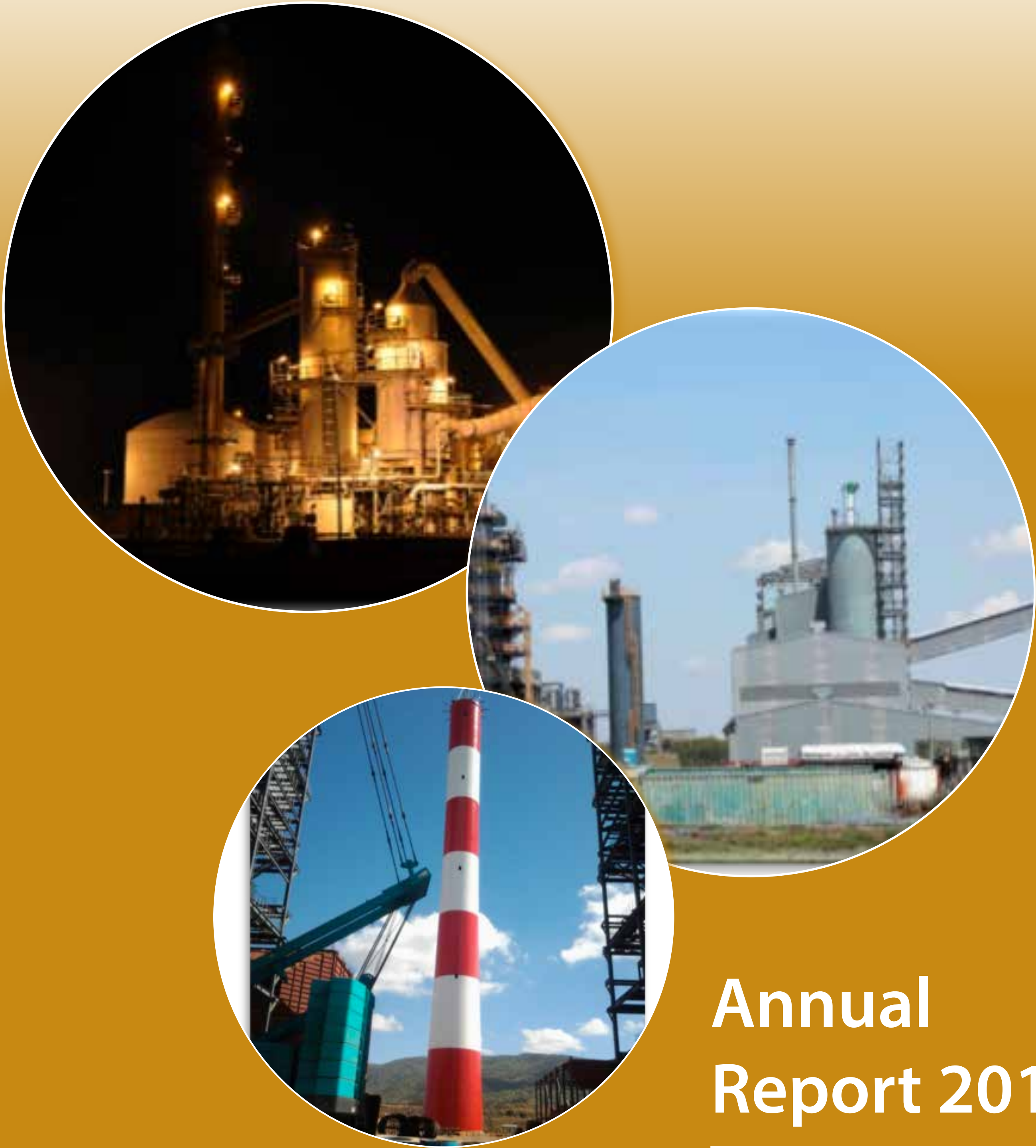
ZCCM Investments Holdings Plc



Annual Report 2014

ZCCM-IH

ZCCM Investments Holdings Plc

Annual report and financial statements
for the year ended 31 March 2014

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DIRECTORATE AND ADMINISTRATION

DIRECTORS

The Directors who held office during the period to 31 March 2014 were:

Mr. W D Mung'omba	Executive Chairman of the Board	(Deceased 17 February 2014)
Mr. J M D Patterson	Non Executive Director	
Mr.C Mwananshiku	Non Executive Director	
Ms. S Mutemba	Non Executive Director	
Dr. V Mutambo	Non Executive Director	(Retired 19 December 2013)
Dr. B K E Ng'andu	Non Executive Director	
Mrs. P C Kabamba	Non Executive Director	
Mr P Taussac	Non Executive Director	(Appointed 21 March 2014)

The Directors who held office as at the date of approval of this report (6 August 2014) were:

Mr. J M D Patterson	(Non-Executive Director)
Mr.C Mwananshiku	(Non-Executive Director)
Ms. S Mutemba	(Non-Executive Director)
Dr. B K E Ng'andu	(Non-Executive Director)
Mrs. P C Kabamba	(Non-Executive Director)
Mr. P Taussac	(Non-Executive Director)

MANAGEMENT COMMITTEE

Management officials who held office during the year to 31 March 2014 were:

Mr. W D Mung'omba
Executive Chairman of the Board (Deceased 17 February 2014)

Mr. M Muyunda
Chief Executive Officer

Mr. C Chabala
Chief Corporate Services Officer/Company Secretary

Ms. M Chanda
Chief Operating Officer

Mr. M T Chipata
Chief Financial Officer

Ms. Y Mkandawire
Acting General Counsel (Appointed 30 October 2013)

Mr. C Mjumphi
Corporate Officer

Mr. B F Shamalavu
Head, Human Resources (Separated 04 October 2013)

Ms. W Mangambwa
Manager, Risk and Internal Audit

Mrs. L Mumba
Acting Manager, Human Resources (Appointed 21 October 2013)

