



STATE DIAMOND TRADER

Annual Report 2024/25



state
diamond
trader
REPUBLIC OF SOUTH AFRICA

STATE DIAMOND TRADER

Annual Report 2024/25

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GENERAL INFORMATION

Nature of the business	The State Diamond Trader is an organ of the Diamonds Act (No. 56 of 1986) as amended. Its main business is to promote equitable access to, and local beneficiation of, the Republic's diamonds.
Business address	OR Tambo International Airport Special Economic Zone (ORTIA SEZ PRECINCT 1), 38 Bonaero Drive, ACSA Precinct, Bonaero Park, 1619
Telephone	011 334 2691
Email	infosdt@statediamondtrader.gov.za
Website	www.statediamondtrader.gov.za
X	@SDT_RSA
Facebook	State Diamond Trader
Instagram	statediamondtrader
LinkedIn	State Diamond Trader
YouTube	State Diamond Trader
Shareholder	Government of the Republic of South Africa, Represented by the Minister of Mineral and Petroleum Resources
External Auditor	Auditor-General of South Africa

ACRONYMS AND ABBREVIATION

The Act	Diamonds Act (No. 56 of 1986) as amended
AA	Accounting Authority
ADPA	Africa Diamonds Producer Association
AGSA	Auditor-General of South Africa
ARC	Audit and Risk Committee
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating Unit
CSI	Corporate Social Investment
DBCM	De Beers Consolidated Mines
DMPR	Department of Mineral and Petroleum Resources
EA	Executive Authority
EDP	Enterprise Development Programme
FY	Financial Year
FVLCD	Fair Value Less Cost of Disposal
HDSA	Historically Disadvantaged South Africans
HR	Human Resources
HR, RE and SE	Human Resources, Remuneration, and Social and Ethics Committee
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretation Committee
KPCS	Kimberley Process Certification Scheme
MOU	Memorandum of Understanding
MPRDA	Mineral and Petroleum Resources Development Act (No. 28 of 2002) as amended
MQA	Mining Qualifications Authority
NDP	National Development Plan
OHS	Occupational Health and Safety
PAA	Public Audit Act (No. 25 of 2004) as amended
PFMA	Public Finance Management Act (No.1 of 1999) as amended
PPC	Parliamentary Portfolio Committee
R	Rand(s)
ROM	Run of Mine
SADPMR	South African Diamonds and Precious Metals Regulator
SARS	South African Revenue Service
SDT	State Diamond Trader
SMME	Small, Medium and Micro-Enterprise
SOE	State-owned Entity
The dtic	Department of Trade, Industry and Competition
TOR	Terms of Reference
WSP	Workplace Skills Development Plan

MINISTER'S NOTE TO PARLIAMENT



Minister of Mineral and Petroleum
Resources Honourable Speaker of
Parliament

Annual Report of the State Diamond Trader for the year ended 31 March 2025

I have the honour in terms of Section 65(1)(a) of the PFMA, Act (No. 1 of 1999) as amended, to present the Annual Report of the State Diamond Trader for the year ended 31 March 2025.

Mr SG Mantashe (MP)

Minister of Mineral and Petroleum Resources
31 August 2025



OVERVIEW REPORTS

CHAIRPERSON'S FOREWORD



Mr Abbey Chikane
Chairperson of the Board

It is my honour to present the Annual Report of the State Diamond Trader for the financial year ending 31 March 2025. This reporting period was marked by significant volatility in the global diamond market, including lower production levels, weakened demand for polished diamonds, and broader economic uncertainty. Despite these challenges, the State Diamond Trader has demonstrated remarkable resilience and agility in navigating one of the most difficult trading environments in recent years.

The diamond industry faced a downturn during the 2024/25 financial year, which affected both supply and market confidence. Subdued demand, coupled with global inflation and an influx of polished stock, impacted the entity's ability to meet its planned targets. Sales to Historically Disadvantaged South Africans (HDSAs) declined to R57 million which is almost half of the previous year's figure, highlighting the market's pressure on developmental objectives.

Nevertheless, I am proud to report that the State Diamond Trader continued to provide vital support to its clients. Notably, the entity hosted the inaugural South African Diamond Show alongside the Africa Mining Indaba in February 2025, aimed at expanding market access for South African diamond cutters, polishers, and jewellers. Additionally, the entity facilitated participation at the Hong Kong Jewellery and Gem Fair in September 2024, creating an international platform for South African polished diamonds and jewellery.

To address supply challenges, the Board and management developed a framework to source rough diamonds from other African jurisdictions, an important step toward ensuring consistent supply to clients and growing the entity's revenue base. Operationally, prudent cost management and the adoption of pre-allocation sales models helped the entity contain inventory and stabilise operations amidst external pressures.

Our governance and risk management practices have also been strengthened. Several key Board interventions will rely heavily on institutions such as the South African Police Services (SAPS) and National Treasury. In terms of the Act, provisions have been made for individuals from SAPS and National Treasury to serve on the Board, however, these two positions currently remain vacant. The Board remains committed to upholding the highest standards of oversight, accountability, and compliance with relevant legislation and governance codes. The entity's continued ability to adapt while remaining true to its transformation mandate is commendable.

Looking ahead, the State Diamond Trader is entering a critical phase of strategic recalibration. The entity is well-positioned to recover lost momentum and seize new opportunities in regional collaboration, developmental support, and growth. The Board will continue to support management in executing a forward-looking strategy that prioritises sustainability, transformation, and competitiveness.

I would like to express my sincere appreciation to the Minister of Mineral and Petroleum Resources, Mr Gwede Mantashe, for his continued support and leadership. I also extend my gratitude to the Board members and Committee Chairs for their commitment and diligence, and to the Chief Executive Officer (CEO) and staff for their resilience, innovation, and professionalism in a challenging year.

In conclusion, I remain confident in the long-term outlook of the State Diamond Trader and its ability to make a meaningful impact in the South African diamond industry.

Mr Abbey Chikane
Chairperson of the Board
31 August 2025

CHIEF EXECUTIVE OFFICER'S OVERVIEW



Ms Nosiphiwo Mzamo
Chief Executive Officer

The 2024/25 financial year was defined by persistent instability in the global diamond industry. A sharp decline in rough diamond production where South Africa dropped to sixth (6th) position among the world's top diamonds producers, weak demand for polished diamonds, and high inflation collectively disrupted the market and significantly impacted the operations of the State Diamond Trader.

Operational and Financial Environment

Despite these headwinds, the entity demonstrated resilience and strategic foresight. During the reporting period, the State Diamond Trader (SDT) purchased rough diamonds valued at R322 million and generated sales of R334 million. While these figures reflect operational continuity, sales to HDSAs declined markedly from R119 million in the previous year to R57 million. This downturn is directly attributable to the constrained market environment, which hampered demand and limited client turnover. Although the rand value of sales to HDSA clients declined, the number of HDSA clients that purchased in this financial year accounted for 55% of the total number of clients who purchased.

In response, management introduced a multifaceted approach to mitigate the impact and safeguard the entity's sustainability. A new strategic framework was developed to expand sourcing channels by purchasing rough diamonds from other African producer countries. This is expected to improve supply to clients and support future revenue growth. The entity is also exploring a hybrid model, to not only rely on buying and selling diamonds but also in marketing diamonds from other African countries and earning commission on the sales generated.

To manage inventory and reduce financial strain, the entity implemented targeted strategies, including reduced operational costs and a pre-allocation sales model. These actions ensured continued organisational stability while positioning the entity for recovery.

Facilitation of Access to Market

Importantly, the entity continued to fulfil its mandate in assisting clients to access international markets during this difficult period. The entity successfully hosted the inaugural South African Diamond Show alongside the Africa Mining Indaba from 3–5 February 2025, creating a platform for local clients to showcase their products and engage with global buyers. The theme of the show was **"Evolution and Promotion of Natural Diamonds"**. This landmark event, hosted by the SDT in collaboration with the Minister of Minerals and Petroleum Resources, brought together key stakeholders, including local diamond traders, manufacturers, jewellery designers, government officials, and industry experts. This three-day exhibition highlighted South Africa's rich diamond legacy, showcasing locally mined and manufactured diamonds. It also underscored the SDT's commitment to promoting equitable access to rough diamonds, and supporting local beneficiation. The exhibition also provided a unique platform for exhibitors to engage in networking and collaboration with other industry players, such as suppliers, manufacturers, retailers, and potential buyers.

Additionally, the entity facilitated client participation at the Hong Kong Jewellery and Gem Fair in September 2024, enabling the exhibition and sale of South African polished diamonds and jewellery on a global stage.

Financial Position

The entity recorded a loss during the 2024/25 financial year due to the depressed diamond markets; however, cost containment measures were put in place, subsequently a saving of R5 million was realised on the budgeted expenditure. As of 31 March 2025, the entity closed the year with R107 million in cash reserves and remains a going concern. Despite the market challenges, the entity achieved a gross profit margin of 4%, an increase from the previous year that was 2%, but due to not selling enough volumes a positive net profit could not be realised.

Lower production levels from major producers like De Beers and Petra contributed to the financial loss. SDT heavily relies on the health of producers to derive an increase in volume and value for the entities 10% allocation which will lead to maximum revenue. The entity continues to face challenges in purchasing from producers due to prices not being aligned with market changes.

Programmes and Projects

As part of its ongoing mandate to grow the diamond industry, the entity revived its Enterprise Development Programme (EDP) by recruiting five participants in February 2023 for a three-year period. The programme, which remains active, is supported by an extensive training plan designed to equip participants with the skills and knowledge required to enter and succeed in the diamond industry upon completion in 2026.

Human Resources

As of 31 March 2025, the SDT had a Board-approved structure of 28 positions, with two vacancies at the skilled technical level reserved for the absorption of Diamond Valuation Trainees in the 2025/26 fiscal year, resulting in a 7% vacancy rate. No changes occurred within Executive Management during the year under review. The entity continued to implement its Remuneration and Performance Management policies to attract, retain, and motivate capable personnel aligned with its strategic objectives.

Workforce demographics reflect a total staff complement of 29, with strong representation of African females, particularly in semi-skilled and unskilled levels. Training and development remained a priority, with total expenditure of R722 000 in the 2024/25 fiscal year, directed toward management coaching, bursaries, and technical training in rough diamond valuation. These initiatives underscore the organisation's commitment to skills development and transformation within the diamond industry.

Board and Governance

Following the conclusion of the previous Board's tenure in October 2023, the appointment of a new Board had not been finalised at the beginning of the 2024/25 financial year. To ensure continuity in governance and oversight, the Minister of Minerals and Petroleum Resources authorised the establishment of an Interim Audit and Risk Committee. This interim structure remained in place until the formal appointment of the new Board by the Minister on 20 September 2024.

To improve the entity's audit performance from the previous financial year, management took deliberate and strategic action to strengthen governance processes. This included enhancements to internal controls and the reporting of annual performance information. As a result of these focused efforts, the entity achieved an unqualified audit opinion with no material findings for the current financial year.

Conclusion

I would like to thank the Honourable Minister Mr SG Mantashe and the Department of Mineral and Petroleum Resources for entrusting me with the leadership of this entity. My sincere gratitude to the Board members for their guidance and oversight. To Management and all staff members, thank you for your continued support and commitment to the entity. I look forward to a transformative and successful year ahead.



Ms Nosiphiwo Mzamo

Chief Executive Officer

31 August 2025

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

The Annual Report for the financial year ended 31 March 2025 presents all information and amounts that are consistent with the audited Annual Financial Statements, as verified by Tholisiwe Chartered Accountants appointed by the Auditor -General of South Africa (AGSA).

Independent external auditors were appointed to provide an unbiased opinion on the Annual Financial Statements.

In our assessment, the Annual Report provides a fair and accurate representation of the entity's operations, performance information, human resources information, and financial affairs for the year ended 31 March 2025.



Ms Nosiphiwo Mzamo
Chief Executive Officer



Mr Abbey Chikane
Chairperson of the Board



ABOUT US AND MANDATE

STRATEGIC OVERVIEW



Who We Are

The State Diamond Trader (SDT) is a state-owned entity, established in 2007 in terms of Section 14 of the Diamonds Act (No. 56 of 1986) to operate in the diamond industry and to support and facilitate growth in local diamond beneficiation. The SDT is categorised as a Schedule 3B entity in terms of the Public Finance Management Act (PFMA) (No. 1 of 1999).

Legislative Mandate

The mandate of the SDT is to buy and sell rough diamonds and to promote equitable access to and beneficiation of the country's diamond resources. The entity aims to grow South Africa's diamond-cutting and polishing industry by enabling and increasing the participation of Historically Disadvantaged South Africans (HDSAs) in the diamond beneficiation industry. The entity is empowered by Section 59B of the Diamonds Act, as amended, to purchase up to 10% of the run-of-mine (ROM) production from all diamond producers in South Africa. It sells to beneficiation licence holders who are registered customers.



Vision

Heartbeat of diamond
beneficiation



Mission

To catalyse the South African
Diamond beneficiation
industry in support of inclusive
socio-economic participation



Values

- Integrity
- Service Excellence
- Transformation
- Agility
- Collaboration

ORGANISATIONAL STRUCTURE

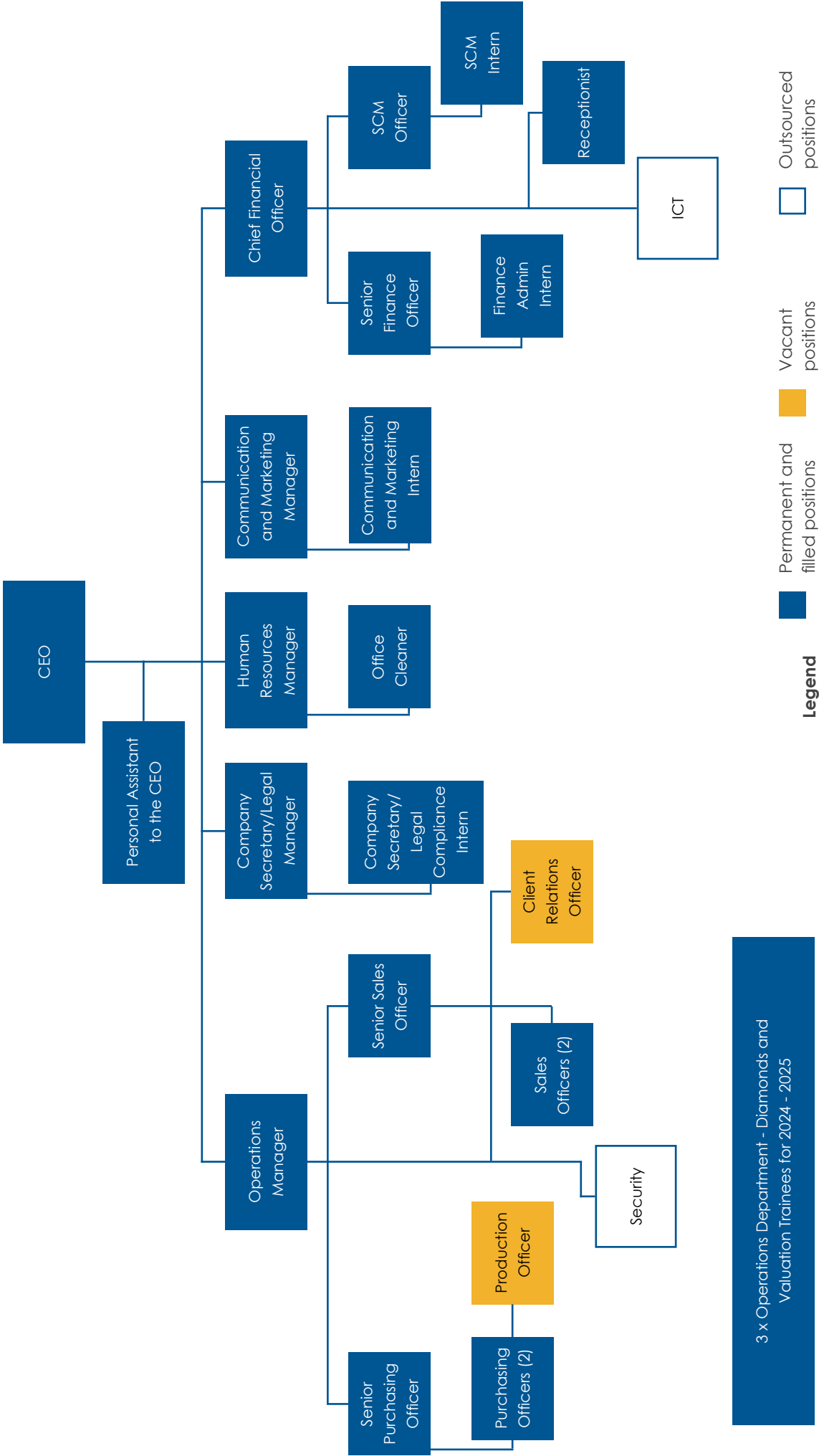


Figure 1: SDT Organogram



PERFORMANCE INFORMATION

OPERATIONS OVERVIEW

Our Operations

The State Diamond Trader carries out its mandate of buying and selling rough diamonds and promoting equitable access to and beneficiation of the country's diamond resources through the following functions:

Purchasing

The SDT's purchases are initiated through a process set out in Section 59B of the Diamonds Act, as follows:

- Diamond producers extend an offer for the SDT to inspect the production mined during that cycle, in line with Section 59B of the Diamonds Act (No. 56 of 1986), as amended and inviting the Government Diamond Valuator to attend all inspections.
- The SDT is presented with all unpolished diamonds at the end of every production cycle by a producer together with reserve price. The entity may select a representative sample of up to 10% of the unpolished diamonds presented. The Government Diamond Valuator verifies the price set by the producer.
- The SDT either accepts the reserve price and makes a purchase or negotiates further with the producer or declines the purchase.

