The progress reporting on risk is an area that still needs attention to improve on the information contained in the reports.

The Quality of In-year Management and Monthly Reports/Quarterly Reports Submitted in terms of the PFMA.

The committee reviewed all quarters and is satisfied with the content and quality of quarterly financial reports prepared by management during the year under review, in compliance with the statutory reporting framework.

Evaluation of Annual Financial Statements and Performance Information

7.1 The committee reviewed the draft financial statements for the year ended 31 March 2025 for the South African Diamond and Precious Metals Regulator and discussed matters of concern with management, the AGSA, as well as the Chief Executive Officer.

7.2 The committee reviewed the AGSA's Management Report and directed management to develop a comprehensive action plan to address all issues raised by the AGSA. The committee will review the action plan and monitor its implementation during the quarterly committee meetings.

7.3 The committee reviewed the compliance with legal and regulatory provisions during the quarterly committee meetings, and management has been directed to implement remedial measures where instances of non-compliance were noted.

7.4 The committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.

7.5 The committee has reviewed adjustments resulting from the audit as part of the review of the audited financial statements and performance information.

7.6 The committee hereby indicates its concurrence with the AGSA's conclusion on the annual financial statement and performance information as well as the unqualified audit opinion of the AGSA.

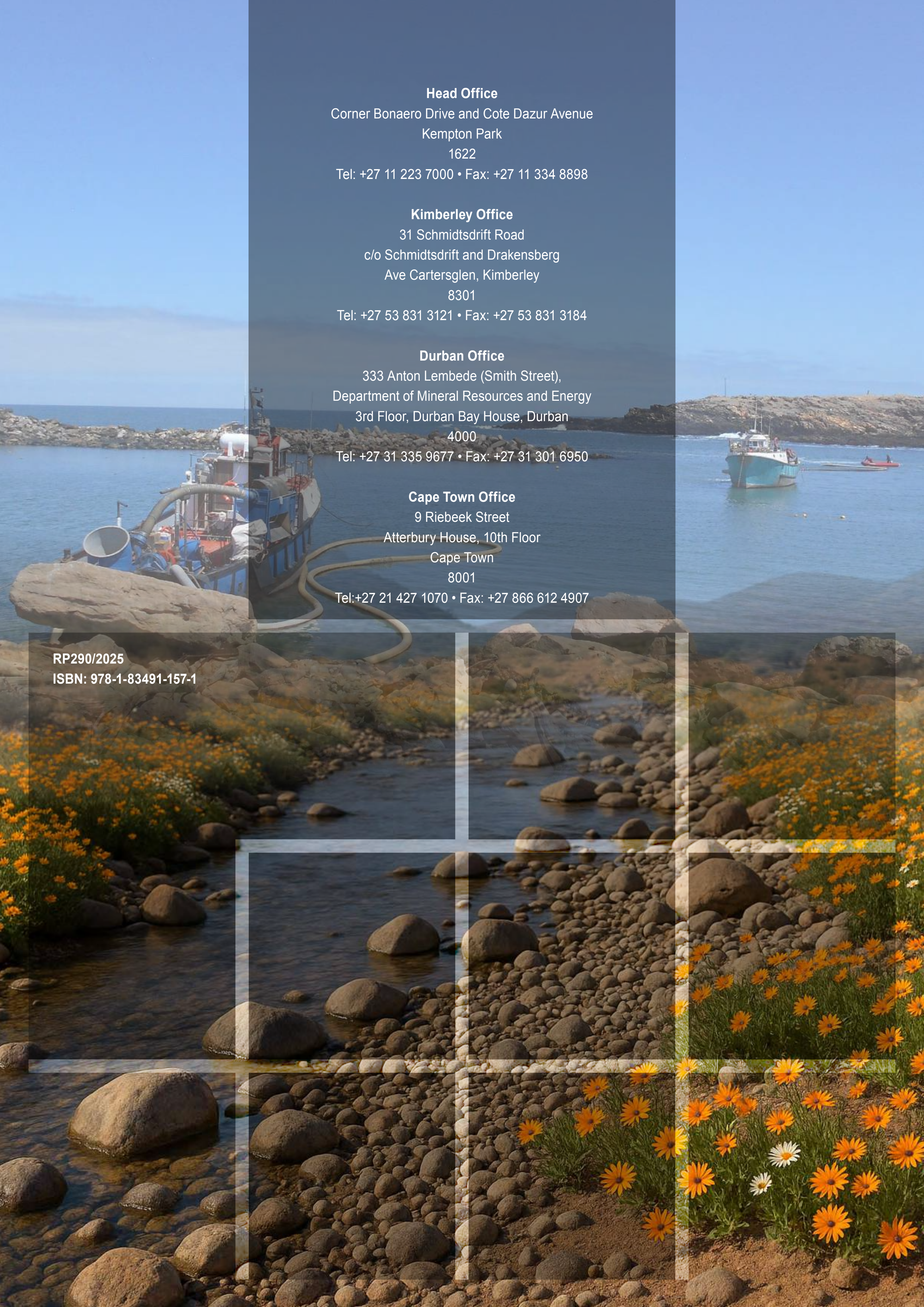
Auditor-General of South Africa (AGSA)

The committee concurs with and accepts the conclusion and audit opinion of the Auditor General on the annual financial statements and performance information. The committee notes the independence of the AGSA. The committee accepts with concern, the slight regression in the entity's audit outcome. The issues raised by the AGSA, which led to an unqualified audit opinion with findings, are noted and understood by the committee and believes that management should be able to review them and correct them.

The Committee, working together with the Internal Audit, is committed to assist the Institution to improve its system of internal controls. The Committee will continue to monitor the implementation of audit action plans through the tracking mechanism and the reports presented quarterly to the Committee.

On behalf of the Finance Audit and Risk Committee

Ms F Mushohwe
Chairperson: Finance Audit and Risk Committeen



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