Mr. M Chilambe
Acting Technical Manager (Separated 01 October 2013)

MANAGEMENT COMMITTEE (continued)

Management officials who held office as at the date of approval of this report (6 August 2014) were:

Mr. M Muyunda
Chief Executive Officer

Mr. C Chabala
Chief Corporate Services Officer /Company Secretary

Ms. M Chanda
Chief Operating Officer

Mr. M T Chipata
Chief Financial Officer

Ms. Y Mkandawire
General Counsel (Appointed 01 April 2014)

Ms. W Mangambwa
Manager, Risk and Internal Audit

Mr C Mjumphi
Corporate Officer

Mrs. L Mumba
Manager, Human Resources (Appointed 01 April 2014)

CHAIRMAN'S STATEMENT

The financial year ended 31 March 2014 was an exciting year for ZCCM Investments Holdings Plc (ZCCM-IH). Significant milestones such as the restructuring of the balance sheet through a Claw-Back rights offer were successfully completed. This development saw the Company's balance sheet being strengthened in a significant way thereby placing the Company in a position to leverage this strength to continue with its growth strategy.

Global economy

The global economy grew by 2.9% at the end of December 2013 (2012: 3.2%). Global GDP was lower than 2012 reflecting an economic slowdown in the leading emerging economies of Brazil, Russia, India, and China. Growth in 2013 was a mix of modest improvements in economic conditions in mature economies of the United States and the Eurozone area and a stabilization of the slower growth rates in major emerging markets. During the first quarter ended 31 March 2014 global GDP rose to 3.4% (2013:3.25%). However, growth in sub Saharan Africa was relatively stronger with GDP estimated at 5 % at the end of December 2013 (2012:5.3%). Sub Sahara Africa GDP for the first quarter ended 31 March 2014 was 2.5% (2013:3.1%).

Global copper production increased by 3.2% as at the end of December 2013 (2012: 4.5%). Copper prices declined by 11.6%, from US$7,540 per tonne at the beginning of the financial year to US $ 6,667 per tonne at the close of the financial year.

Despite the scenario above, the Zambian economy recorded growth of 6.7% at the end of December 2013 (2012: 7.2%), 0.2% lower than forecast. Growth was mainly driven by favourable performance in the mining, construction, manufacturing, transport and communication sectors. However, growth was lower than the previous year due to lower than budgeted performance in the mining sector and the weaker global economy.

Financial performance

The Group recorded turnover of K1, 001 million (2013: K520 million) and operating profit of K871 million (2013: K376 million).

The Group reported a profit before tax of K362 million (2013: K654 million). The Group recorded a profit after tax of K277 million (2013: K762 million). The Group's share of loss of equity accounted investees' was K537 million (2013: K222 million (profit)).

The Group's retained earnings as at 31 March 2014 were positive at K4,295 million (2013: K4, 018 million).The Company's retained earnings increased to K1, 403 million (2013: K511 million).

CHAIRMAN'S STATEMENT (continued)

Strategic and new investments

Recapitalisation of Ndola Lime Company (NLC)

The recapitalisation project at NLC continued. The Company obtained an additional shareholder loan of US$3.5 million from ZCCM-IH towards funding for the Ndola Lime Recapitalisation Project. Subsequent to the year end, ZCCM-IH extended a further US$5million loan to NLC. The commissioning of the second Vertical Kiln ("VK-2") is targeted for the end of October 2014 and is expected to increase production by 500 tonnes per day, which is predominantly expected to substitute the less efficient Rotary Kiln's capacity of 400 tonnes per day. The use of coal in the VK-2 as opposed to Heavy Fuel Oil (HFO) will greatly enhance the prospects of reducing operating costs and thus make the products competitive.

Nkana Alloy Smelting Company Limited

The restructuring of Chambishi Metals Plc resulted in the formation of Nkana Alloy Smelting Company Limited (Nkana Alloy).

In April 2013, ZCCM-IH retained a 10% shareholding in Nkana Alloy. Nkana Alloy is a company formed jointly by ENRC (BVI) Limited who own 90% of the total shareholding and ZCCM-IH. The company was formed for purposes of processing the slag material from the Nkana Slag Dump situated in Kitwe, Copperbelt province of Zambia. The slag material will be processed into a copper/cobalt alloy. The Slag Dump was previously part of Chambishi Metals Plc in which ZCCM-IH has a 10% stake. As at 31 March 2014 operations at the company had not yet commenced.

Mawe Exploration and Technical Services Limited

On 12th April 2013 ZCCM-IH incorporated Mawe Exploration and Technical Services Limited, a wholly owned subsidiary. The company will play a catalytic role in exploration of base metals and other minerals, oil and gas, the development of local content and beneficiation capabilities, small scale mining development, as well as the provision of attendant quality mining services.

Nkandabwe Coal Mine Limited

Following the granting to ZCCM-IH of the mining licenses previously held by Collum Coal Mining Industries Limited situated in Southern province of Zambia, on 3rd May 2013, ZCCM-IH incorporated Nkandabwe Coal Mines Limited, a 100% wholly owned subsidiary to operate the mine. ZCCM-IH is considering options for creating value for its shareholders using this asset.

Albidon Limited

The Group disposed of its investment in Albidon Limited. This was because on 15th May 2013 the shareholders of Albidon approved the acquisition by Jin Tuo Investments limited (a wholly owned subsidiary of Jinchuan Group Resources Holdings Limited which itself is a majority shareholder of Albidon Limited) of 100% of the company at a cash price per share of US$0.0025. The proposal was made to all the shareholders other than Jinchuan Group via a statutory merger pursuant to the British Virgin Islands (BVI) Business Companies Act 2004 (as amended).As a result, ZCCM-IH disposed of its 3,389,831 shares and received cash consideration of US$8,474.57.