Production (Sorting And Valuation)

The production process entails the sorting, valuation, and pricing of rough diamonds. Each parcel is assigned a value to unlock its worth and prepare the diamonds for sale to SDT clients. The processes undertaken by production result in the entering of the rough diamond stock into the inventory management and financial reporting application.

Client Relations

The role of client relations is to engage with the SDT's current and potential clientele on all matters except those related to the sale of rough diamonds. The activities of the Client Relations Department are summarised as follows:

- Addition and removal of entries on the State Diamond Trader customer base.
- Maintenance of client records.
- Development and implementation of a client segmentation strategy.
- Compliance with licensing and SARS certification.
- Compliance with beneficiation targets through factory visits.

- Projects relating to industry and clients' development.
- Diamond industry public relations.
- State Diamond Trader participation at external events.

Sales

Sales work closely with client relations to understand clients' needs and particularly their compliance status. The sales process is a function of SDT's overall strategy, duly cognisant of its mandate as stated in the legislation. The entity employs methodology in its engagement with customers.

Diamonds are allocated to customers in line with the sales strategy, which seeks to address transformation while also considering the SDT's commercial imperatives. The allocation of mixes to an approved and compliant customer base is largely dependent on what the entity has purchased.

Support Services

Finance: Responsible for financial planning, budgeting, financial record-keeping and reporting, asset management, financial risk management and supply management.

Information Technology: Oversees the provision and maintenance of hardware and software as well as Information and Communication Technology (ICT) governance, policies, and procedures.

Marketing and Communications: Manages both external and internal communications, including stakeholder relations, media relations and marketing initiatives.

Human Resources: Handles human resources issues, including recruitment, training and development, employee benefits, wellness programmes, labour relations and others.

Legal and Secretariat: Responsible for the Board secretariat and related matters, legal compliance, litigation, risk management and corporate planning.

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

To achieve its mandate, the entity had two outcome goals aimed at growing the diamond industry and ensuring financial sustainability. During the 2024/25 financial year, the entity had 16 strategic targets planned and due to the depressed market only 11 were achieved and five not achieved. The percentage achieved was 69%.

The Figure that follows reflects the overall performance of the entity based on its strategic outcomes.

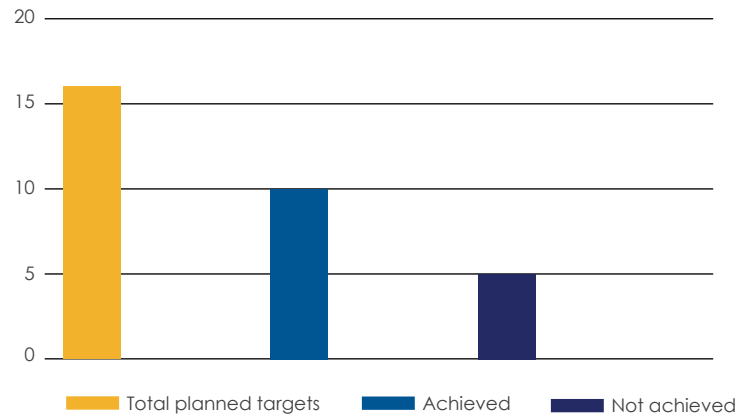


Figure 1: Actual achievement of the entity's Annual Performance Plan

Strategic Output 1: Organisational sustainability

ACHIEVEMENT					NON-ACHIEVEMENT	
No.	Strategic Outcome	Outcome Indicator	Planned Annual Target	Actual Achievement	Deviation from Planned Target	Comments
1.1	Business management/ leadership excellence achieved	Percentage of Annual Combined Audit Action Plan deliverables implemented	100%	Not Achieved: 98% of the Annual Combined Audit Action Plan deliverables were implemented.	There is a variance of 2% of outstanding Combined Audit Action Plan relating to SAGE application control review that was not implemented.	The unresolved audit finding at year end related to inadequate password settings on the SAGE application. The SAGE system does not impose a restriction on the number of attempts a user can make when entering an incorrect password. The system underwent reconfiguration in June 2025 to restrict the frequency with which a user may input an incorrect password.

ACHIEVEMENT					NON-ACHIEVEMENT	
No.	Strategic Outcome	Outcome Indicator	Planned Annual Target	Actual Achievement	Deviation from Planned Target	Comments
1.2	Business management/ leadership excellence achieved	Percentage of Corporate Communication Plan implemented versus planned	100%	Achieved: 100% of the Corporate Communication Plan was implemented.	N/A	N/A
1.3		Number of culture/staff satisfaction surveys conducted	One culture/staff satisfaction survey conducted	Achieved: One culture/ staff satisfaction survey was conducted.	N/A	N/A
1.4		Percentage of risk mitigation actions implemented, applicable in the financial year, versus planned on the Strategic Risk Register	70%	Not Achieved: 21% of the risk mitigation actions were implemented.	There is a variance of 49% due to some mitigation actions which were linked to trading performance, and therefore the targets could not be achieved due to depressed diamond market conditions. Secondly, the entity had to defer certain planned mitigation actions as part of its cost containment measures.	The planned mitigation actions that were not implemented have been incorporated into the revised Strategic Risk Register for the 2025/26 financial year and will be implemented by 31 March 2026.
1.5		Unqualified audit opinion	Unqualified audit opinion	Achieved: The entity obtained an unqualified audit opinion.	N/A	N/A
1.6	Human capital management excellence achieved	Percentage of active positions filled	80%	Achieved: 93% of the active positions were filled.	N/A	N/A
1.7		Percentage implementation of the Workplace Skills Plan (WSP)	80%	Achieved: 80% of the workplace skills plan was implemented.	N/A	N/A

ACHIEVEMENT					NON-ACHIEVEMENT	
No.	Strategic Outcome	Outcome Indicator	Planned Annual Target	Actual Achievement	Deviation from Planned Target	Comments
1.8	Financial management excellence achieved	Ratio of working capital	Greater than or equal to 5:1	Not Achieved: The working capital was 4:1	There is a variance of 1 due to the following: 1. There was a prepayment made to a producer for rough diamonds that were not yet to be delivered. The amount was recorded as an asset until the diamonds were delivered. 2. There were funds received from clients as income in advance for rough diamonds which were not yet collected or processed. The amount was therefore recorded as a liability until the diamonds were collected.	The KPI has been revised and will be monitored throughout the quarterly reporting of the new financial year.
1.9		Percentage variance of over expenditure of the operating budget	Variance of over expenditure should not exceed 10%	Achieved: The variance of over expenditure was under 12% due to cost containment measures.	The entity did not exceed the budgeted variance on its over expenditure due to cost containment measures.	N/A
1.10	Technology management excellence achieved	Percentage of Digital Transformation Plan implemented versus planned	50%	Achieved: 50% of the Digital Transformation plan was implemented.	N/A	N/A
1.11	Information/knowledge management	Percentage of knowledge management improvement initiatives implemented versus planned	70%	Achieved: 75% of the initiatives in the knowledge management plan were implemented.	There is a variance of 5% due to additional activities that were included in the plan. The additional activities did not have financial implications.	N/A

Strategic Output 2: A growing, transformed SA diamond beneficiation industry

ACHIEVEMENT					NON-ACHIEVEMENT	
No.	Strategic Outcome	Outcome Indicator	Planned Annual Target	Actual Achievement	Deviation from Planned Target	Comments
2.1	Rough Diamonds traded suitable for local beneficiation	Number of exhibitions/ events participated in or hosted, locally and internationally	7	Achieved: The entity participated in six (6) local events and three (3) international events during the current financial year.	There is a variance of two (2) additional exhibitions/ events that were conducted due to budget availability.	N/A
2.2		Percentage of purchased rough diamonds inspected	5%	Not Achieved: 3% of the rough diamonds inspected were purchased.	There is a variance of 2% due to the continued depressed diamond market caused by global Inflation, increased polished diamond inventory in the pipeline, little to no demand from consumers as rough diamond prices remained high.	The entity will continue to conduct effective engagement with producers, SADPMR and its clients to find workable solutions in these uncertain market conditions.
2.3		Number of producers utilised to source diamonds	18	Achieved: The entity utilised 21 producers to source rough diamonds.	There is a variance of three (3) additional producers that were utilised in sourcing rough diamonds.	This is due to the entity's continuous efforts to ensure that producers comply with the legislative provisions by presenting their production to the State Diamond Trader for inspection purposes.

ACHIEVEMENT					NON-ACHIEVEMENT	
No.	Strategic Outcome	Outcome Indicator	Planned Annual Target	Actual Achievement	Deviation from Planned Target	Comments
2.4	Equitable access to rough diamonds for local beneficiation	Percentage increase in carats sold to Historically Disadvantaged South Africans (HDSA)	10%	Not Achieved: 47% decrease in carats sold.	This is due to HDSA clients not purchasing diamonds because of the continued depression in the diamond markets.	The entity will conduct effective engagements with its HDSA clients to understand the challenges they are facing because of the current difficult diamond markets. This will be followed by a focused allocation of diamonds to the HDSA clients by 31 March 2026.
2.5		Percentage performance on Enterprise Development Programme (EDP) Annual Plan	100%	Achieved: 100% of the EDP Annual Plan was implemented.	N/A	N/A

Trading Report

Market Dynamics

The global diamond market is in a readjustment phase experiencing extensive price corrections with the industry facing multi-year lows that have plagued the entire value chain for two consecutive years. Natural diamond production has plummeted, while lab-grown alternatives are rapidly increasing their market share. In South Africa, production volumes have also declined, with producers attempting to maintain post-pandemic price levels, which are considered unrealistic. It is said that leaving rough diamonds in the ground is more cost-effective than extracting them. These unprecedented market dynamics urgently require correction to allow SDT to remain competitive and achieve its mandate.

In this regard, SDT's operational strategic focus is centred around the following four strategic themes:

- **Diversification:** Significant progress has been made following the Board's approval of the sourcing framework and key policies, including the framework for buying rough internationally and the Anti-Money Laundering policy. This will assist the SDT in advancing its interests in international sourcing efforts to complement domestic supply and mitigate risks associated with declining local production. This strategy will ultimately positively impact the financial sustainability of the SDT.
- **Resilience:** SDT continues to enhance its risk management framework and implement agile procurement processes to maintain operational stability amid market fluctuations. This ongoing strategy will be periodically assessed to ensure it remains fit for purpose and serves the entity's interests.
- **Stakeholder Engagement:** Strengthening and expanding relationships with key clients and producers is a priority. The strategy employed involves engagement with key clients to stimulate sales and collaboration with producers to negotiate better prices. Further engagement with tender houses, diamond organisations, and international producers is underway to ensure that the SDT reaches its entire network of stakeholders and identifies collaborative and joint programmes of action to counter market challenges.
- **Capacity and Technical Ability:** The SDT has long relied on its technical ability to ensure that the diamonds it purchases and sells remain profitable. This risk-averse strategy safeguards operational activities, even in the face of challenges. Strengthening the entity's technical ability and capacity is crucial to solving the various market challenges. Interventions made in seasonally favourable markets enable the entity to derive maximum revenue and profits, providing a cushion when it experiences challenging trading conditions.

Market Overview and Insights

This section provides an overview of the market during the financial year and offers an analysis of the current diamond market landscape, both globally and domestically. A comprehensive understanding of the external environment informs SDT's strategic realignment and operational decisions.

Shifting Consumer Preferences

Consumers' noticeable shift towards more affordable or investment-grade diamonds and substitutes remained a challenge in the year under review. However, demand for loose polished diamonds and diamond jewellery slightly improved, particularly during the festive season. Economic factors, such as inflation and tariff wars continue to weaken consumer confidence and reduce demand for luxury goods, largely driven by the geopolitical landscape.

Geopolitical Tensions

The diamond sector is not immune to geopolitical tensions worldwide, which can disrupt the global supply and demand for natural rough diamonds. Many countries involved in conflict are either major producers or significant trading partners. For example, Russia is one of the leading diamond-producing countries, and Israel is a major global trading centre. Conflicts in these countries have led to instability in demand in major trading centres, negatively impacting global trading. These geopolitical tensions have disrupted global supply chains.

Global Economic Tensions

This year has seen rising tensions between the USA and the rest of the world, especially around issues such as tariff wars. The USA has placed varying reciprocal tariffs on many of its trading partners. China's firm stance on its reciprocal tariffs on the USA have created uncertainty. There are also concerns about tariffs in other countries, including diamond-producing and manufacturing centres in Africa. The proposed tariffs have affected Lesotho, Botswana, Namibia, and South Africa the hardest.

High Inventory Levels

With demand for natural diamonds having decreased significantly over the past two years, the polished diamond market has experienced high inventory levels, necessitating a reinvigorated demand strategy through targeted marketing campaigns to stimulate demand. Healthy inventory levels are crucial to the entire value chain to regain a healthy state. Trade shows have shown little impact in recent years, underscoring the urgent need for a collaborative marketing strategy to revive interest and demand for natural diamonds.

Lab-Grown Diamonds

The increased demand for lab-grown diamond jewellery continues to reshape consumer demand. The lab-grown sector has launched an aggressive marketing strategy to boost demand. The natural diamond sector has called for collective industry efforts to position natural diamonds as a force for good, emphasising their positive impact on communities in producing countries. This problem will not go away instantly, and many experts believe that both sectors must learn to coexist rather than advocate for the eradication of the other.

Lackluster Demand for Rough Diamonds

Major producers, such as De Beers and Alrosa, are grappling with unsold inventory, resulting in a build-up of rough diamond stock levels. A key consumer, India, has continued to experience a decline in both imports and exports, reflecting the broader trend of low market demand for rough diamonds. The lackluster demand is as a result of increased polished inventory in the value chain and decreased demand for polished diamonds.

Forecast

The diamond industry's challenges persist, and it is anticipated that it will continue into the new financial year with industry experts very cautiously hopeful that a positive shift will occur at the end of 2025. The diamond market urgently requires greater consistency in the macro-economic factors that impact the diamond industry. Among all these challenges, the SDT must monitor several key factors to inform decision-making strategies that bolster recovery and growth. Moreover, the following are key strategic factors to consider for 2025:

Global Rough Diamond Supply

Global production of rough diamonds has declined amid the weak demand. However, most major producers experienced an increase in their inventory and have elected to extract less. In South Africa, the two largest producers have also been negatively affected, resulting in less diamonds being produced and sold thus also having a negative impact on their cash flows. These dynamics forced producers to reduce staff complements in an effort to reduce expenditure levels and manage costs. It has been reported that Anglo American is seeking a buyer for its rough diamond business and wants to focus more on its precious metals business.

Strategic Intent: Lower production levels by producers will enable the uptake of polished inventory in the diamond pipeline, thereby balancing the supply and demand factors — a requirement for improving the current market state. The SDT also has an unavoidable responsibility to implement the projects it has set out to undertake in Africa by expeditiously finding alternative sources of rough diamonds to mitigate the shortage locally.

Price Disparity

In the financial year under review, Rapaport prices on polished diamonds, which is used to price diamonds, dropped multiple times as a forewarning to the reality of demand and supply within the global market context. Rapaport tried painstakingly to reflect the widening gap between rough and polished prices. Such disruptive action has led to even more uncertainty, as no one knew exactly what was happening or causing the price to decline. Locally, there were minimal to no adjustments to prices, which resulted in very limited trade and even higher inventory levels.

Strategic Intent: Producer prices, especially those locally, need to be assessed to determine if the prices presented to SDT are of fair market value and in line with prevailing market rates. A provision in legislation to invoke the Independent Diamond Valuator mechanism in times of uncertainty has not been utilised at all.