CHAIRMAN'S STATEMENT (continued)

Copperbelt Energy Corporation Plc (CEC) Rights offer

During the year, CEC Plc conducted a 5 for 8 Rights Offer to raise K387.5 million to undertake various expansion projects ZCCM-IH followed through its entitlement and acquired 125,000 shares.

Recapitalisation of ZCCM-IH

At the Extra Ordinary General Meeting of the members of the Company held on 24 February 2014, the shareholders unanimously resolved to recapitalize ZCCM-IH via a Claw-Back rights offer transaction. On 25 March 2014, ZCCM-IH announced that it had concluded the restructuring of its balance sheet. This achievement was the result of the efforts of the Government of the Republic of Zambia (GRZ), in its capacity and role as the majority shareholder, to strengthen ZCCM-IH's balance sheet in order to reposition and attract new investment into the Company. As part of the balance sheet restructuring, GRZ converted the debt owed to it by ZCCM-IH into equity through a rights issue.

Through a Debt Settlement Agreement between the GRZ and ZCCM-IH signed on 25 March 2014, ZCCM-IH's net indebtedness of ZMW 1,829,298,173.06 to GRZ was converted into equity, thereby satisfying the issuance and subscription for 87.52% of the new shares by GRZ.

Simultaneously, ZCCM –IH raised fresh capital on the 12.48 % portion of the rights offer amounting to K260, 759,573 which was underwritten by the National Pension Scheme Authority (NAPSA) on a Claw-Back basis. The Claw-Back arrangement allows the minority shareholders of ZCCM-IH who before the rights offer held 12.48% shareholding in the Company to also fully participate in the share rights offer at the same price as GRZ.

Following the Rights Offer, GRZ owns 87.52 % of ZCCM-IH while the remaining 12.48 % is held by the minority shareholders.

CHAIRMAN'S STATEMENT (continued)

Capital market

The ZCCM-IH share price on the Lusaka Stock Exchange closed the year at K27 (2013: K12.5). The market capitalisation as at 31 March 2014 was K4,341 million (2013: K1,116 million).The growth in the company's share price is indicative of the growing confidence from the market.

Outlook

While global activity has generally strengthened and is expected to continue in 2014–15 on the back of growth coming from mature economies, emerging economies have seen increased financial volatility as well as increases in the cost of capital. These factors may dampen investment and growth.

ZCCM-IH remains confident about the fundamentals of the mining industry in general and those of copper in particular.

Zambia's growth prospects still remain positive relative to most of the economies in Sub-Saharan Africa premised on increased execution of development projects, investment in transport infrastructure, private investment in existing and new mining operations, and power projects.

ZCCM-IH capacity to create value for its shareholders has grown.

Directorate

During the year, ZCCM-IH announced the loss of Mr Wila D Mung'omba, Executive Chairman, who passed away on 17 February 2014. There were changes to the Directorate as follows:

Mr Wila D Mung'omba	Deceased	Executive Chairman
Dr Victor Mutambo	Retired	Non-Executive Director
Mr Philippe Taussac	Appointed	Non-Executive Director

Appreciation

I extend my gratitude to my fellow Board members, the Management and Staff of ZCCM-IH for their commitment and hard work during the past financial year. I further extend my gratitude to the investee companies for their efforts and contributions during the year.

Cosmas Mwananshiku
Director

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 March 2014, which disclose the state of affairs of ZCCM Investments Holdings Plc ('the Company') and its subsidiaries (together "the Group").

Shareholding

The Group has the following interests in the undernoted companies:

1	Ndola Lime Company Limited	100.00%
2	Misenge Environmental and Technical Services Ltd	100.00%
3	Mawe Exploration and Technical Services Ltd	100.00%
4	Nkandabwe Coal Mines Limited	100.00%
5	Kariba Minerals Limited	50.00%
6	Maamba Collieries Limited	35.00%
7	Konkola Copper Mines Plc	20.60%
8	Kansanshi Mining Plc	20.00%
9	Copperbelt Energy Corporation Plc	20.00%
10	Lubambe Copper Mine Plc	20.00%
11	CNMC Luanshya Copper Mines Plc	20.00%
12	NFC Africa Mining Plc	15.00%
13	Chibuluma Mines Plc	15.00%
14	Investrust Bank Plc	10.60%
15	Chambishi Metals Plc	10.00%
16	Mopani Copper Mines Plc	10.00%
17	Nkana Alloy Smelting Company Limited	10.00%

Share capital

The authorised share capital of the Company increased from K900, 000 to K2,000,000 to account for the Rights Issue undertaken and is divided as follows:

120,000,000 "A" Ordinary Shares of K 0.01 each*; and*
80,000,000 "B" Ordinary Shares of K 0.01 each.

The issued share capital increased from 89,296,428 shares (nominal value of K892,964) to 160,800,286 shares with a nominal value of K1,608,003 during the year as detailed below:

	Number of shares	**Amount K**
At beginning of year	89,296,428	892,964
Issue of new shares	71,503,858	715,039
At end of year	160,800,286	1,608,003

REPORT OF THE DIRECTORS (continued)

The shares are held as follows

	Number of shares	Amount K
"A" shares - Ministry of Finance and National Planning on behalf of the Government of the Republic of Zambia (GRZ)	96,926,669	969,267
"B" shares - Ministry of Finance and National Planning on behalf of the Government of the Republic of Zambia (GRZ)	43,811,868	438,119
"B" Shares - Others	11,140,792	111,408
"B" Shares – NAPSA	8,920,957	89,210
	160,800,286	1,608,003

The 11,140,792 "B" Ordinary Shares are thinly spread and as at 31 March 2014 were held by 2,317 non-controlling shareholders.

REPORT OF THE DIRECTORS (continued)

PRINCIPAL ACTIVITIES

ZCCM –IH (“ the Company’’) is an investments holdings company which has a primary listing on the Lusaka Stock Exchange and secondary listings on the London and Euronext Stock Exchanges. The Company has the majority of its investments held in the copper mining sector of Zambia. Its principal activities include managing the Zambian Government’s stake in the mining sector. Other activities include:

- Undertaking investment analysis and aligning company operations towards maximising returns to shareholders;
- Monitoring investee companies to ensure they consistently declare reasonable dividends and ensure Company growth;
- Ensuring effective representation on the boards of the investee companies;
- Establishing and securing joint venture partnerships for projects assessed to be viable;
- Promoting Zambian ownership and management in mining assets

Functions of the Company

In its transformed state as an investments holding company, the main functions of the Company are as follows:

- to monitor the performance of the investee companies with respect to production and metal prices in order to ensure that commitments agreed upon relating to disbursements are fulfilled on a timely basis;
- to continue monitoring production and cost levels in the associate companies;
- to ensure timely receipt of deferred sale considerations under the Settlement Agreement in respect to Konkola Copper Mines Plc;
- to ensure that ZCCM-IH environmental obligations under the transaction documents are complied with;
- to ensure that environmental obligations continued to be attended to through different levels of participation. The Company undertook remedial environmental measures through its subsidiary company METS.
- to liaise with prospective greenfield investors in the mining and minerals industry who will enter into agreements with the Government. The Group has continued to liaise with greenfield investors. This is now being pursued through Mawe Exploration and Technical Services Limited.

CORPORATE GOVERNANCE

The Group continued to operate by enforcing good corporate governance practices and observing the separation of powers between the Directors and Management on one hand and the Chairman of the Board and the Chief Executive Officer on the other. All Directors on the Board except for the Chairman (who passed away on 17th February 2014) were non-executive during the financial year.

Activities were further streamlined by the full utilisation of the existing Audit, Remuneration and Investments Committees of the Board whose membership as at the date of this report (6 August 2014) is indicated below:

REPORT OF THE DIRECTORS (continued)

CORPORATE GOVERNANCE *(continued)*

Audit Committee

Mr. C Mwananshiku (Chairperson)
Mr. J M D Patterson
Ms. S Mutemba
Mrs P C Kabamba

Remuneration Committee

Dr.B K E Ng'andu (Chairperson)
Ms. S Mutemba
Mr.C Mwananshiku

Investments Committee

Mr. J Patterson	Chairperson
Mrs. P C Kabamba	
Dr.V Mutambo (Retired, 19 December 2013)	
Dr. B E K Ng'andu	
Mr. P Taussac	
Mr.M Muyunda	Chief Executive Officer
Mr M T Chipata	Chief Financial Officer
Ms M Chanda	Chief Operating Officer
Mr.C Mpundu	Co-Opted Investments Experts
Mr.B Nundwe	Co-Opted Investments Experts
Mr.A Chimpwende	Co-Opted Investments Experts

Average number and remuneration of employees

The total remuneration of employees during the year amounted to K73.6 million (2013: K90.6 million) for the Group and K20.0 million (2013: K28 million) for the Company. The average number of employees was as follows:

Month	Subsidiaries	Company	Group	Month	Subsidiaries	Company	Group
April 2013	1150	49	1199	October 2013	1151	45	1196
May 2013	1140	47	1187	November 2013	1155	43	1198
June 2013	1141	47	1188	December 2013	1156	42	1198
July 2013	1140	47	1187	January 2014	1151	42	1193
August 2013	1137	47	1184	February 2014	1145	45	1190
September 2013	1149	46	1195	March 2014	1147	45	1192

Staff expenses

	2014	2013
Subsidiary Companies	**53,419**	62,577
ZCCM-IH	**20,030**	27,981
	73,449	90,558

Signed on their behalf by:

....
Director

....
Director

OPERATIONS REPORT

(A) Subsidiary Companies

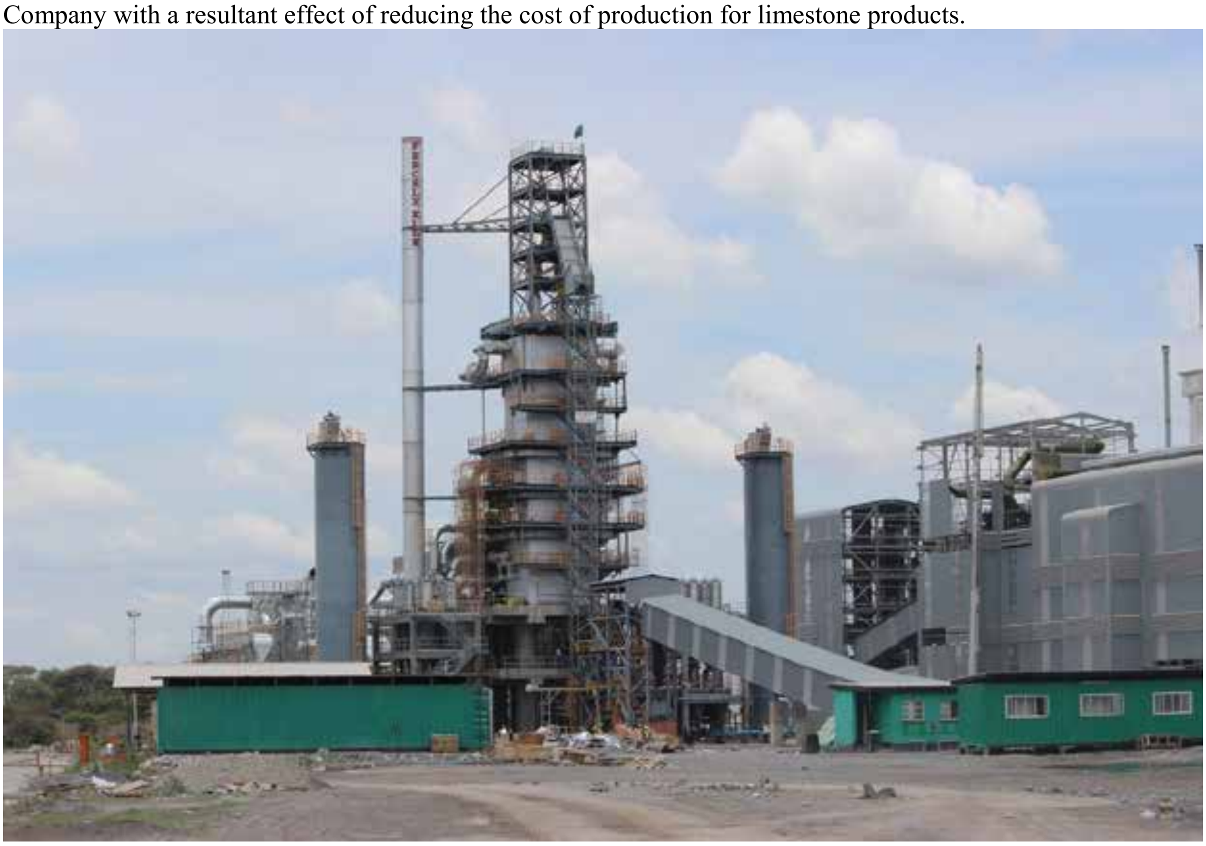
The performance of the subsidiary companies for the year ended 31 March 2014 is summarised below:

1 Ndola Lime Company Limited

Ndola Lime Company Limited (NLC) reported total revenues for the financial year ended 31 March 2014 of K197.5 million (2013: K214.6 million) and a loss after tax of K11.9 million (2013: K21.5 million).

NLC's performance during the second half of 2013 was adversely affected by a reduction in sales volume arising from an increase in the price of Heavy Fuel Oil (HFO), which is the company's most significant operating cost item. The Energy Regulation Board of Zambia (ERB) increased prices of HFO and diesel by 39% and 24% respectively in May 2013. For NLC, this had the dual effect of higher direct input costs and higher quicklime uncompetitive prices.

ZCCM-IH continued to provide financial support through shareholders loans towards the completion of the Ndola Lime Recapitalisation Project. The Vertical Kiln (VK-2 is targeted to be commissioned at the end of October 2014. Once commissioned, the VK-2 will significant improve production efficiencies at Ndola Lime Company with a resultant effect of reducing the cost of production for limestone products.



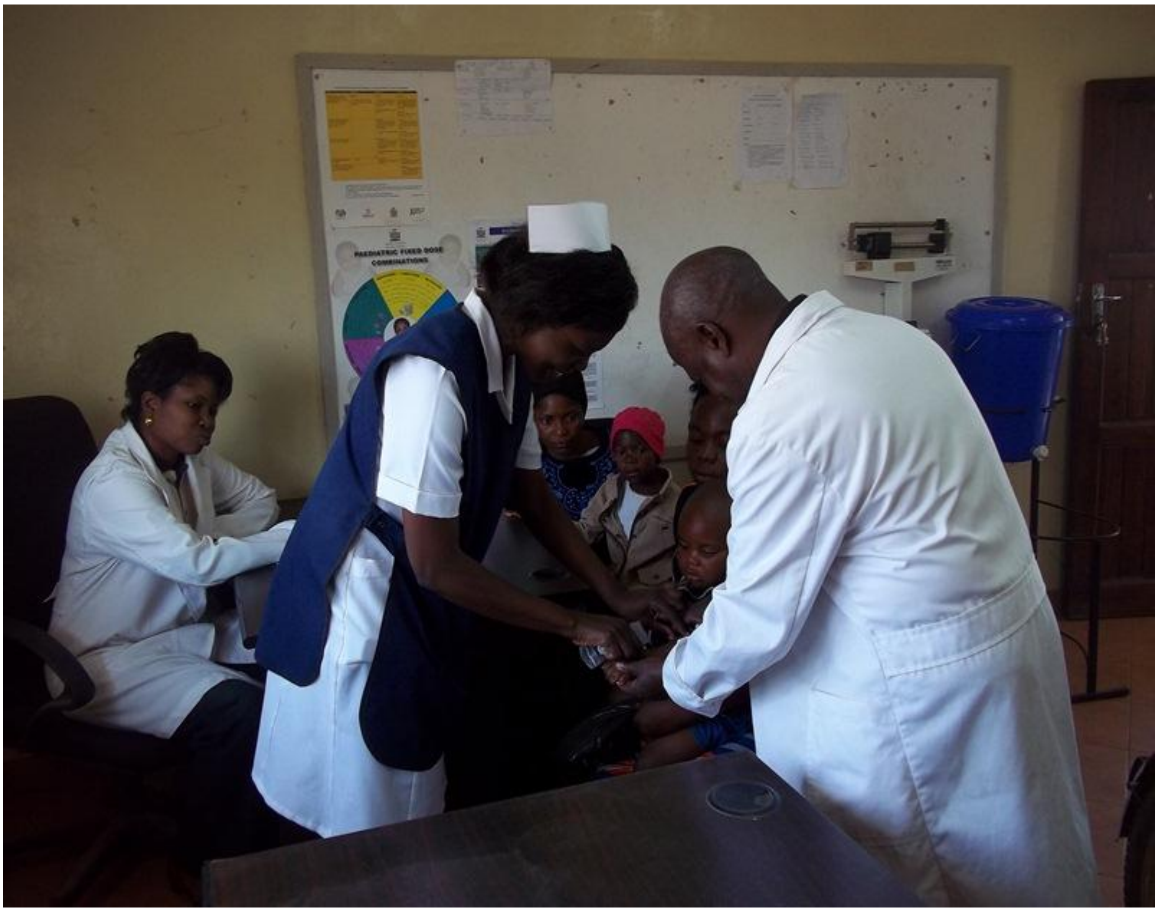
VK-2

There were no dividends declared during the year (2013:Nil).