Rough Diamond Demand from Clients

In response to the decline in local production levels, the Board has since resolved key policy and procedural interventions to give way to a formal working relationship with the producers in foreign jurisdictions.

Strategic Intent: The entity's "Framework for the Ethical Sourcing of Rough Diamonds from Producing Countries" and the Anti-money laundering Policy have been approved. As a mitigation strategy for the declining production levels in South Africa, the SDT will continue to investigate and identify opportunities in the top five diamond-producing countries. SDT is also responsible for developing a risk-averse approach to mitigate potential losses in international trading.

Investments in Marketing

The SDT held its inaugural SA Diamond Show in February 2025, aimed at marketing authentic South African diamonds to the world. This key initiative is one of the key interventions in which the SDT attempts to revitalise the local market, particularly beneficiation. As articulated in previous reports, the demand for natural diamonds has been negatively impacted by the growing demand for lab-grown diamonds, thus urgently requiring all players along the natural diamond value chain to collaborate closely and invest more financially in marketing campaigns for natural diamonds.

Strategic Intent: SDT will continue to support the growth of the local diamond industry by assisting its clients in forming partnerships with key stakeholders to promote the South African diamond industry and its finished products locally and internationally, e.g., at the Hong Kong Show and the Diamond Show. The SDT remains committed to its responsibility of "supporting the industry through relevant interventions" by partnering with both diamond producers and clients alike to find collective solutions currently facing the industry. To this end, the

SDT is part of the Diamond Leadership Forum and the Diamond Bill Amendment team and has been approved as a member of the Diamond Dealers Club of South Africa (KPCS).

Inventory Management

The industry needs to change its behaviour regarding inventory build-up, especially as the most prominent producers have extensive inventories of rough diamonds. Most manufacturers also have a build-up of polish inventory. Responsible inventory management, both at the producer and manufacturer levels, entering the pipeline will ensure that polished inventory is reduced, driving demand for natural rough diamonds.

Strategic Intent: The SDT has already implemented a risk-averse strategy by avoiding stockpile inventory in such a weak and unpredictable market. Generally, diamonds purchased by the SDT have an average stock turnaround of 1 to 2 days. This decision is based on the notion that market volatility can negatively impact revenue generation, and price fluctuations can be detrimental if the entity holds onto inventory for extended periods. The entity ended the quarter with zero stock.

Traceability of Natural Diamonds

Although the European Union has postponed the implementation of mandatory measures to ensure proof of origin, the G7 initiative to restrict Russian diamonds from entering G7 countries has prompted the industry to enhance traceability. Namibia and Botswana have strategically placed themselves as G7 nodes in the SADC region. South Africa has yet to announce its stance publicly at a policy level. However, the traceability of diamonds has become a key strategy for providing comfort to consumers. Locally, the South African Diamond Producers Organisation, the Minerals Council and the South African Diamond and Precious Metals Regulator (SADPMR) continue engaging the SDT on a collective solution to a growing trend globally without replacing the important role of the Kimberly Process Certification Scheme (KPCS).

Strategic Intent: The SDT, through its participation in the KPCS and the African Diamond Producers Association (ADPA), continues to advocate for inclusive and non-discriminatory trading practices that promote transparency and address challenges in the diamond industry.

State Diamond Trader Trading Performance

Table 2: Five-year performance comparison of inspections, purchases, and sales

	2020/21	2021/22	2022/23	2023/24	2024/25
State Diamond Trader Inspections in US\$ million	972	1 299	1 320	836	633
Carats inspected	8 666 911	9 374 383	9 013 034	6 416 370	5 582 855
US\$ per carat	112	139	146	133	140
No. of producers	14	13	13	35	44
No. of inspections conducted	164	170	167	133	227
State Diamond Trader Purchases in ZAR million	650	1 352	1 269	606	322
% Purchased	3%	7%	6%	4%	3%
Carats purchased	268 147	600 179	492 118	248 550	125 783
No. of purchases	71	117	86	82	110
State Diamond Trader Sales in ZAR million	683	1 430	1 316	631	334
COGS	662	1 358	1 254	621	322

	2020/21	2021/22	2022/23	2023/24	2024/25
GM	21	72	62	10	12
GM%	3%	5%	5%	2%	4%
Carats	268 061	600 670	488 718	251 604	126 128
No. of clients sold to	30	39	43	25	20
State Diamond Trader Stock in ZAR million at year end	4	-	-	-	-
Average of stock (days)	>900	-	-	-	-

NB: All values exclude shipping costs

Trading Summary and Annual Comparison

- A total of 44 producers presented rough diamonds to the SDT for inspection, an increase of nine producers (35 producers in 2023/24).
- The value of purchases was R322 million for 2024/25 compared to R606 million for purchases in the 2023/24 financial year. This shows a decrease of 47% in the value of rough diamonds purchased.
- The volume purchased was 125 783 carats in 2024/25 compared to 248 550 carats in the 2023/24 financial year. This shows a substantial decline in carats purchased of 49%. The decrease in value and volume is attributed to the estimated decline in production levels by large producers due to the reduction in demand by the global diamond market.
- The number of purchases made from the producers was 110 for the year under review, compared to 82 purchases in 2023/24. This shows an increase of 22% in the number of purchases made.
- The sales value for 2024/25 was R334 million compared to the previous year's sales of R631 million. This reflects a 47% decrease in sales for the financial year under review. The reduced revenue translates to reduced demand and selective purchases by the SDT clients and the ongoing weak diamond market.
- The gross margin percentage achieved was 4% in 2024/25 (R12 million), compared to the 2% achieved in 2023/24 (R10 million), which is a positive achievement compared to the previous financial year. It can be noted that the gross margin revenue increased by R2 million compared to 2023/24, which is a significant achievement considering the continued decline in the diamond market that was experienced during the 2024/25 financial year.

Even though there is a positive increase in the gross profit margin percentage this financial year, the decrease in sales volumes has impacted on the entity's overall profitability.

Strategic Insight: SDT has initiated the following strategies to mitigate the challenges experienced:

- Strengthening stakeholder management with producers to reach common price agreements based on fair market terms. These relationships with some producers have enabled price negotiations.
- Enhancing client engagement strategies to identify opportunities amid uncertain market conditions.
- The SDT also has an unavoidable responsibility of implementing the projects it has set out to undertake in Africa by expeditiously finding alternative sources of rough diamonds to mitigate against the shortage locally. The SDT is also responsible for developing a risk-averse approach to reduce potential losses in international trading.
- The entity's **"Framework for the Ethical Sourcing of Rough Diamonds from Producing Countries"** has been approved, and the SDT will commence in the new financial year with a pilot purchase from a foreign jurisdiction.
- Continuing efforts to drive market access to support strategies for natural rough diamonds.

State Diamond Trader Inspections

Trading activity at the SDT is determined by the number of rough diamonds produced in the country, with the legislation indicating the maximum quantity that SDT can purchase.

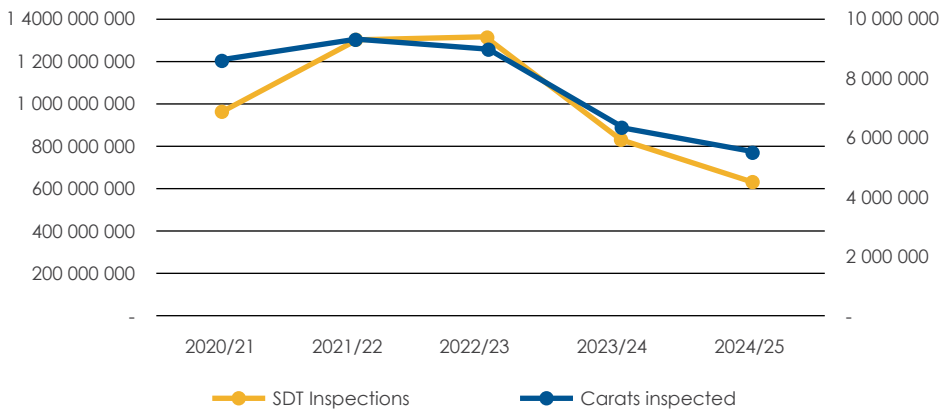


Figure 2: Five-year rough diamond production inspection

Figure 2 indicates a 13% decrease in carats (volume) and a 24% decrease in the value inspected. However, the average dollar price per carat increased by 5% to US\$140 per carat (US\$133 per carat in 2023/24). The decline is due to decreased production levels of the largest producers by more than 60%. Producers also reduced their production levels due to the continued decline in the diamond market. South Africa has also dropped in global ranking from the 5th to the 6th largest diamond producer. This drop in production has an impact on the performance of the SDT.

The implementation plan regarding non-compliant producers entails robust engagements with the tripartite structure consisting of the SADPMR, the SDT, and the South African Diamond Producer's Organisation (SADPO). The aim is to discuss concerns of producers and to identify all licensed producers that are currently operational yet have not complied with the provisions set out under Section 59B of the Diamonds Act.

A task team was established between the SDT and the SADPMR. This task team continues to verify the level of compliance by non-compliant producers who sell their productions through the Kimberley Diamond Exchange. This task team works to ensure that all previously non-compliant producers are assisted in understanding their obligations and deliberating on logistical issues and other concerns. Producers' compliance increased from 35 producers in 2023/24 to 44 producers in the current financial year due to effective collaboration between the SDT and the SADPMR.

The following is a list of producers that are compliant with legislation:

- | | |
|---|---|
| 1. Alexkor SOC Pty Ltd | 23. Moya Uthule General Trading (Pty) Ltd |
| 2. BE Potgieter | 24. Namakwa Diamonds Limited |
| 3. Belton Park Trading 159 (Pty) Ltd | 25. Naswa Mining (Pty) Ltd |
| 4. Bitflow Investments 71 (Pty) Ltd | 26. Northern Spark Trading 428 (EDMS) BPK |
| 5. Bondeo 140 CC | 27. Oceanside Trading 139 CC |
| 6. De Beers Consolidated Mines | 28. CA Visser Delwery (EDMS) BPK |
| 7. Ekapa Resources (Pty) Ltd | 29. Petra Diamonds |
| 8. Fourpret (C.W.J Van der Merwe) | 30. PJC Pretorius and Seun Boerdery |
| 9. Full Swing Trading 516 CC | 31. Renrock (Pty) Ltd (Skud Skud 1) |
| 10. Gateway Plans (Pty) Ltd | 32. Rooipoort Developments |
| 11. Jagersfontein Developments (Pty) Ltd | 33. Rushtail 31 (Pty) Ltd |
| 12. JH Delwery (Pty) Ltd | 34. Skaapkop Delwery (Pty) Ltd |
| 13. Joufor Global (Pty) Ltd | 35. Squirewood Investments 65 |
| 14. JR Pienaar (Pty) Ltd | 36. Trans Hex Mining (Pty) Ltd |
| 15. Kareelaagte Diamante (Pty) Ltd | 37. Wouterspan Boerdery (Pty) Ltd |
| 16. Kenneth Leon Boraine | 38. Zandfontein Delwery (Pty) Ltd |
| 17. Kimswa Miing (Pty) Ltd | 39. Etienne Smith |
| 18. Kleinzee Holdings (Pty) Ltd | 40. Frederick Johannes DeBeer |
| 19. Kleyncoor Holdings BK (DS Syyders Jaques Kleinhans) | 41. Jalin Boerdery Limited |
| 20. LC Delwery (Pty) Ltd | 42. Mulder Mining Investments |
| 21. Lower Orange Diamond River | 43. Papavangelo 26 (Pty) Ltd |
| 22. Morgenson Mining (Pty) Ltd | 44. Viska Delwery CC |

Actual Performance and Budget Comparison

The entity forecasted budgeted targets for purchases, sales and gross margin. The table that follows highlights the entity's performance against those targets.

Table 3: Trading performance against the 2024/25 budget

		Year to Date Total R
Purchases	Budget	723 270 948
	Actual	321 539 048
	Difference	-401 731 900
	Difference %	-56%
Sales	Budget	761 337 840
	Actual	334 478 623
	Difference	-426 859 217
	Difference %	-56%
Gross Margin	Budget	38 066 892
	Actual	12 117 029
	Difference	-25 949 863
	Difference %	-68%

Notes:

- The purchasing figures reflect only the purchases made during the 2024/25 financial year.
- The sales figures include all purchases made during the 2024/25 financial year, as well as stock carried over from the 2023/24 financial year.
- The gross margin considers the profit or loss from all trading activities during the 2024/25 financial year.

Table 3 highlights that the SDT underperformed against its purchase target by R402 million, purchasing rough diamonds to the value of R322 million. The entity also underperformed against its sales target by R427 million, achieving a sales value of R334 million and realising a gross margin of only R12 million, underperforming against its gross margin target by R25 million.

The performance is directly linked to the drastic decrease in production levels and the persistently challenging market.

Strategic Insight: The continued decline in purchasing volumes was expected, given the sharp decline in production output, price instability, and uncertain market conditions. The decreased price per carat signals a decline in South African production's quality and makeup. It indicates that SDT purchased more run-of-mine diamonds. The ongoing implementation of the entity's supplier agreements enables SDT to buy diamonds at the agreed prices.

Despite all these challenges, SDT has built transparent and mutually beneficial relationships with producers to ensure that it continues to trade responsibly and profitably during turbulent market conditions. Such key account interventions have resulted in positive trading figures for the financial year. Continued investment in pricing intelligence, international sourcing, and key account management will be critical to further strengthening profitability in the coming quarters.

State Diamond Trader Purchases

By law, the entity can purchase up to 10% of the value and volume of rough diamonds inspected, subject to the agreement on price; therefore, Table 4 provides details of the volume and value inspected, what the entity purchased, and the percentage purchased versus inspected.

Table 4: Percentage of volume and value purchased by SDT from what it inspected

Total Inspected		Total Purchased			% Purchased	
Carats	US\$	Carats	US\$	Ap	Carats	US\$
5 582 855	632 839 020	125 783	17 605 808.48	140	2%	3%

The SDT purchased rough diamonds from 21 of the 44 producers inspected during the financial year, compared to 20 producers in 2023/24. The average price of diamonds purchased by the SDT was US\$140 per carat, a 5% increase from the previous financial year's average price of US\$133 per carat. Although the number of producers increased, the rise in the price indicates that the entity continued to purchase run-of-mine production for the year. However, the quality was slightly better compared to the previous year.

The SDT continued to utilise agreements in place with producers, by selecting and purchasing goods that the client base of the entity can utilise, and that the entity deems are within the price range. The SDT can purchase up to 10% of run-of-mine South African diamond production by carats and value to support local beneficiation. The entity was able to purchase 2% by carats and 3% by value of the rough diamonds it inspected (purchased 4% by carats and 4% by value in 2023/24).

The entity could not purchase consistently from the country's diamond producers for the following reasons:

- Macro-economic factors impacted the generally depressed market conditions.
- Lackluster demand for rough diamonds.
- Sales and pricing methodologies used by producers, made some selections too expensive for the SDT and its clients.
- The SDT's legislated position as a passive role player, "price-taker", in the inspection and purchasing of diamonds from producers that were not open to negotiations.

State Diamond Trader Sales

The graph below shows the entity's five-year performance relating to sales by volume and value.

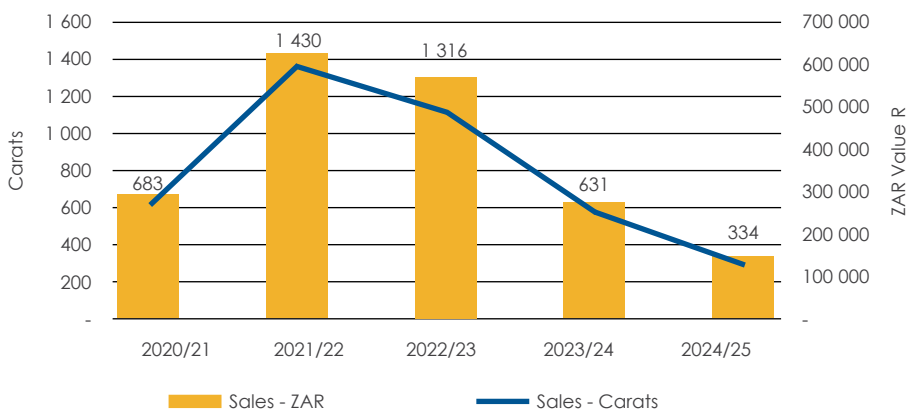
**Figure 3: SDT rough diamond sales to clients**

Figure 3 indicates that the sales by value and carats (volume) for 2024/25 drastically decreased by 47% and 50%, respectively, compared to the previous financial year. Sales decreased by R297 million to R334 million compared to the prior year's sales value of R631 million. The gross margin percentage achieved 4%, resulting in a gross margin value of R12 million (2023/24: R10 million), and the carats sold decreased to 126 128.