OPERATIONS REPORT (continued)

2 Misenge Environmental and Technical Services Limited

Misenge Environmental and Technical Services Limited (METS) earned a total of K3.2 million as revenue for the year ended 31 March 2014 (2013: K0.2 million). Of the revenue, K3.1 million was realised from the management of ZCCM-IH obligations whilst K0.1 million was gained from other sources. The revenue generated from other clients was mainly from environmental consultancy services (98%), with the balance realized from analytical and radiation safety services. METS recorded a loss after tax of K3.4 million (2013: K0.66 million loss).



Integrated Case Management Lead Testing in Children and Expectant Mothers.

There were no dividends declared during the year (2013:Nil).

OPERATIONS REPORT (continued)

3 Mawe Exploration and Technical Services Limited

In order for ZCCM-IH to be more focused on its investment activities, the Company decided to transform the technical department into Mawe Exploration and Technical Services Limited (Mawe) with the following focus areas:

a) Acquisition of exploration licences for base metals, other minerals and oil and gas;
b) Acquisition of strategic partners (Equity, Technical and Financial) for purposes of conducting exploration works. It is the strategic partners that will finance and carry out the actual exploration programs;
c) Development of project concepts for local content and beneficiation opportunities. This will also include the acquisition of strategic partners to implement the identified opportunities;
d) Development of models for implementing ZCCM-IH's involvement in the small scale mining sector. This will involve working with ZCCM-IH to implement the venture capital framework, identifying small scale miners to work with, devising appropriate engagement mechanisms such as small scale miners' Cooperatives, working with equipment hire companies and off-takers for minerals such as manganese for implementing the small scale mining scheme; and
e) Offering of various services to the mining industry. This will include bringing together of the mining industry archives, geological core shed, geological archives, technical library and the establishment of the Mining Cadastre Information Management System (MCIMS) with a link to that of the Geological Survey Department in the Ministry of Mines, Energy and Water Development.

Since its incorporation on 12 April 2013, Mawe has undertaken a number of technical reviews of companies seeking to collaborate with Mawe/ZCCM-IH in developing small scale mining partnerships and undertake exploration activities. Mawe also provided technical services to Nkandabwe Coal Mines Limited.

There were no dividends declared during the year.

4 Nkandabwe Coal Mines Limited

Following the granting to ZCCM-IH of the mining licences held by Collum Coal Mining Industries Limited (CCML) situated in the Southern Province of Zambia, on 3rd May 2013, ZCCM-IH incorporated a 100% subsidiary named Nkandabwe Coal Mines Limited (NCML), and successfully applied and was granted the three licences. Negotiations to facilitate a final asset handover settlement between ZCCM- IH and the directors of CCML are still underway though these have protracted whilst ZCCM-IH has continued in its efforts to seek a Strategic Equity and Technical partner.

Since taking possession of the mine, site expenditures have mostly been on care and maintenance. The total costs up to 31st March 2014 stood at K16.5 million.

There were no dividends declared during the year.

OPERATIONS REPORT (continued)

(B) Associate Companies' Performance

The performance of associate companies for the year ended 31 March 2014 is summarised below:

1 *Kariba Minerals Limited*

For the financial year ended 31 March 2014, Kariba Minerals Limited (Kariba) reported a total revenue of K3.6 million (2013: K2.6 million) with a loss after tax of K10 million (2013: K6.7 million).

The period under review has been challenging for Kariba. The company procured and installed a new wash plant and other mining equipment in September 2013, funded by a US$2.5million loan financed 50% by ZCCM-IH and 50% by Gemfields. The case for the loan extension and recapitalization was to mechanize and modernize the mine, and improve productivity whilst ramping up production. However, operational performance has remained weak, due to low ore grades. ZCCM-IH and its co-shareholder in Kariba, Gemfields Plc, are currently considering strategic options to improve the operations at the mine.

Sorting Amethyst at Kariba Minerals Limited

There were no dividends declared during the year (2013:Nil).

OPERATIONS REPORT (continued)

2 *Maamba Collieries Limited*

Maamba Collieries Limited (MCL) reported a total revenue of K77.2 million (2013: K15.1 million) and had a loss after tax of K80.8 million (2013: K55.5 million loss) for the year ended 31 March 2014. Power generation using thermal grade coal remains the strategic focus of MCL to add value to the mining function as a path to long term viability.

Parts of New Coal Handling & Processing Plant (CHPP)

MCL retained ABSA Capital Consortium (ABSA) as the mandated lead arranger to arrange long term limited recourse project debt of up to US$525 million through international commercial banks against Export Credit Agency (ECA) Insurance Cover and Development Financial Institutions (DFIs) to part finance the integrated coal mine revamping and 300 MW power plant. The total project cost is US$750 million and MCL is negotiating the Common Term Agreement and other finance options with the lenders.

The ordering of equipment by the EPC Contractors (the main contractors) has been completed and large equipment erection is already underway at Maamba giving the project an overall progress of 65% as at 31 March 2014. Simultaneously works on the power evacuation system and water reticulation system have gained momentum. MCL expects to commission the Power Project early 2015.

MCL has continued to pursue the Corporate Social Responsibility activities specifically in education, health and community development in and around Maamba through the Maamba Development Trust.

There were no dividends declared during the year (2013:Nil).