The SDT sold to 20 clients (25 clients sold to in 2023/24), 11 of which were 100% Black-owned companies (14 Black-owned companies sold to in 2023/24), translating to 55% of sales in the 2024/25 financial year.

The following should be noted:

In the 2024/25 financial year, the top five clients accounted for 68% of total sales, with no 100% Black-owned clients among them. Similarly, in the 2023/24 financial year, the top five clients contributed 70% of total sales, also with no 100% Black-owned representation.



Top 10 clients accounted for 95% of total sales



In the 2024/25 financial year, the top ten (10) clients accounted for 95% of total sales, with three being 100% Black-owned. This mirrors the 2023/24 financial year, during which three clients were also 100% Black-owned, indicating no change in the number of Black-owned clients among the top buyers.

In the 2024/25 financial year, the top 15 clients accounted for 99% of total sales. Among these, three were 100% Black-owned, one was 100% non-Black-owned, and one had 26% BEE ownership. In comparison, during the 2023/24 financial year, seven clients were 100% black-owned, and one had 51% Black ownership. This reflects a notable decline in the number of Black-owned clients.

Decline in the number of Black-owned clients



Decreasing participation of 100% Black-owned companies



The diamond industry has faced numerous challenges and periods of decline in recent years, which are reflected in the decreasing participation of 100% Black-owned companies among top buyers. A key contributing factor to this trend is the limited access to critical resources such as finance, markets, and technology, which continues to hinder black-owned businesses' growth and purchasing power. Without these enablers, their ability to compete at scale remains constrained.

There has been a noticeable decrease in 100% Black-owned client participation across all the sections. Access to finance is still required to increase the number of Black-owned companies in the top tiers, ensuring effective transformation and inclusiveness.

State Diamond Trader Registered Clients

SDT ensures compliance with the country's laws regarding possession of a valid Diamond Beneficiation License and South African Revenue Services Tax Clearance Certificate by its registered clients. The 2024/25 financial year saw five new clients registered with the entity, and 12 clients were removed from the registry due to non-compliance, ranging from expired Beneficiation Licenses to non-compliance with tax clearance, however, two clients were reinstated.

The SDT segments its clients in the following manner:

- **Growth and Transformation** – Black-owned companies are given preferential allocation to support business growth.
- **Growth and Transformation Incubation** – Black-owned companies given preferential allocation to support business growth and incubated for one year.
- **Equitable Access Small** – Small HDSA-owned beneficiating companies that have yet to develop or are in the process of developing their business models that will lead to growth. Mostly sole owners.
- **Equitable Access Medium** – Medium HDSA-owned beneficiating companies that have consideration for Growth and Transformation and are developing their business models that will lead to growth. Have two to five permanent employees.
- **Equitable Access Large** – Larger HDSA-owned beneficiating companies having >51% ownership and international reach. Have two to ten permanent employees.
- **Niche Small** – Small, non-HDSA-owned beneficiating companies that purchase small quantities and have no permanent employees. It has no potential for growth.
- **Niche Medium** – Medium, non-HDSA-owned beneficiating companies that can purchase small to medium productions. They have two to ten permanent employees and an international and local reach for polished diamonds.
- **Niche Large** – Larger, non-HDSA-owned beneficiating companies that can purchase a larger and broader range of quantities of rough diamonds. They have over ten permanent employees and some subsidiaries of international companies.
- **Other** – Not listed as a registered client, sold to the Chief Executive Officer on approval.

The entity ended the financial year with 88 registered clients, which indicates a decrease from the 90 clients reported in the previous financial year. The entity officially removed 10 clients due to non-compliance, expired Beneficiation License and inability to produce tax clearance certificates. These clients are segmented into the following segments:

Growth and Transformation	05
Growth and Transformation Incubation	04
Equitable Access Small	45
Equitable Access Medium	03
Equitable Access Large	03
Niche Small	10
Niche Medium	09
Niche Large	09

Sales by Client Segment

The SDT segments its clients based on strategic considerations. The following table presents the distribution of sales across the different segments for the 2024/25 financial year, indicating each segment's contribution as a percentage of total sales.

Table 5: Breakdown of SDT rough diamonds sales by client segment

Segments	No. of Clients	Volume		Sales		Cost		Gross Margin	
		Carats	% of Total	R'mil	% of Total	R'mil	% of Total	R'mil	% of Total
Equitable Access Small	5	4 972	4%	28 532 773	9%	27 534 092	9%	998 680	8%
Equitable Access Medium	1	260	0%	2 126 649	1%	1 994 298	1%	132 351	1%
Equitable Access Large	1	346	0%	844 060	0%	822 546	0%	21 514	0%
Growth and Transformation	4	2 767	2%	25 789 193	8%	24 875 087	8%	913 386	8%
Niche Small	1	230	0%	1 390 752	0%	1 255 540	0%	135 212	1%
Niche Medium	2	7 063	6%	37 011 070	11%	35 788 303	11%	1 222 767	10%
Niche Large	5	62 436	50%	190 373 278	57%	182 937 490	57%	7 435 788	61%
Other	1	48 054	38%	48 410 849	14%	47 153 518	15%	1 257 331	10%
Total	20	126 128	100%	334 478 623	100%	322 361 594	100%	12 117 029	100%

Table 5 provides details of the volume and value of rough diamonds purchased by the different client segments and represents the percentage that each segment contributed to total sales.

The local diamond industry's lack of funding forces most of these companies to partner with larger companies to conclude transactions in the acquisition of rough diamonds; however, with the depressed market, most clients declined to purchase during the 2024/25 financial year. Sales to 100% Black-owned clients declined drastically due to depressed market conditions. The Niche Large and Medium Beneficiators contributed 68% of the entity's total sales value, compared to 53% in the previous financial year. SDT's focus on addressing the disparity seen over the years was hampered severely by the depressed market conditions, which saw the percentages of the Niche Large and Medium segments of total sales increase.

Strategic Insight: To ensure the entity's sustainability in this current situation, the Niche segment has a greater appetite for run-of-mine production and is financially sound, balancing this with sales to HDSA clients willing to purchase. Clients from the other segments sold melee goods, which are economically unsuitable for beneficiation, as they lack a market.

Sales by Suitability

The SDT has access to up to 10% of the run-of-mine production; however, most rough diamonds it has access to are deemed not economically suitable for beneficiation in South Africa. The table below provides details of the suitability of rough diamonds sold.

Table 6: Suitability of rough diamonds sold to SDT clients for local beneficiation

2024/25	Carats	ZAR Sales	ZAR Cost	GM	GM%	% of total	
						Carats	Value
Suitable for beneficiation	23 086	225 797 384	216 973 938	8 715 803	4%	18%	68%
Not suitable for beneficiation	103 043	108 681 240	105 387 656	3 401 226	3%	82%	32%
	126 128	334 478 623	322 361 594	12 117 029	4%		

During the 2024/25 financial year, 68% of the total sales by value were of diamonds deemed suitable for beneficiation, reflecting a slight decrease compared to 75% in 2023/24. By volume, the proportion of suitable goods declined marginally to 18% of total carats sold, down from 19% in the previous financial year.

Strategic Insight: The SDT regularly engages with clients to understand their requirements, which assists in selecting goods during inspections. However, the entity is sometimes required to purchase some producers' run-of-mine production. The entity had engagements with the SADPMR regarding the challenges of applying the 80/20 requirement.

Diamond and Beneficiation Industry Development Programmes

Sales to HDSA clients

One of SDT's strategic objectives is to promote the growth and transformation of the diamond beneficiation industry through various interventions, such as facilitation of market access. Figure 4 illustrates the sales trends to HDSA clients for the past five years.

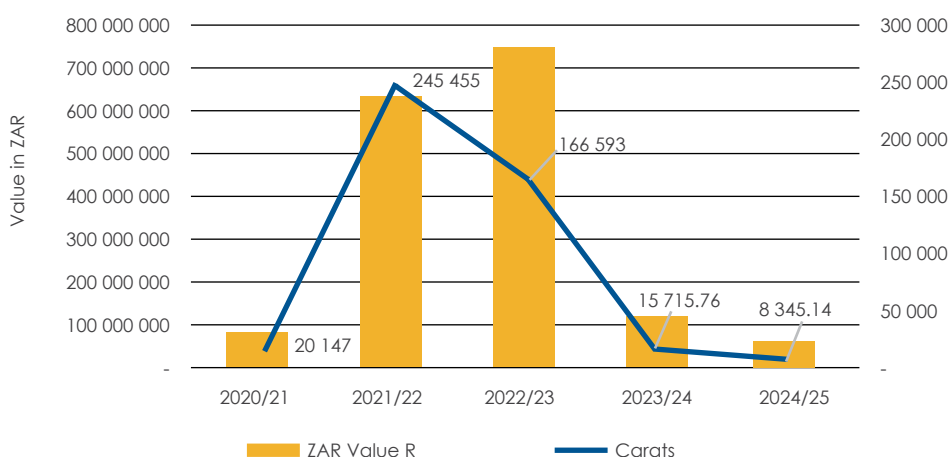


Figure 4: Annual sales to HDSA

The sales value to HDSA clients drastically decreased to R57 million in 2024/25 compared to the R119 million that was sold in the previous financial year (Figure 4). This equates to a decrease in sales value by R61 million.

The carats/volume sold also drastically decreased from 15 716 carats purchased by HDSA clients in 2023/24 to 8 345 carats that was sold in the current reporting period. The breakdown of sales is illustrated in Figure 5.

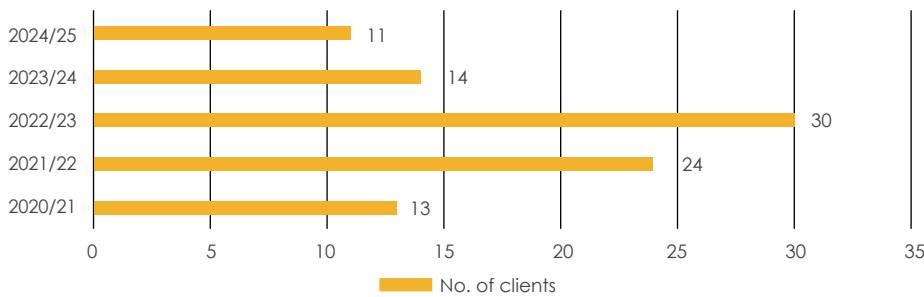


Figure 5: HDSA clients that purchased from the entity over five years

Figure 5 highlights the continued challenges faced by HDSA clients over the past five years regarding purchasing rough diamonds. It is notable that there was a drastic decline in the number of clients who made purchases. Sales to HDSA clients decreased to 11 for 2024/25 compared to the 14 sold in the previous financial year, demonstrating the challenges clients in this segment experience when the market is depressed. SDT offered goods to 26 HDSA clients, and 15 of those clients declined to purchase because of the depressed market.

Strategic Insight: Access to structured financial support and a diversified demand will significantly increase HDSA clients' participation. Increased training on valuation, participation in tenders, an understanding of market dynamics, and access to markets for finished products will enable HDSA clients to make more informed purchasing decisions.

Enterprise Development Programme

The SDT launched the Enterprise Development Programme (EDP) in 2015 to introduce young black individuals to the diamond industry. Recognising the industry's ageing workforce and the lack of young black entrepreneurs, the entity trained 27 participants from 2015 to 2020. The programme was paused for a few years to address some initial challenges and was relaunched in 2023, with five women currently participating. Six of the 27 participants previously trained are employed within the diamond industry as diamond polishers, diamond graders, and diamond laser cutters. Four businesses were established through the programme, of which all are now clients of the SDT.

In the 2024/25 financial year, EDP participants took part in the following:

Training Provided

- **Two-Week Rough Diamond Valuation Course:** Participants completed a two-week rough diamond evaluation course at the Harry Oppenheimer Diamond Training School.
- **Chinese Jewellery Training:** The five EDP participants attended a three-week jewellery-making training programme in China, fully sponsored by the Chinese Embassy in South Africa.
- **Factory Placements:** Participants were placed at Star Gems and Hall of Diamonds for four months, for on-the-job training in diamond polishing, marketing, and selling polished stones.
- **Mine to Finger Programme:** One participant took part in the Mine to Finger Programme, a joint initiative between Antwerp University, the Antwerp World Diamond Centre, and the Gordon Institute of Business Science (GIBS)
- **In-house Training:** Participants were exposed to the different sections within the Operations Department in relation to valuations, analysis, compliance etc.

Workshops/Events Attended

- **Jewellery Exhibition hosted by Gauteng Industrial Development Zone (GIDZ):** The EDP participants attended the OR Tambo Special Economic Zone (SEZ) event, aimed at promoting sustainable investment and trade growth in South Africa. They also participated in panel discussions with diplomats.
- **Productivity Improvement Awareness Masterclass:** The SADPMR, in collaboration with the GIDZ, hosted a Productivity Improvement Awareness Masterclass for jewellers and small, medium, and micro enterprises (SMMEs) in the minerals processing sector.
- **Business Networking Event by GM Anchor Group:** Participants attended a business networking event hosted by GM Anchor Group, a company specialising in digital solutions for businesses.
- **The Cognac Event:** An EDP participant assisted Sunrise Gems, a client, in exhibiting loose polished diamonds and jewellery at the Hennessy and Aston Martin event.
- **Exclusive Business Workshop at Aurik:** Participants attended the business workshop at Aurik Enterprise Development, under the theme of leveraging localisation for growth.



MARKETING AND COMMUNICATIONS REPORT

Marketing and Communications Report

The 2024/25 financial year marked a key period for the Marketing and Communications department, characterised by increased brand positioning, stakeholder engagement, and strategic outreach both locally and internationally. The SDT successfully launched its flagship show, The SA Diamond Show, participated in the Hong Kong Jewellery and Gem Fair and China Mining Conference to reaffirm its mandate, elevate its visibility, and promote the beneficiation of South African diamonds.

The SA Diamond Show was held from 3 to 5 February 2025 in Cape Town, was strategically aligned with the Africa Mining Indaba maximising exposure to key decision-makers, investors, and stakeholders across the continent and beyond. The SA Diamond Show was positioned as South Africa's premier diamond beneficiation showcase. The show brought together local manufacturers, jewellers, and industry bodies under one roof, highlighting the progress and potential of the local diamond value chain. The show enabled access to market and inclusive growth, while reinforcing SDT's role as an enabler of industry development. A targeted communications campaign was rolled out across media platforms to amplify the event's impact and ensure sustained post-event engagement.



The entity, in partnership with beneficiaries, also participated in the Hong Kong Jewellery and Gem Fair from 16 to 20 September 2024, one of the most prestigious global trade exhibitions. The event presented an invaluable opportunity to position South African diamonds

on an international platform, promote ethical sourcing and strengthen trade relationships with global buyers and strategic partners. SDT's presence facilitated direct engagement with international stakeholders fostering interest in South Africa's diamond offering and unlocking potential export opportunities for local beneficiaries.

Throughout the year, the Marketing and Communications department executed a comprehensive strategy focused on enhancing brand equity, building stakeholder trust, and supporting the entity's objectives. Activities included proactive media engagement, digital marketing, content development, internal communication support and the implementation of stakeholder-specific campaigns. The department also played a critical role in aligning the entity's messaging with its strategic goals, ensuring consistency and impact across all platforms.



International Exhibitions

The entity participated in the following international exhibitions:

- Lesotho Mining Indaba Khotla, held from 25 to 26 April 2024 in Maseru, Lesotho.
- Hong Kong Jewellery and Gem Fair, held from 16 to 20 September 2024 in Hong Kong, China.
- The China Mining Conference and Exhibition, held from 15 to 18 October 2024 in Tianjin, China.



Local Exhibitions

The entity participated in the following local exhibitions:

- 2024 MHSC Women in Mining Indaba, held from 22 to 23 August 2024 at Anew Hotel OR Tambo, Benoni.
- 2024 MHSC Tripartite Summit, held from 16 to 18 October 2024 at Gallagher Convention Centre, Midrand.
- Mintek @90 Conference, held from 11 to 12 November 2024 at Sandton Convention Centre.
- 2025 Africa Mining Indaba, held from 3 to 6 February 2025 at ICC, Cape Town.
- SA Diamond Show, hosted from 3 to 5 February 2025 at the Capetonian, Cape Town.



Media Interviews

The following media interviews happened during the year under review:

- Channel Africa – CEO, Ms Nosiphiwo Mzamo discussed the entity's participation at the Lesotho Mining Indaba Khotla, 18 April 2024.
- eNCA News – CEO, Ms Nosiphiwo Mzamo unpacked the work of the SDT and officially announced The SA Diamond Show, 23 November 2024.
- SABC News – CEO, Ms Nosiphiwo Mzamo unpacked the mandate of the SDT and officially announced The SA Diamond Show, 23 November 2024.
- Channel Africa – CEO, Ms Nosiphiwo Mzamo unpacked the mandate of the SDT and officially announced The SA Diamond Show, 26 November 2024.
- SABC News – Highlights of the media launch for The SA Diamond Show were broadcasted on the news, 14 January 2025.
- Kaya FM – Ms Nosiphiwo Mzamo, a countdown for The SA Diamond Show, 30 January 2025.
- SA FM – CEO, Ms Nosiphiwo Mzamo, unpacking SDT's mandate, 20 March 2025.



GOVERNANCE

Board Members



Mr Abbey Chikane
Chairperson of the Board



Mr Ernest Blom
Board Member



Adv. Mpati Lebakeng
Board Member



Dr Olga Masekoa
Board Member



Ms Hellen Dlatile
Board Member



Mr Johan Du Toit Boning
(Alternate)
Board Member



Ms Adele Rossouw
Board Member



Mr Jacques Hugo
Board Member



Ms Nosiphiwo Mzamo
(ex officio)
Board Member



Ms Danile Nyakale
Board Member



Mr Lefu Dlamini
(Alternate)
Board Member



Mr Cecil Khosa
(ex officio)
Board Member



Mr Mosepedi Sanane
(Alternate)
Board Member

Updates to Board Membership

Following the end of the previous Board's tenure in October 2023, the ministerial appointment process to appoint a new Board for the SDT had not been finalised at the beginning of the new financial year. The Minister granted authority for the appointment of an Interim Audit and Risk Committee to oversee governance and administrative matters pending the finalisation of the new Board's appointment. The Board was subsequently appointed by the Minister of Mineral and Petroleum Resources on 20 September 2024.

Since the appointment of the Board, Mr Thapelo Malekutu resigned on 11 December 2024 and was replaced by Mr Mosepedi Sanane on 11 December 2024.

Board Composition

The Act requires the Minister to establish an independent selection panel with expertise in diamond industry issues before appointing Board members. The panel identifies suitable candidates for the Minister's consideration, but the Minister retains the authority to appoint and constitute the SDT Board.

Following the procedure above and in accordance with Section 17(2) of the Diamonds Act (No. 56, 1986) as amended, the Minister appointed the Board of the SDT with effect from 20 September 2024, the Board would have been in office for six months at the end of the financial year.

Membership of the Board is drawn from diverse stakeholders from various sectors, including the diamond industry, as mandated by Section 17(3) of the Act. The current Board is well balanced in terms of continuity, qualifications, experience, and gender, as outlined in Table 7.

Table 7: Composition of the Board

Name	Designation	Area of expertise	Other committees
Mr A Chikane	Chairperson of the Board	Leadership, Corporate Governance, Compliance, Diamond Industry Expert	Chairperson of the Governance Committee
Dr NO Masekoa	Chairperson of the Trading and Technical Committee	Academia, Policy and Legislation Development and the Public Sector	Chairperson of the Trading and Technical Committee
Adv. MA Lebakeng	Chairperson of the Human Resources, Remuneration and Social and Ethics Committee	Legal Practice, Dispute Resolution, Corporate Governance, Compliance	Chairperson of the Human Resources, Remuneration and Social and Ethics Committee
Ms SMB Nyakale	Chairperson of Audit and Risk Committee	Development Finance, Chartered Accounting and Corporate and investment Banking	Chairperson of Audit and Risk Committee
Mr LJ Dlamini (alternate)	Chairperson of the Ad-hoc Business Case and Models Review Committee	Development Finance Investment, Operations Management and Engineering	Chairperson of the Ad-hoc Business Case and Models Review Committee
Mr E Blom	Member	Diamond Industry Expert, Global Trade Relations	Member of the Trading and Technical Committee and the Ad-hoc Business Case and Review Committee
Ms H Diatile	Member	Labour Relations, and Dispute Resolution	Member of the Human Resources, Remuneration and Social and Ethics Committee and the Trading and Technical Committee

Name	Designation	Area of expertise	Other committees
Ms AJ Rossouw	Member	Labour Relations, Dispute Resolution, Training and Development	Member of the Human Resources, Remuneration and Social and Ethics Committee and the Ad-hoc Business Case and Models Review Committee
Mr J Hugo	Member	Business Leadership, Finance, Labour, and Dispute Resolution	Member of the Human Resources, Remuneration and Social and Ethics Committee and the Audit and Risk Committee
Mr J Böning (alternate)	Member	Occupational Health and Safety, Legal Practice Litigation and Advocacy and Law Enforcement Management	Member of the Board
Mr M Sanane (alternate)	Member	Human Resources, Labour and Dispute Resolution	Member of the Board
Ms NC Mzamo	Member	Geological Science, Research and Development Management, Human Resource Management and Leadership Management	Member of the Board
Mr NC Khosa	Member	Compliance, Mining, Business Management	Member of the Trading and Technical Committee

Key Matters Attended to by the Board

Portfolio Committee

The SDT appeared before the Parliamentary Portfolio Committee (PPC) on Minerals and Petroleum Resources on 22 August 2024 to provide a preliminary introduction of the entity to the newly appointed PPC members, following the establishment of the new administration in South Africa. The SDT appeared again in October 2024 to present the Annual Report for the 2023/24 financial year.

Reports Submitted to the Executive Authority

The Executive Authority (EA) of the SDT is the Minister of Minerals and Petroleum Resources. As per the compliance requirements, SDT submitted the following reports to the EA.

Table 8: Reports submitted to the Executive Authority*

Period	Document
Quarter 1	4th Quarterly Report 2023/24 - Draft Unaudited Annual Report FY 2023/24
Quarter 2	1st Quarterly Report 2024/25 - Audited Annual Report FY 2023/24
Quarter 3	2 nd Quarterly Report 2024/25
Quarter 4	3rd Quarterly Report 2024/25 - Corporate Plan FY 2025/26

*Quarterly reports include the following:

1. Financial Report
2. PFMA Compliance Checklist
3. Performance Report
4. Integrated Trading Report
5. Risk Register
6. Combined Audit Action Plan.

Governance Structure and the Board

The Board

Introduction

The SDT operates within a governance framework based on the principles of accountability, transparency, ethical management, inclusiveness, and fairness. The Board recognises the value of an ethical culture and its link to value creation and sustainable development. The Board has approved a manual for corporate governance that is

cognisant of its principles. The manual is reviewed annually to ensure relevance. The SDT is listed in Schedule 3B of the Public Finance Management Act No. 1 of 1999 (the PFMA). Its shareholder is the Government of the Republic of South Africa, represented by the Minister of Minerals and Petroleum Resources, who exercises executive authority on behalf of the government. The Board is the designated Accounting Authority and governs the SDT by the laws of the Republic of South Africa, in particular the Diamonds Act No. 56, 1986, as amended (the Act), and the PFMA, read with applicable Treasury Regulations.

Primary Responsibilities of the Board

The Board serves as the focal point and custodian for good corporate governance in the organisation. Board members recognise that good governance contributes to creating value for the benefit of all South Africans. The Board has adopted formal terms of reference outlining its scope of authority, responsibility, and functioning. The terms of reference are reviewed once annually. Certain functions are delegated to committees. Matters of strategic importance are reserved for the Board. These include decisions affecting the overall vision, mission, and objectives of the entity, together with changes to policies and frameworks. The following sets out the main areas where material decisions are taken by the Board:

- Approval of policies;
- Approval of the strategy, shareholder's compact, business plans and budgets and of any subsequent material changes in strategic direction or material deviations from strategies and business plans;
- Determination of the structure, composition, and terms of reference of committees and approval of all changes to the management of the organisation and the schedule of delegation;
- High-level monitoring of both financial and operational progress and performance, including an annual performance review covering the key performance indicators;
- Significant impacts on human resources and financial resources of the organisation; and
- High-level stakeholder interfaces, such as reporting to the Minister and overall policies on communications with regulated entities, the press, and the public.

The Board maintains a system of delegation within the entity. Any delegations outside the approved framework are specifically recorded in the minutes or round-robin resolutions of the Board. The Board is entitled to have access to members of Executive Management and to all relevant information to assist in the discharge of its duties. The Board is further entitled to provide the services of advisers as necessary from time to time at the expense of the entity. The Board met seven times since their appointment and until the end of the financial year. Table 9 shows the attendance of Board meetings during the year under review.

Table 9: Board meeting attendance

Board Member	Meetings Attended
Mr A Chikane (Chairperson)	7
Dr NO Masekoa	7
Adv. MA Lebakeng	6
Ms SMB Nyakale	7
Mr LJ Dlamini	7
Mr E Blom	7
Ms H Diatile	7
Ms AJ Rossouw	7
Mr J Hugo	7
Mr J Böning	2
Mr M Sanane	0
Ms NC Mzamo	7
Mr NC Khosa	4

* The number of meetings attended also includes the board induction and the board strategic planning session.

The number of meetings attended by the Interim Audit and Risk Committee (IARC) these have also been included. The IARC met nine times, of which four were special meetings.

Table 10: IARC meeting attendance

Committee Member	Meetings Attended
Ms M Mosing (Chairperson)	9
Mr J Hugo	9
Mr C Khosa	8

Committees of the Board

In terms of Section 17(e) of the Act, the Board is empowered to establish committees to assist in the execution of its duties and has established the following committees:

1. Audit and Risk Committee.
2. Human Resources, Remuneration, and Social and Ethics Committee.
3. Trading and Technical Committee.
4. Governance Committee.
5. Ad-hoc Business Case and Models Review Committee.

The Board is satisfied that each committee has the necessary knowledge, skills, experience, and capacity to execute its duties effectively.

Audit and Risk Committee

The ARC is a statutory committee of the Board appointed in terms of Section 77 of the PFMA, read with Treasury Regulation 27.1.1, has duties assigned to it by the Board over and above its statutory duties. Specific responsibilities, as prescribed in their terms of reference, include:

- Providing oversight in respect of the effectiveness of the entity's finance function, external and internal assurance services, and risk management.
- Guiding the Board through the budgeting process.
- Assuming responsibility for the integrity of the Annual Financial Statements.
- Overseeing information technology governance.

The Committee is satisfied with the quality of work produced by both internal and external auditors and with the internal control environment of the entity. The Committee is not aware of any adverse indicators that may impact on the entity. A report of the ARC is also included on page 46 of this Annual Report. The ARC met six times since their appointment. Table 11 shows the attendance of ARC meetings during the year under review.

Table 11: ARC meeting attendance

Committee Member	Meetings Attended
Ms SMB Nyakale (Chairperson)	6
Mr J Hugo	5
Adv. MA Lebakeng	5

* The number of meetings attended also includes the strategic risk workshop session.

Human Resources, Remuneration, and Social and Ethics Committee

HR, RE and S&E Committee assists the Board with the human resources strategy and the attraction, development, and retention of the required staff competencies. The committee is also entrusted with the oversight of the entity's social and ethics matters. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The HR, RE and S&E Committee met twice from the date of its appointment. Table 12 shows the attendance at HR, RE and S&E Committee meetings during the year under review.

Table 12: HR, RE and S&E committee meeting attendance

Committee Member	Meetings Attended
Adv. MA Lebakeng (Chairperson)	1
Mr J Hugo	2
Ms H Diatile	2
Ms AJ Rossouw	2

* A chairperson was elected to chair the meeting wherein the standing chairperson was absent

Trading and Technical Committee

The Trading and Technical Committee (known as the Trading Committee) assists the Board with trading-related activities and the promotion of the diamond beneficiation industry. It is also responsible for the development and implementation of trading rules and sales strategies. The committee operates in accordance with the terms of reference approved by the Accounting Authority. The committee has conducted its affairs in compliance with these terms of reference and has duly discharged its responsibilities. The Trading and Technical Committee met four times from the date of its appointment. Table 13 shows the attendance of the Trading and Technical Committee meetings during the year under review.

Table 13: Trading and Technical Committee meeting attendance

Committee Member	Meetings Attended
Dr NO Masekoa (Chairperson)	3
Mr A Chikane	4
Adv. MA Lebakeng	4
Mr E Blom	4
Ms H Diatile	4
Mr NC Khosa	3
Mr LJ Dlamini	4

* A chairperson was elected to chair the meeting when the standing chairperson was absent.

Governance Committee

The committee was established to assist the Chairperson of the Board in initiating and managing the overall performance evaluations of the Chief Executive Officer. The Board has extended the committee's terms of reference to include coordination of all Board committee

activities. This ensures the avoidance of duplication, addressing issues raised by the chairpersons of the Board committees, considering issues raised to the chairperson of the Board committees, and making recommendations to the Board on issues not allocated to a specific Committee.

The committee has conducted its affairs in compliance with the terms of reference and has duly discharged its responsibilities contained therein. The Governance Committee met twice since their appointment. Chaired by the Chairperson of the Board, the committee also comprises the chairpersons of the various Board committees. Table 14 shows the attendance of the Governance Committee meetings during the year under review.

Table 14: Governance Committee meeting attendance

Committee Member	Meetings Attended
Mr A Chikane (Chairperson)	2
Dr NO Masekoa	1
Adv. MA Lebakeng	2
Ms SMB Nyakale	1

Ad-hoc Business Case and Models Review Committee

The Ad-hoc Business Case and Models Review Committee was established to assist the Management of the SDT in developing the entity's business case, including its business, operating, financial, and governance models. Additionally, the committee is tasked with reviewing these models as proposed by Management, prior to their submission to the Board. The Ad-hoc Business Case and Models Review Committee met once since their appointment.

Table 15: Ad-hoc Business Case and Models Review Committee meeting attendance

Committee Member	Meetings Attended
Mr LJ Dlamini (Chairperson)	1
Mr A Chikane	1
Adv. MA Lebakeng	1
Dr NO Masekoa	1
Mr E Blom	1
Ms AJ Rossouw	1



HUMAN RESOURCE MANAGEMENT

Executive Management Team



Ms Nosiphiwo Mzamo

Chief Executive Officer

Geological Science, Research
and Development Management,
Human Resource Management
and Leadership Management



Ms Somikazi Madolo

Chief Financial Officer

Accountancy and Auditing



Mr Conrad van der Ross

Operations Manager

Diamond Industry and Technical
Diamond Skills



Mr Sihle Mhlangu

Company Secretary/
Legal Manager

Legal, Compliance and
Governance

Human Resources (HR) Report

State Diamond Trader Structure on 31 March 2025

As of 31 March 2025, the SDT's organisational structure includes 28 Board approved positions. Two position at the skilled technical and academically qualified level remained vacant, resulting in a vacancy rate of 7%. These vacant positions are reserved for the absorption of Diamond Valuation Trainees during the 2025/26 financial year.

Executive Management Changes

The financial year of 2024/25 had no changes within the Executive Management positions.

Remuneration

Through the Remuneration Policy and Performance Management Policy, the Board takes responsibility for the governance of remuneration and determines the approach to employee compensation. During the 2024/25 financial year, the Board served for six months, following the commencement of its term on 20 September 2024. The DPMR takes responsibility for the determination of remuneration for Board members. Remuneration details for Executives and Board members are available on pages 73 to 75 of the Annual Financial Statements.

State Diamond Trader's remuneration philosophy is designed to guide the organisation managing processes and practices that attract and retain competent, well-motivated and committed employees who will support the achievement of the entity's mandate and objectives. The entity strives to ensure that its employees are fairly remunerated, in line with the Remuneration Policy, and the Performance Management and Reward Policy.

Table 17: Equity target and employment equity status

Occupational Levels	Male						Female			Foreign		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total	
Top Management	1	1	0	0	2	0	0	0	0	0	0	4
Mid-level Management	1	0	0	0	1	0	0	0	0	0	0	2
Professionally qualified and experienced specialists	2	1	0	0	2	0	0	0	0	0	0	5
Skilled technical and academically qualified workers	1	0	0	0	2	0	0	1	0	0	0	4
Semi-skilled and discretionary decision making	2	0	0	0	6	0	0	0	0	0	0	8
Unskilled and defined decision making	0	0	0	0	6	0	0	0	0	0	0	6
Total	7	2	0	0	17	0	1	0	0	0	0	29

Notes: According to the 2023/24 financial year organogram, SDT's positions are organised into the following occupation levels:

- **Top Management** – Chief Executive Officer, Chief Financial Officer, Operations Manager and Company Secretary – Legal Manager.
- **Mid-Level Management** – Human Resources Manager and Communication and Marketing Manager.
- **Professionally Qualified and Experienced Specialist** – Senior Purchasing Officer, Senior Sales Officer, Senior Finance Officer, Supply Chain Management Officer and Personal Assistant to the Chief Executive Officer.
- **Skilled Technical and Academically Qualified Workers** – Sales Officers, Purchasing Officers, and Client Liaison Officer.
- **Semi-Skilled and Discretionally Decision Making** – Receptionist, Supply Chain Management Intern, Communication and Marketing Intern, Company Secretariate – Legal Office Intern, Finance and Administration Intern and Diamond Valuator Trainees.
- **Unskilled and Defined Decision Making** – Office Cleaner and Enterprise Development Programme Trainees.