OPERATIONS REPORT (continued)

3 *Konkola Copper Mines Plc*

Konkola Copper Mines plc (KCM) reported a net loss of K557.5 million (US$89 million) for the financial year ended 31st March 2014 (2013:K34.1 million (US$6.3 million loss). Revenues during the year fell to K7,945.6 million (US$1,271.4 million) in the financial year under review from the K9,434.6 million (US$1,742.8 million reported as at 31st March 2013. Integrated copper production during the year was 177,018 Mt. (2013: 216,059Mt)

KCM's medium to long term outlook remains dependent on the Konkola Deep Mining Project (KDMP). The objective of the project is to ensure continuity of mining at Konkola Mine, expand production from the current 2 million metric tonnes of ore per annum to final ramp up level of 6 million metric tonnes per annum and extend the life of the mine by up to 30 years. Finished copper production will be expected to increase from the current levels to approximately 210,000 tonnes per annum.

KDMP Head Gear

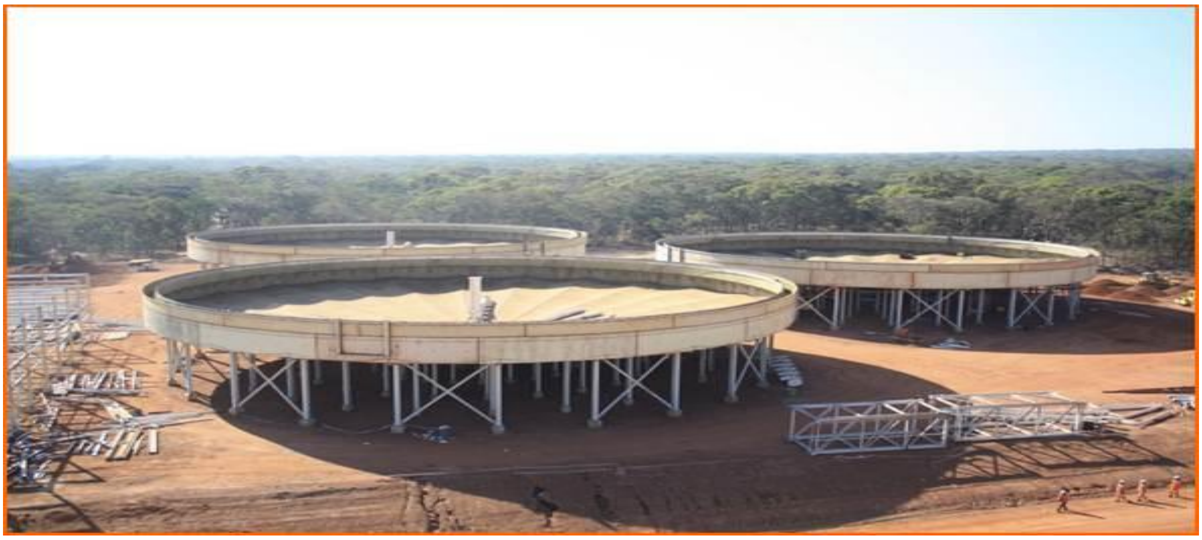
There were no dividends declared during the year (2013:K82.6 million).

OPERATIONS REPORT (continued)

4 *Kansanshi Mining Plc*

Sales revenues at Kansanshi Mining Plc (KMP) decreased by 9.8% from those recorded for the financial year ended 31st December 2013 to US$1,834,121.00 (2012: US$2,035,081.00) reflecting lower realized copper and gold prices, and a build-up of concentrate inventory. This decrease flowed through to gross profit which was also negatively impacted by higher depreciation charges relating to plant and mine pit expansions, partially offset by a reduction in cash costs during the year. Overall copper production at Kansanshi increased by 3.6% to 270,724 (2012: 261,351). Higher throughput realized on the recent plant expansions and higher mixed ore grade processed was partly offset by lower sulphide ore grade. Ongoing mine pit development work continues to improve access to various ore types, specifically oxide to coincide with the current plant expansions. At 167,395 ounces, gold production was 23% higher in 2013 (2012: 136,056) as a result of gold circuit enhancements and the re-processing of stockpiled gold plant tailings.

The multi-stage Kansanshi plant upgrade to an annual production capacity of 400,000 tonnes of copper continued in 2013.



Kansanshi Tails Thickener

Total dividend paid during the period under review amounted to K3,977 million (US$600 million) (2013:K983 million(US$ 195 million)). The amount payable to ZCCM-IH was K795 million (US$120 million) (2013:K196.7 million(US$39 million)).

5 *Copperbelt Energy Corporation Plc*

Copperbelt Energy Corporation Plcs' (CEC) company revenue increased from K1,353 million for the period ended 31 March 2013 to K1,539 million for the year ended 31 March 2014. The net profit as at 31 March 2014 was K146 million (2013: K111 million).

The average maximum demand for the year ended December 2013 increased by 3.9% from 527.3MW in 2012 to 547.9MW in 2013.

During the year CEC Plc conducted a 5 for 8 Rights Offer to raise K387.5 million to undertake various expansion projects, and to refinance a US$45 million bridging facility with Standard Bank South Africa. CEC Plc issued 625,000,000 new shares at a price of K 0.62 per share, and raised 100% of the targeted funds. ZCCM-IH had an entitlement of 125,000,000 Rights Offer shares, of which it took up its entire entitlement at a cost of K77.5 million.

OPERATIONS REPORT (continued)

Following from the Rights Offer, the majority shareholder in CEC , Zambian Energy Corporation (ZamEn), underwent an internal reorganization. On 24th December 2013, CEC issued a Cautionary Notice to the public relating to the possibility of a Mandatory Offer to minority shareholders following internal shareholding reorganization at the ZamEn level. The result of the reorganization may see one or more of ZamEn's shareholders increase its effective shareholding in CEC to more than 35%, which will necessitate a Mandatory Offer as per the requirements of the Zambian Securities Act.

The CEC share price on the LuSE moved from K 0.83 as at end of March 2013 to K 0.70 at end of March 2014, representing 15.7% in capital losses year-on-year.