Training and Development Expenditure

Training and development expenditure for the financial year 2024/25 is driven by the Work Skills Plan that is based on identified skills gaps.

A total of R588 442 was spent on the following training and development categories:

- Management coaching – R115 500
- Bursaries – R137 230
- Technical skills on rough diamonds valuation – R335 712.



FINANCIAL REPORT

AUDIT AND RISK COMMITTEE REPORT

Having been appointed in September 2024, I am pleased to present the Report of the Audit and Risk Committee of the SDT for the financial year ended 31 March 2025. The committee was established in compliance with Section 77 of the PFMA to assist the Board in maintaining an effective, efficient, and transparent system of financial and risk management and internal control.

The ARC operates under formal terms of reference approved by the Board. Our mandate includes both statutory duties and additional responsibilities assigned by the Board. The committee reviewed the accounting policies and financial statements of the SDT and confirmed that they are appropriate and compliant with International Financial Reporting Standards (IFRS).

In addition, the ARC oversaw the internal audit process, including an assessment of the effectiveness of the entity's system of internal control and risk assessments, including internal financial controls. The Board assigned oversight of the SDT's risk management function to the committee in respect of the entity's risk register, financial reporting risks, internal controls, fraud risk, and information technology risk. We are responsible for ensuring that the entity's internal audit function is independent and able to discharge its duties.

Additionally, we oversee cooperation between the internal and external auditors and serve as a link between the Board and these assurance functions. The internal audit function reports to us and is responsible for reviewing and providing assurance on the adequacy of the internal control environment across the entity's operations. The Annual Financial Statements were prepared on a going concern basis, and we are satisfied that the entity is financially sound and has adequate resources to continue operating for the foreseeable future. We have executed our duties effectively, ensuring sufficient internal controls, good financial reporting and management, and risk management.

Finally, I would like to express our appreciation to the Board, CEO, external and internal auditors, and members of the Audit and Risk Committee for their support and contributions during the year.



Ms SMB Nyakale

Chairperson of the Audit and Risk Committee

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board is required by the Public Finance Management Act No. 1 of 1999 (PFMA) to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report.

The Board has a responsibility to ensure that the financial statements fairly represent the affairs of the SDT as of the end of the financial year, and that the results of operations and cash flows are in conformity with the International Financial Reporting Standard (IFRS). These financial statements are based on appropriate accounting policies that have been consistently applied and are supported by reasonable and prudent judgements and estimates.

The Board is satisfied that the financial statements presented herein represent the state of affairs of the SDT, its financial results, its performance against predetermined objectives and its financial position at the end of the financial year. Furthermore, the Board is satisfied that the results of operations and cash flows are in conformity with IFRS and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board establishes policies and sets standards that are designed to provide reasonable assurance against material misstatements and losses. This enables the Board to execute its responsibilities as required. The SDT maintains internal financial controls, thereby providing assurance regarding the management and maintenance of its assets and the integrity of its financial records. The internal policies are underpinned by its policy framework and strategic objectives which provide strategic direction to management on the expected performance and outcomes. These are regularly reviewed to ensure compliance and relevance.

The financial statements that appear on pages 55 to 77 were approved by the Accounting Authority and are signed on its behalf by:



Mr A Chikane

Chairperson of the Board



Ms SMB Nyakale

Chairperson of the Audit and Risk Committee

CHIEF FINANCIAL OFFICER'S OVERVIEW



Ms Somikazi Madolo
Chief Financial Officer

The State Diamond Trader is a government entity that generates its revenue through the trading of rough diamonds. Its financial performance is influenced by global economic activities. The entity does not receive funding from the State and, as such, depends on margins derived from the sale of rough diamonds.

Financial Performance

The diamond market faced ongoing challenges in the 2024/25 FY, driven by less demand and supply challenges, increased competition from synthetic diamonds, and various geopolitical influences. As a result, the entity experienced a decline in revenue, dropping by 47% from R631.5 million to R334.5 million.

The decline is primarily attributable to challenging market conditions within the diamond sector. While the entity experienced a decline in revenue, it is noteworthy that the gross profit rose by 18%, increasing from R10 million to R11.8 million. The gross profit margin percentage increased from 2% in 2023/24 to 4% during the year under review.

Total operating expenditure increased by 35%, reaching R39 million in the year under review, compared to R28 million in the 2023/24 financial year. The expenditure was 13% below the budget of R44 million, primarily due to the deferral of projects to future financial years, driven by challenging market conditions. The current diamond market conditions resulted in a net loss of R17 million for the entity.

Financial Position

The SDT concluded the financial year with total assets valued at R146 million and total liabilities amounting to R31 million. Notably, 70% of the total assets is comprised of cash amounting to R107 million. The fact that 70 percent of the total assets are held in cash indicates a strong liquidity position, which is crucial for meeting short-term obligations and ensuring operational flexibility. These cash reserves enable the entity to manage its liabilities effectively and respond to unexpected financial challenges.

With total liabilities of R31 million, the entity maintains a relatively low debt level compared to its assets. This suggests that it is not heavily leveraged, which contributes positively to financial stability and reduces financial risk.

Cash Flow

The cash and cash equivalents experienced a decline from R183 million in 2023/24 to R107.4 million in 2024/25. The 2023/24 FY opening balance included amounts that clients paid in advance for rough diamond purchases; therefore, the actual opening balance was R122 million. Cash and cash equivalents also include R9 million generated from short-term investments.

Equity

Retained income decreased from R122 million to R105 million due to the R17 million net loss that was incurred during the year under review.

Going Concern

The 2024/25 FY Annual Financial Statements have been prepared on the going concern basis. This means that the entity will continue operating for the foreseeable future. IAS1 (International Accounting Standards) deems the foreseeable future to be a period of at least 12 months from the end of the reporting period.

The combination of substantial cash reserves against a backdrop of operational losses suggests that while the entity is currently solvent and able to meet its short-term obligations, it must take corrective actions to improve its profitability. Sustained losses can erode cash reserves over time, jeopardising financial health and long-term sustainability.

The strategy of purchasing rough diamonds from foreign jurisdictions is also aimed at addressing its financial sustainability challenges.

Events After the Reporting Date

There have been no facts or circumstances of a material nature that have arisen between the financial year-end and the date of this report.



Ms Somikazi Madolo

Chief Financial Officer

31 August 2025



FINANCIAL PERFORMANCE

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE STATE DIAMOND TRADER

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the State Diamond Trader set out on pages 57 to 77, which comprise the statement of financial position as at 31 March 2025, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows 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 State Diamond Trade as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Managements Act 1 of 1999 (PFMA) and the Diamonds Amendment Act 29 of 2005 (DAA).

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 separate financial statements section of my report.
4. I am independent of the public entity in accordance with International Ethics Standards Board for Accountant's *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.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Going concern

7. I draw attention to note 26 in the financial statements, which deals with the effects of the diamond market decline on the public entity's prospects, performance and cash flows. Management have also described how they plan to approach this matter. My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS and the requirements of the PFMA and DAA; 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.
9. 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

10. 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.
11. A further description of my responsibilities for the audit of the financial statement is included in the annexure to this auditor's report. This description, which is located at page 55, forms part of my auditor's report.

Report on the annual performance report

12. 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 for the annual performance report.
13. I selected the following material performance indicators related to a growing, transformed SA diamond beneficiation industry 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.
- Number of exhibitions/events participated in or hosted, locally and internationally
 - Percentage of purchased rough diamonds inspected
 - Number of producers utilised to source diamonds
 - Percentage increase in carats sold to Historically Disadvantaged South Africans (HDSA).
 - Percentage performance on Enterprise Development Programme (EDP) annual Plan.
14. I evaluated the reported performance information for the selected material performance indicators against the criteria development 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.
15. 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 achievement of its planned objectives
 - all the indicators relevant for measuring the public the 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 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 underachieved of targets.
16. I performed the procedures to the report material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over-or under-achievements and measures taken to improve performance.
20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on page 15 to page 19.

A growing, transformed diamond beneficiation industry

Targets achieved: 60%		
Key indicator not achieved	Planned target	Reported achievement
Percentage of purchased rough diamonds inspected	5%	3%
Percentage increased in carats sold to Historically Disadvantaged South Africans (HDSA)	10%	-47%

Material misstatement

21. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information for percentage increase in carats sold to Historically Disadvantaged South Africans (HDSA). Management subsequently corrected the misstatement and I did not include a material finding in this report.

Report on compliance with legislation

22. 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.
23. 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). The engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. 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.
25. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

26. 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-programme presented in the annual performance report that have been specifically reported on in this auditor's report.
27. 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.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and 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.
29. 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

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

31. I did not identify any significant deficiencies in internal control.

Auditor - General

Johannesburg

31 July 2025



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 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 financial statements about 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 a public entity 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.

Communications 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 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); Section 51(1)(b)(ii); 51(1)(e)(iii); 52(b); Section 54(2)(c); 52(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(b)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; Regulation 31.2.7(a); 33.1.1; 33.1.3;
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 2020/21	Paragraph 2
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
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; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

	Note(s)	2025 R	2024 R
Assets			
Non-current assets			
Property plant and equipment	2	1 730 757	1 946 239
Right-of-use assets	3	8 012 961	8 642 886
		9 743 718	10 589 125
Current assets			
Inventories	4	-	822 546
Trade and other receivables	5	29 107 518	3 572 219
Cash and cash equivalents	6	107 378 012	182 502 849
		136 485 530	186 897 614
Total assets		146 229 248	197 486 739
Equity and liabilities			
Equity			
Retained income		105 095 668	122 482 166
Liabilities			
Non-current liabilities			
Lease liabilities	7	9 838 368	10 288 906
Current liabilities			
Trade and other payables	9	30 382 695	62 364 631
Lease liabilities	3	912 517	713 881
Provisions	8	-	1 637 156
		31 295 212	64 715 668
Total liabilities		41 133 580	75 004 574
Total equity and liabilities		146 229 248	197 486 740

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2025

	Note(s)	2025 R	2024 R
Revenue	10	334 478 623	631 455 104
Cost of sales	11	(322 713 589)	(621 449 729)
Gross profit		11 765 034	10 005 375
Other operating income	12	1 825 469	360 267
Other operating expenses		(39 005 977)	(28 934 073)
Operating (loss) profit	20	(25 415 474)	(18 568 431)
Investment income	14	9 032 820	9 233 054
Finance costs	15	(1 003 846)	(1 017 654)
Total comprehensive (loss) income for the year		(17 386 500)	(10 353 031)

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

	Retained income R	Total equity R
Balance at 1 April 2023	132 835 197	132 835 197
Loss for the year	(10 353 031)	(10 353 031)
Other comprehensive income	-	-
Total comprehensive loss for the year	(10 353 031)	(10 353 031)
Balance at 1 April 2024	122 482 166	122 482 166
Loss for the year	(17 386 500)	(17 386 500)
Other comprehensive income	-	-
Total comprehensive loss for the year	(17 386 500)	(17 386 500)
Balance at 31 March 2025	105 095 666	105 095 666

STATEMENT OF CASH FLOWS

for the year ended 31 March 2025

	Note(s)	2025 R	2024 R
Cash flows from operating activities			
Cash (used in)/generated from operations	16	(82 315 660)	61 584 113
Interest income	14	9 032 820	9 204 001
Finance costs	15	(1 003 846)	(1 017 654)
Net cash from operating activities		(74 286 686)	69 770 460
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(118 794)	(305 739)
Loss on disposals of property, plant and equipment	3	-	12 804
Net cash from investing activities		(118 794)	(292 935)
Cash flows from financing activities			
Cash repayments on lease liabilities	3	(719 359)	(512 291)
Total cash movement for the year		(75 124 839)	68 965 234
Cash and cash equivalents at the beginning of the year		182 502 849	113 537 617
Cash and cash equivalents at the end of the year	6	107 378 010	182 502 851

ACCOUNTING POLICIES

1. Basis of preparation and summary of material accounting policies

a) Statement of Compliance

The financial statements have been prepared in accordance with, and comply with the International Financial Reporting Standards (IFRS) and the Public Finance Management Act No. 1 of 1999 (PFMA).

b) Basis of Measurement

The Annual Financial Statements have been prepared in accordance with the going concern basis. Management has assessed that it has a reasonable expectation that the entity has adequate resources to continue in operational existence for the 12 months from the date of approval of these Annual Financial Statements. Therefore, management continues to adopt the going concern basis of accounting in preparing these Annual Financial Statements.

c) Presentation Currency

These Annual Financial Statements are presented in Rands, which is the State Diamond Trader's functional currency. All financial information presented in Rands has been rounded to the nearest Rand.

d) Use of Estimates and Judgements

The preparation of Annual Financial Statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The practice also requires management to exercise its judgement in the process of applying the State Diamond Trader's accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

These accounting policies are consistent with the previous period.

1.1 Significant Accounting Policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the Annual Financial Statements.

Estimates Of Residual Values and Useful Lives

The State Diamond Trader reassesses annually the residual values and remaining useful lives of fixed assets. The residual values of these assets have been estimated as the amount that the State Diamond Trader would currently obtain from disposal of each asset, in its current location, if the asset were already of the age and in the condition expected at the end of its useful life. The useful life is estimated as the period over which an asset is expected to be available for use by the State Diamond Trader. Technological innovation and maintenance programs impact the useful lives and residual values of the assets.

Provisions

Provisions are recognised when the State Diamond Trader has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Financial Performance. Contingent assets and contingent liabilities are not recognised on the Statement of Financial Position.

Contingent Liabilities

A contingent liability is a condition or circumstance at the end of the reporting period of which the eventual result will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events that are beyond the control of the entity. Management applies its judgement to the patterns and advice it receives from its attorneys, advocates, and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine whether the obligation is recognised as a liability or disclosed as a contingent liability.

Contingent Assets

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

1.2 Leases

The State Diamond Trader recognises a right-of-use asset and lease liability on the balance sheet date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability.

The entity depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At transition, lease liabilities were measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

On the Statement of Financial Position, right-of-use assets have been included in property and equipment and short-term lease liabilities have been included in trade and other payables. The lease liability will mature in 10 years.

On transition to IFRS 16 (Leases) the incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was prime rate plus 2%.

1.3 Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits associated with the item will flow to the State Diamond Trader; and the cost of the item can be measured reliably.

All property and equipment are stated at historical cost less accumulated depreciation and, if applicable, accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and bringing the item to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the State Diamond Trader and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost (including capitalised leased assets) over the estimated useful lives, as follows.

The useful lives of items of property, plant and equipment have been assessed as follows:

Asset Category	Depreciation rate
Furniture and Fixtures	10%
Right-of-use of Asset	10%
Leasehold Improvements	10%
Security Equipment	10%
Computer Equipment	20% - 33%
Diamond Equipment	10%

Depreciation is recognised in profit or loss. The depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in profit or loss.

Impairment tests for all assets are performed when there is an indication of impairment. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the income statement to reduce the carrying amount in the balance sheet to its recoverable amount. Previously impaired assets are reviewed for possible reversal of previous impairment at each reporting date. Impairment reversal cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset.

The recoverable amount is the higher of an asset's fair value less cost of disposal (FVLCD) and its value in use (VIU).

Valuation Methods

FVLCD is an estimate of the amount that a market participant would pay for an asset or cash generating unit (CGU), less the cost of disposal. FVLCD for the entity's assets is generally determined using independent market assumptions to calculate the present value of the estimated future cash flows expected to arise from the continued use of the asset, including the anticipated cash flow effects of any capital expenditure to enhance production or reduce cost, and its eventual disposal where a market participant may take a consistent view. Cash flows are discounted using an appropriate post-tax market discount rate to arrive at a net present value of the asset, which is compared against the asset's carrying value. FVLCD may also take into consideration other market-based indicators of fair value.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the entity's continued use and cannot consider future

development. These assumptions are different to those used in calculating FVLCD and consequently the VIU calculation is likely to give a different result (usually lower) to a FVLCD calculation.

1.4 Inventories

Inventories consists of rough diamonds and are measured at the lower of cost and net realisable value. The cost of inventories is based on the cost of acquiring the inventory and other costs incurred in bringing them to the existing location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. State Diamond Trader use specification identification of cost for each rough diamond based on its identification characteristics i.e. colour, clarity, cut and carat weight.

1.5 Impairment of Trade and Other Receivables

As per IFRS 9, the State Diamond Trader has elected to use a simplified approach to determine expected credit losses for trade receivables that do not contain a significant financing component. In terms of the simplified approach, the entity recognises a loss allowance equal to the lifetime expected credit losses on every reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The entity uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

Derecognition

The State Diamond Trader derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset, and the transfer qualifies for de-recognition in accordance with IFRS 9.

1.6 Employee Benefits

The cost of all short-term employee benefits, such as salaries, medical aid, leave pay-outs and other contributions, are recognised during the year in which the employee renders the related service. Employee benefits are recognised in the profit and loss.

1.7 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the

company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

Revenue

a) Contracts with customers

The entity has no written contracts with its customers. Contracts with customers are implied by its customary business practices.

The entity accounts for contracts with its customers when the following criteria are met:

The State Diamond Trader and the customer have approved the contract orally and in accordance with the customary business practices (Mazal).

The entity can identify each party's rights regarding the rough diamonds to be transferred.

The entity can identify the payment terms for the rough diamonds to be transferred. Sales of rough diamonds are on a cash basis.

The contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flow is expected to change as a result of the contract).

It is probable that the entity will collect the consideration to which it will be entitled in exchange for the rough diamonds.

b) Performance obligation

At inception of each sales transaction the State Diamond Trader identifies its performance obligation. The performance obligation is the transfer of rough diamonds to a customer.

c) The transaction price

The price of rough diamonds is determined as the amount of consideration that the State Diamond Trader expects to receive in exchange for transferring the promised rough diamonds to a customer. The amount of the consideration is fixed and there are no variations.

The entity's contracts with its customers do not have a significant financing component as customers pay before collecting rough diamonds.

d) Allocation of the transaction price to the performance obligation

The State Diamond Trader allocates the price of diamonds to a single performance obligation namely transfer of rough diamonds to a customer. This allocation is based on the standalone selling price of rough diamonds determined through the technical evaluation process mentioned in (b) above.

e) Revenue recognition

The entity recognises revenue at a point in time when it satisfies the performance obligation by transferring the promised rough diamonds to a customer. This is determined as the point at which the customer obtains control of the rough diamonds.

When the customer collects the rough diamonds, she/he becomes the rightful owner of the diamonds.

A document known as the Broker's Note is signed by both the State Diamond Trader and the customer to indicate the transfer of control of rough diamonds to the customer.

1.7.1 Contract Liability (Income Received in Advance)

The entity recognises a contract liability when a customer pays for goods prior to the fulfillment of a related performance obligation.

1.7.2 Critical Estimates and Judgements

Management has assessed the point of transfer of control of rough diamonds based on its understanding of the critical terms and conditions of sale. This assessment has concluded that control is transferred at the point of collection of rough diamonds by the customer and when the Broker's note is signed by both parties. This is due to management being of the view that at this point the customer has obtained physical possession of the goods and accepted the risks and rewards associated therewith. At this point the customer has the ability to direct the use of rough diamonds and has the ability to receive the benefits from the diamonds. This is the point at which the customer is able to benefit from the rough diamonds through a process of manufacture in order to generate a higher sales value from the finished product.

Accounting for inventory involves the use of estimates, particularly related to the measurement and valuation of inventory on hand. Critical estimates include expected market conditions, rough diamond prices, expected demand, the USD exchange rate to the Rand. Estimates used are periodically reassessed by the State Diamond Trader considering technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

The entity determines the price of diamonds through a technical evaluation process that considers the unique characteristics of the diamonds to be sold, expected calculation of the polished outcome, demand, market sentiments, macro-economic factors, the USD/Rand exchange rate, diamond pricing models and expected margins.

1.8 Finance Income and Expense

Finance income comprises interest income on bank balances. Interest is accrued on a time proportionate basis using the effective interest rate method. Finance expense comprises interest expense on borrowings and changes in the cost of financial liabilities at amortised costs. All borrowing costs are recognised in profit or loss using the effective interest rate method.

1.9 Cost of Sales

State Diamond Trader recognises the carrying amount of inventory as an expense when it is sold, in the period in which the related revenue is recognised.

The amount of any write down of inventory to net realisable value is recognised as an expense in the period that the write down occurs.

The amount of any reversal of a write down of inventory, arising from an increase in net realisable value is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

1.10 Financial Instruments

Financial instruments carried on the financial position include cash and cash equivalents, trade and other receivables and trade and other payables.

Classification

Financial instruments are measured at fair value.

Recognition

The State Diamond Trader recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument.

Measurement

Financial instruments are initially measured at fair value and where applicable, adjusted for transaction costs. These financial instruments are subsequently measured as follows:

Cash and Cash Equivalents

Cash comprises cash balances with banks. Cash and cash equivalents are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These are initially measured at fair value and subsequently measured at amortised cost.

Trade and Other Receivables

State Diamond Trader initially measures trade and other receivables at fair value and after initial recognition the entity measures a financial asset at amortised cost.

Trade and Other Payables

The State Diamond Trader will initially measure financial liabilities at fair value. After initial recognition, the entity measures a financial liability at amortised cost. These are subject to normal trade credit terms and relatively short payment cycles.

1.11 Related Parties

The State Diamond Trader operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of government will be related parties.

Related parties also include key management personnel, who are persons having authority and responsibility for planning, directing, and controlling the activities of the State Diamond Trader, directly or indirectly, including any members of the accounting authority of the State Diamond Trader.

1.12 Irregular, Fruitless, and Wasteful Expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including the PFMA. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular, fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.13 Un-recognised Commitments

Un-recognised commitments arise when the State Diamond Trader has ordered goods/services in the normal course of business but for which no delivery has taken place and the contract has been approved and awarded at the reporting date.

1.14 Financial Risk Management

1.14.1 Overview

The State Diamond Trader has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

The financial risk management presents information about the State Diamond Trader's exposure to each of the above risks, and the objectives, policies, and processes for measuring and managing risk.

The Accounting Authority has an overall responsibility for the establishment and oversight of the State Diamond Trader's risk management framework. It has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the State Diamond Trader's risk management policies. The Committee reports regularly to the Accounting Authority on its activities.

Risk management policies are established to identify and analyse the risks faced by the State Diamond Trader, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the State Diamond Trader's activities.

The State Diamond Trader, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Accounting Authority, through its relevant committees, oversees how management monitors compliance with the State Diamond Trader's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the State Diamond Trader.

Credit Risk

The entity is exposed to credit risk as a result of holding financial assets i.e cash and trade receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Management evaluates credit risk relating to recoveries from clients on an ongoing basis. Credit risk is mitigated by assessing the credit quality of the client by considering its financial position, past experience and other factors.

Liquidity Risk

Liquidity risk is the risk that the State Diamond Trader will not be able to meet its financial obligations as they fall due. The State Diamond Trader's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the State Diamond Trader's reputation.

The State Diamond Trader is a government business enterprise and does not have any share capital. The entity is not funded by government and the Accounting Authority monitors profit margins and operating expenditure to ensure that sufficient profit from its operations is generated to cover operational expenses.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the State Diamond Trader's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on the risk. Although State Diamond Trader is based in South Africa, the industry that is its core, the trading of rough diamonds is a global industry phenomenon that is impacted both positively and negatively by various factors, the demand of rough diamonds being one of them. The entity is dependent on the profit it can derive from the sale of rough diamonds, which is influenced by the demand for rough diamonds.

Currency Risk

State Diamond Trader is exposed to exchange rate risks as the industry it operates in as a standard is trading and negotiated in US Dollar and the company is a Rand-based entity. State Diamond Trader manages this fluctuation of the exchange rate by selling at the rate at which it concluded purchases of rough diamonds from producers.

Interest Rate Risk

The State Diamond Trader invests its funds with major banks, and fluctuations in South African interest rates have an impact on the amount of interest revenue that the company receives. The table below shows the sensitivity of interest income to changes in interest rates.

1.15 Accounting Policies, Changes in Accounting Estimates and Errors

- a) Accounting policies are the specific principles, bases, conventions, rules and practices applied by the State Diamond Trader in preparing and presenting Annual Financial Statements.
- b) A change in accounting estimate is an adjustment of the carrying amount of an asset or liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly are not corrections of errors.
- c) Prior period errors are omissions from, and misstatements in the entity's Annual Financial Statements for one or more prior periods arising from a failure to use, or misuse of reliable information that was available and could reasonably be expected to have obtained and taken into account in preparing the Annual Financial Statements. This will be disclosed as a specific note in the Annual Financial Statements.

1.16 At the Date of Authorisation of These Financial Statements, the Following Standards were in Issue but not yet Effective:

Standard or Interpretation

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current liabilities with Covenants.

1.17 Expenditure

Expenditure is a payment or the incurrence of a liability in exchange of goods and services that is measured at cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Property, Plant and Equipment

	2025			2024		
	Cost or revaluation R	Accumulated depreciation R	Carrying value R	Cost or revaluation R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	659 839	(554 903)	104 936	659 839	(547 206)	112 633
Leasehold improvements	451 649	(140 796)	310 853	451 649	(95 631)	356 018
Security equipment	382 389	(121 829)	260 560	366 447	(85 730)	280 717
Computer equipment	905 671	(485 065)	420 606	802 819	(346 247)	456 572
Diamond equipment	1 477 609	(843 807)	633 802	1 477 609	(737 310)	740 299
Total	3 877 157	(2 146 400)	1 730 757	3 758 363	(1 812 124)	1 946 239

Reconciliation of Property, Plant and Equipment – 2025

	Opening balance R	Additions R	Depreciation R	Total R
Furniture and fixtures	112 633	-	(7 697)	104 936
Leasehold improvements	356 018	-	(45 165)	310 853
Security equipment	280 717	15 942	(36 099)	260 560
Computer equipment	456 572	102 852	(138 818)	420 606
Diamond equipment	740 299	-	(106 498)	633 802
Total	1 946 239	118 794	(334 277)	1 730 757

Reconciliation of Property, Plant and Equipment – 2024

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Furniture and fixtures	135 843	-	(112)	(23 098)	112 633
Leasehold improvements	297 147	99 000	-	(40 133)	356 018
Security equipment	315 828	-	-	(35 111)	280 717
Computer equipment	360 928	206 739	(12 692)	(98 403)	456 572
Diamond equipment	851 183	-	-	(110 884)	740 299
Total	1 960 929	305 739	(12 804)	(307 629)	1 946 239

Changes in Estimates

The entity has reassessed the useful lives of property, plant and equipment which resulted in certain assets remaining useful lives changes; Diamond Equipment, Furniture and Fittings, Security Equipment and Computer Equipment useful lives increased by one (1) year on average. The effect of the change in accounting estimates has resulted in a decrease in depreciation amounting to R25 996.32 for the current period. The effect on future periods will increase the depreciation and amortisation by R25 996.32.

Impairment of Assets

In terms of IAS 36 "Impairment of assets", entities are required to assess the impairment of its assets to comply with IFRS standards and assets management policy. State Diamond Trader has assessed the impairment of its assets for the financial year ended 31 March 2025. Indications of impairment have not been identified during impairment assessment and therefore impairment loss was not recognised at the reporting date.

3. Right-of-Use Assets

3.1 Amounts Recognised in the Statement of Financial Position

	2025			2024		
	Cost or revaluation R	Accumulated depreciation R	Carrying value R	Cost or revaluation R	Accumulated depreciation R	Carrying value R
Buildings	12 120 264	(4 107 303)	8 012 961	11 988 989	(3 346 103)	8 642 886

Reconciliation of Right-of-Use assets – 2025

	Opening balance R	Additions R	Depreciation R	Total R
Buildings	8 642 886	445 732	(1 075 657)	8 012 961

Reconciliation of Right-of-Use assets – 2024

	Opening balance R	Depreciation R	Total R
Buildings	9 808 219	(1 165 333)	8 642 886

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The adjustment relates to parking bays that were still under construction.

The entity's details about the entity's leasing policy are provided in Note 3.4.

Other Disclosures

	2025 R	2024 R
Interest expense on lease liabilities	1 003 846	1 017 654

Right-of-Use Assets Held at Revalued Amounts

Lease liabilities - (Refer to lease liability separate Note 7)

The maturity analysis of lease liabilities is as follows:

	2025 R	2024 R
Non-current liabilities	9 838 368	10 288 906
Current liabilities	912 517	713 881
	10 750 885	11 002 787

3.2 Amounts Recognised in the Statement of Comprehensive Income

Depreciation charge of Right-of-Use (Office Building and Parking Bays) are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Right-of-Use asset is depreciated over the underlying asset's useful life.

	2025 R	2024 R
Depreciation charge of Right-of-Use (Office Building and Parking Bays)	1 075 657	1 165 333
Interest on lease liabilities	1 003 846	1 017 654
	2 079 503	2 182 987

3.3 Amounts Recognised in the Statement of Cash Flows

	2025 R	2024 R
The total cash outflow for leases	1 723 207	1 529 000

3.4 The Entity's Leasing Activities and How These are Accounted for

The entity leases various offices and parking bays. Rental contracts are for ten years and include extension options as described below. The entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The non-lease components are included in operating expenses.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security deposit or bank guarantee. Leased assets may not be used as security for borrowing purposes.

3.5 Interest Rate

The lease payments are discounted using the interest rate implicit in the lease. The entity's incremental borrowing rate used, is the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3.6 Variable Lease Payments

The entity is exposed to potential future increases in variable lease payments based on the higher of CPI or 7%, which are not included in the lease liability until they take effect. When adjustments to lease payments based on CPI takes effect, the lease liability is reassessed and adjusted against the right-of-use asset.

3.7 Extension and Termination Options

Extension and termination options are included the lease of the office building and parking bays. These are used to maximise operational flexibility in terms of managing the assets used in the entity's operations. The extension and termination options held are exercisable only by the entity and not by the respective lessor.

4. Inventories

	2025 R	2024 R
Finished goods	-	822 546

5. Trade and Other Receivables

	2025 R	2024 R
Accrued income	44 656	230 700
Other receivables	583 517	327 063
Non-financial instruments:		
VAT receivable	1 465 088	303 697
Prepayments	27 014 257	2 710 759
Total trade and other receivables	29 107 518	3 572 219

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2025 R	2024 R
Bank balances	28 668 806	32 937 391
Short-term Investments	78 067 159	88 709 710
Prepayments - De Beers and Trans Hex Operations	(26 651 133)	-
Income received in advance - Diamond sales	27 293 180	60 855 748
	107 378 012	182 502 849

7. Lease Liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Net lease liabilities

	2025 R	2024 R
Current liabilities	912 517	713 881
Non-current liabilities	9 838 368	10 288 906
	10 750 885	11 002 787

8. Incentive Bonus Provision

Reconciliation of provisions - 2025

	Opening balance R	Reversed during the year R	Total R
Incentive bonus provision	1 637 156	(1 637 156)	-

Reconciliation of provisions - 2024

	Opening balance R	Utilised during the year R	Reversed during the year R	Total R
Incentive bonus provision	1 195 211	(1 193 307)	1 635 252	1 637 156

The entity has a performance bonus scheme for its employees, which is based on the achievement of specific performance targets. Payment of bonuses is also governed by the entity's performance management policy.

9. Trade and other Payables

	2025 R	2024 R
Financial instruments:		
Creditors	1 232 713	199 567
Accrued expenses	662 426	354 099
Non-financial instruments:		
Income received in advance	27 293 180	60 855 748
Leave accrual	956 464	759 933
VAT payable	237 912	195 284
	30 382 695	62 364 631

10. Revenue

	2025 R	2024 R
Revenue from contracts with customers		
Sale of goods	334 478 623	631 455 104

11. Cost of Sales

	Note(s)	2025 R	2024 R
Reconciliation			
Cost of sales			
Opening stock		822 546	15 463 075
Purchases		321 539 048	606 361 670
Transport costs		351 995	447 531
Closing stock		-	(822 546)
	11	322 713 589	621 449 729

12. Other Income

	2025 R	2024 R
Other income	1 825 469	360 267

13. Depreciation, Amortisation and Impairment Losses

	2025 R	2024 R
Depreciation		
Property, plant and equipment	334 277	307 639
Right-of-use assets	1 075 657	1 165 333
	1 409 934	1 472 972

14. Finance Income

	2025 R	2024 R
Interest income		
Interest received	9 032 820	9 233 054

15. Finance costs

	2025 R	2024 R
Interest on lease liability	1 003 846	1 017 654

16. Cash (Used in)/Generated from Operations

	2025 R	2024 R
Loss before taxation	(17 386 500)	(10 353 032)
Adjustments for:		
Depreciation, amortisation, impairments and reversals of impairments	1 409 934	1 472 972
Movements in provisions	(1 637 156)	-
Adjust for items which are presented separately:		
Finance income	(9 032 820)	(9 204 001)
Finance costs	1 003 846	1 017 654
Changes in working capital:		
(Increase) decrease in inventories	822 546	14 640 529
(Increase) decrease in trade and other receivables	(25 535 299)	3 862 669
Increase (decrease) in trade and other payables	(31 960 211)	60 147 321
	(82 315 660)	61 584 112

17. Commitments

	2025 R	2024 R
Unrecognised commitments		
Unrecognised commitment relate to items that have been contracted for but not provided for		
Unrecognised commitments	2 719 176	3 198 341
Lease commitments		
Minimum lease payments due		
- within one year	2 044 661	1 683 670
- in second to fifth year inclusive	10 828 848	10 270 680
- later than five years	-	3 590 832
	12 873 509	15 545 182

Lease commitments represent rental payable by the State Diamond Trader for its equipment and office premises.

18. Contingencies

Contingent Liabilities

The State Diamond Trader is not aware of any contingent liabilities that existed as at 31 March 2025.

Contingent Assets

The State Diamond Trader is not aware of any contingent asset that existed as at 31 March 2025.

19. Related parties

The State Diamond Trader is wholly owned by the National Government of the Republic of South Africa represented by the Minister of Mineral and Petroleum Resources. The State Diamond Trader is a Schedule 3B public entity in terms of the PFMA. The State Diamond Trader has a related party relationship with its shareholders, government entities controlled by the shareholder and its board and executive team.

All transactions with government departments and its entities were at arm's length and therefore these were normal dealings.

Relationships

- Shareholder (Department of Mineral Resources and Petroleum)
- Members of key management (Note 21)
- Board members (Note 21)

Key Transactions and Balances with Related Parties

The below transactions and balances with related parties have been entered into in the capacity of entities owned by the same shareholder:

	2025 R	2024 R
Purchases of goods and services		
• Department of Mineral and Petroleum Resources	300 000	300 000
• South African Diamond & Precious Metals Regulator (SADPMR)	5 300	-
• Alexkor RMC JV	9 629 524	33 273 778

20. Profit/(Loss) from Operating Activities is Stated after Accounting for the Following Operating Expenses:

	2025 R	2024 R
Marketing and advertising	642 778	290 799
Auditors remuneration	1 795 426	1 568 402
Bank charges	26 696	21 618
Consulting and professional fees	1 126 491	-
Depreciation	1 409 934	1 472 972
Office supplies	129 854	64 970
Conferences and exhibitions	6 514 822	1 466 316
Board fees	751 838	502 773
Water and electricity	345 679	309 159
General expenses	1 370 564	222 516
Employee benefits	16 893 273	17 287 507
ICT services	930 357	926 493
Insurance	372 073	309 180
Legal services	162 630	224 385
Postage, printing and delivery	146 020	103 226
Repairs and maintenance	16 260	20 788
Security and cleaning	213 544	181 265
Telephone	83 278	87 971
Training and development	722 374	288 332
Travelling	5 352 086	3 585 401
	39 005 977	28 934 073

21. Executive Emoluments

Executive

2025	Executive Remuneration Fees	Total R
Executive remuneration		
Ms N Mzamo	2 438 523	2 438 523
Ms S Madolo	1 731 682	1 731 682
Mr C van der Ross	1 857 465	1 857 465
Mr S Mhlangu	1 343 815	1 343 815
	7 371 485	7 371 485

2024	Executive Remuneration Fees	Total R
Executive remuneration		
Ms N Mzamo (CEO: Appointed 1 October 2023)	1 150 247	1 150 247
Mr K Menoe (Acting CEO until 30 September 2023)	214 998	214 998
Ms S Madolo	1 633 662	1 633 662
Mr C van der Ross	1 752 325	1 752 325
Mr S Mhlangu	1 267 750	1 267 750
	6 018 982	6 018 982

Non-executive

2025	Board fees R	Travel claims and data allowance R	Total R
Board emoluments			
Services as board members			
Mr A Chikane (From 20 September 2024)	159 148	7 500	166 648
Mr J Hugo (From 20 September 2024)	77 776	6 500	84 276
Adv. M Lebakeng (From 20 September 2024)	106 833	4 500	111 333
Ms H Diatile (From 20 September 2024)	72 578	4 500	77 078
Ms M Mosing (From 1 April 2024 until 20 September 2024)	79 458	6 428	85 886
Mr E Blom (From 20 September 2024)	69 583	4 500	74 083
Mr T Malekutu (From 20 September 2024 until 11 December 2024)	8 010	750	8 760
Ms A Rossouw (From 20 September 2024)	60 194	3 000	63 194
Dr O Masekoa (From 20 September 2024)	-	4 500	4 500
Mr L Dlamini (From 20 September 2024)	-	4 500	4 500
Mr J Du Toit Boning (From 20 September 2024)	8 010	3 000	11 010
Ms SMB Nyakale (From 20 September 2024)	-	4 500	4 500
Mr J Hugo (From 1 April 2024 until 20 September 2024)	53 570	2 500	56 070
	695 160	56 678	751 838

The following board members served on the IARC:

- Mr J Hugo (From 1 April 2024 until 20 September 2024)
- Ms M Mosing – Chairperson (From 1 April 2024 until 20 September 2024)
- Mr C Khosa (From 1 April 2024 until 20 September 2024)

2024	Board fees R	Travel claims and data allowance R	Total R
Board emoluments			
Services as board members			
Mr G du Plessis (From 1 November 2020 until 30 September 2023)	119 857	-	119 857
Mr GL Rapoo (From 1 November 2020 until 30 September 2023)	102 073	3 607	105 680
Mr J Hugo (From 1 November 2020 until 30 September 2023)	79 045	2 312	81 357
Ms M Mosing (From 1 November 2020 until 30 September 2023)	89 837	2 312	92 149
Ms M Sanane (From 1 November 2020 until 30 September 2023)	33 431	1 387	34 818
Ms MM Ledingwane (From 1 November 2020 until 30 September 2023)	-	5 447	5 447
Ms SMB Nyakale (From 1 November 2020 until 30 September 2023)	-	3 607	3 607
Ms T Mokwena (From 1 November 2020 until 30 September 2023)	57 545	2 312	59 857
	481 788	20 984	502 772

The following non-executive members of the Accounting Authority are either public servants as defined in the Public Service Act, or are executives at state-owned entities and therefore do not receive board fees from the State Diamond Trader.

- Mr L Dlamini
- Mr C Khosa
- Ms S Nyakale
- Dr O Masekoa

22. Subsequent Events

The Executive Management is not aware of any material event which occurred after the reporting date and up to the date of this report.

23. Segment Reporting

IFRS 8: Operating Segments sets out requirements for disclosure of information about an entity's operating segments and about the entity's products and services, the geographical areas in which it operates, and its major customers. An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The requirements of the IFRS are based on the information about the components of the entity that management uses to make decisions about operating matters. The IFRS requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The State Diamond Trader generates its revenue from the sale of rough diamonds, and it operates in one geographic area, that is, Johannesburg. Hence its revenue and expenses are not divided into segments; as a result, no segmental reporting is done in the financial statements.

24. Financial Instruments and Risk Management

Financial Risk Management

Credit Risk Management

The entity is exposed to credit risk as a result of holding cash and trade receivables. To manage the credit risk that the entity is exposed to as a result of holding these classes of financial assets, the following steps are taken:

- The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.
- Management evaluates credit risk relating to recoveries from clients on an ongoing basis. Credit risk is mitigated by assessing the credit quality of the client by taking into account its financial position, past experience and other factors.

The financial assets carried at amortised cost expose the entity to credit risk. The value of the maximum exposure to credit risk is as follows:

	Note(s)	2025			2024		
		Gross carrying amount R	Credit loss allowance R	Amortised cost/fair value R	Gross carrying amount R	Credit loss allowance R	Amortised cost/fair value R
Trade and other receivables	5	29 107 518	-	29 107 518	3 572 219	-	3 572 219
Cash and cash equivalents	6	107 378 012	-	107 378 012	182 502 849	-	182 502 849
		136 485 530	-	136 485 530	186 075 068	-	186 075 068

Liquidity Risk Management

Liquidity risk is the risk that the State Diamond Trader will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the State Diamond Trader's reputation.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to contractual maturity dates.

2025	Total R	Not later than one month R	Later than one month and not later than three R	Later than three months and not later than one year R	Total R	Later than one year R
Non-current liabilities						
Lease liabilities	10 288 909	64 552	216 977	630 988	11 201 426	9 838 368
Current liabilities						
Trade and other payables	1 895 139	1 895 139	-	-	3 790 278	30 382 695
Lease liabilities	-	-	-	-	-	912 517
	12 184 048	1 959 691	216 977	630 988	14 991 704	41 133 580

2024	Note(s)	Total R	Not later than one month R	Later than one month and not later than three R	Later than three months and not later than one year R	Total R	Later than one year R
Non-current liabilities							
Lease liabilities		11 002 790	49 584	109 345	554 952	11 716 671	10 288 906
Current liabilities							
Trade and other payables	9	553 666	553 666	-	-	1 107 332	62 364 631
Lease liabilities		-	-	-	-	-	713 881
		11 556 456	603 250	109 345	554 952	12 824 003	73 367 418

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:

Currency Risk

The State Diamond Trader is exposed to foreign currency exchange rate risks as the industry it operates in as a standard is trading and negotiated in US Dollars and the company is a Rand-based entity. State Diamond Trader manages this fluctuation of the exchange rate by selling at the rate at which it concluded purchases of rough diamonds from producers.

Market Risk Management

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the State Diamond Trader's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return on the risk. The State Diamond Trader is exposed to the following market risks.

Interest Rate Risk

The State Diamond Trader invests its funds with major banks, and fluctuations in South African interest rates have an impact on the amount of interest revenue that the company receives. The table below shows the sensitivity of interest income to the changes in interest rates:

Year	5%	6%	7%	8%
2025	5 368 901	6 442 681	7 516 461	8 590 241
2024	9 125 142	10 950 171	12 775 199	14 600 228
	14 494 043	17 392 852	20 291 660	23 190 469

25. Irregular, Fruitless and Wasteful Expenditure

There was no irregular, fruitless and wasteful expenditure reported in the current period.

26. Going Concern

In determining the appropriate basis of preparing the financial statements, management and the board considered whether the entity can continue to operate for the foreseeable future. Based on the entity's forecasts, cash and cash equivalents of R107 million as at 31 March 2025 the entity believes that it has adequate resources to continue as a going concern into the foreseeable future. SDT is financially stable and will continue in operation for the next 12 months. The current assets exceed current liabilities, and the cash reserves exceed current liabilities. The liquidity ratio of 4.36 and solvency ratio of 2.55 are in favour of the going concern assumption. The entity experienced a net loss as a result of declining diamond market conditions. In response, management and the Board executed a comprehensive strategy aimed at enhancing revenue sources to secure the entity's financial sustainability. A strategic framework has been established to enhance sourcing channels through the acquisition of rough diamonds from other African diamond producing nations. This is anticipated to enhance supply to clients and facilitate future revenue growth. The entity is also exploring a hybrid model that involves not only the buying and selling of rough diamonds but also marketing diamonds from other African countries to earn commissions on the sales generated. Several cost containment measures are being implemented to facilitate the generation of sufficient cash flows to meet future financial obligations. Based on the above, the entity remains a going concern. To this effect, the financial statements were prepared on the going concern basis.

The SDT is also conducting a review of its business and financial models so that it can identify the underlying causes of its financial performance and implement effective solutions which will be crucial for restoring profitability and ensuring ongoing financial sustainability.



ANNEXURE A

Materiality Framework: FY 2024/25

Legislative Considerations

The following have been considered in developing the framework

Section 54(2) of the Public Finance Management Act (No. 1 of 1999) (PFMA) states that the Accounting Authority for a public entity must promptly and in writing inform the relevant treasury of material transactions and submit relevant particulars to its executive authority for approval of the following transactions:

- participation in a significant partnership, trust, unincorporated joint venture or similar arrangements [section 54(2)(b)];
- acquisition or disposal of a significant shareholding in a company [section 54(2)(c)];
- acquisition or disposal of a significant asset [section 54(2)(d)];
- commencement or cessation of a significant business activity [section 54(2)(e)]; and
- a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(f)].

Section 55(2)(b) of the PFMA states that "the annual report and financial statements of a public entity must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year".

Treasury Regulations 28.3.1 states "for purposes of materiality (sections 55(2) of the PFMA) and significance (section 54(2) of the PFMA), the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority."

IAS1 defines materiality as follows:

Information is material if its omissions or misstatements of items could, individually or collectively, influence the economic decisions that users make based on the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Other Factors Considered in Developing the Framework

Nature of the Business

The nature of SDT's operations is to buy and sell rough diamonds.

The materiality and significance framework should consider the impact thereof. The objectives of the SDT are to promote equitable access to and beneficiation of the country's diamond resources. The main aim of the SDT is to address distortions in the diamond industry and correct historical market failures to develop and grow South Africa's diamond cutting and polishing industry.

In the development of the framework, the SDT should be guided by its accountability and the sensitivity of its accounts, activities and functions regarding its regulatory duties.

Non-financial Materiality

The non-financial materiality is derived from legislation that requires the SDT to report certain incidents or alternately legislation requires disclosure in the annual report.

The following qualitative factors have been considered:

- All losses in respect of criminal conduct.
- Any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial period.
- Any criminal or disciplinary steps taken as a consequence of such losses.
- Any losses recovered or written off.
- Changes in key personnel and departure of key executives.
- Application of new or changes in accounting policy.
- Unusual transactions that are not of a repetitive nature and that can be disclosed purely due to the nature thereof and it will affect the decision-making of the user of financial statements.

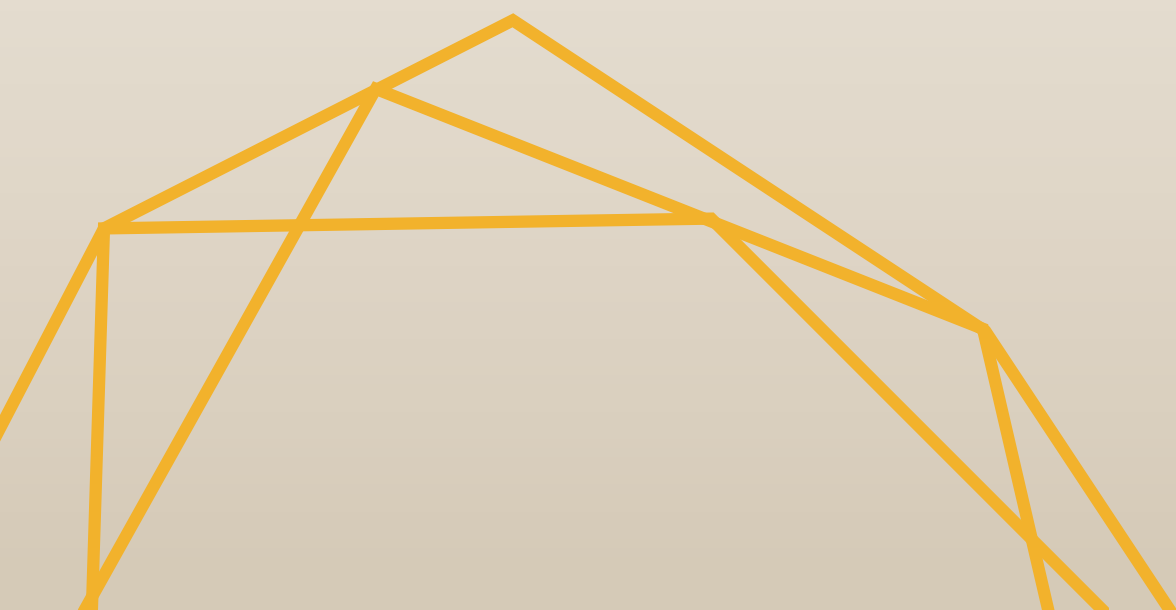
Financial Materiality

In determining financial materiality, consideration was given to the nature of the activities of the entity and the areas where significant judgement is exercised. The most significant line item in the Financial Statements is Revenue.

Table 18: Average sales for the past five financial years

	Revenue R
FY 2020/21	683 908 930.08
FY 2021/22	1 442 748 460.36
FY 2022/23	1 332 249 066.14
FY 2023/24	631 455 104.15
FY 2024/25	334 478 623.00
	4 424 840 183.73
Average sales for the past 5 financial years	884 968 036.75
Factor:	
(R884 968 037 * 0.5%)	4 424 840.18
(R884 968 037 * 1%)	8 849 680.37

Based on the risk profile of the State Diamond Trader it is prudent to determine materiality at the lower range of **R4 424 840.18**





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