CEC NFC South East Project

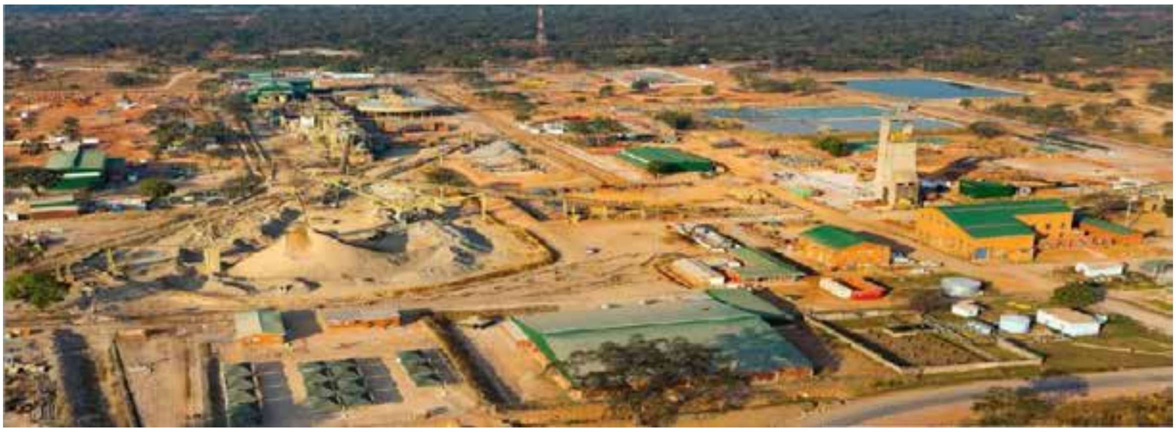
There were no dividends declared during the year (2013: K11 million).

OPERATIONS REPORT (continued)

6 *Lubambe Copper Mine Limited*

For the period ended 31 March 2014 Lubambe Copper Mine Limited (LCM) reported revenues of K1,483 million (US$237 million) and a loss for the period of K243 million (US$39 million). The company only commenced production in October 2012 and is thus still in its nascent stages of operation.

The overall project capital cost in nominal terms is forecast to be 7% over budget (US$489.2 million forecast total against budget of US$456.2 million). The increase in final forecast value is due to the unforeseen US$15.2 million withholding tax provision following the Zambia Revenue Authority (ZRA) audit, and the capitalisation of operating cost for a further 4 month period from end of December 2012 to end of April 2013 which added another US$20 million.



Aerial view of Lubambe Copper Mine.

There were no dividends declared during the year (2013:Nil)

7 *CNMC Luanshya Copper Mines Plc*

CNMC Luanshya Copper Mines plc (CNMC) recorded a turnover of K1,695 million for the period to 31 March 2014 (2013: K1,093 million). The profit after tax was K6.4 million (2013: K7.9 loss).

CNMC planned to produce 43,000t of copper metal which included 19,000t copper in concentrate from Baluba Mine and 24,000t of copper cathode from Muliashi Mine. By the end of the shift on 31 December 2013, Baluba Mine and Muliashi Mine produced 16,484t and 24,114t of copper metal respectively. Thus in 2013 the total copper production was 40,298t, representing 93.72% of the annual plan. As noted, Muliashi Mine achieved its annual production target for 2013 whilst Baluba Mine did not achieve its annual production target. The failure is attributed to the breakdown of the long-hole drilling machine which resulted into heavy losses of ore reserves for mining. To keep the mine production continuous, the cut-off grade was reduced from 1% to 0.8%. Secondly, since the mining tonnage was not enough, a lot of low-grade ore was reclaimed from old stopes which made the head ore grade lower than the annual target. Other than the two reasons, high operating costs and the low ore grade also made Baluba Mine difficult to operate.

On 21 May 2013, the majority shareholder CNMC officially approved the Copper Slag Reclamation Project. On 28 December 2013, construction of the Copper Slag Reclamation Project was officially launched. The total investment for this project is expected to be US$20 million and, the project is expected to be put into trial production in 2014 with 200,000t copper slag and 1,200t copper metal in concentrate designed to be processed. Pressure on production at Baluba will then be reduced and will improve the cost structure and extend the life of Baluba. It will also ensure employment opportunities for the local people and eliminate the environmental risks for the slag storage on surface for a long time.

There were no dividends declared during the year (2013:Nil).

OPERATIONS REPORT (continued)

(C) Other Investments

1 *NFC Africa Mining Plc*

NFC Africa Mining Plc (NFCA)'s, capital expenditure on the South East Ore Body project amounted to US$ 61.58 million during the year. The expected investment cost for the project is approximately US$830 million. The project is expected to create 5000 jobs and construction is expected to be over a period of 5 years. Loan financing of US$ 548 million is being arranged from Export- Import Bank of China to Part finance the South East Ore Body Project with the balance coming from internally generated funds.

There were no dividends paid during the year (2013:Nil)

2 *Chibuluma Mines Plc*

Chibuluma Mines Plc (CMP)'s life of mine is 7 years, up to 2020. To extend the life of the mine CMP has embarked on the following exploration projects:

i. Chifupu Copper Project

Indicated reserves as at 20 December 2013 are 1,500,231t at a grade of 2.13% translating into 32,026t of copper. The cumulative expenditure up to the end of 2013 was US$3.25 million.

Chifupu Copper Project

ii. Chibuluma Central Tenement

All the soil geochemical samples were assayed for 34 elements by Induced Coupled Plasma (ICP) method. The analysis was completed in the 3rd Quarter of 2013.

OPERATIONS REPORT (continued)

(c) Other Investments *(continued)*

iii. Chibuluma West Mine

No ore intersections have been recorded in the first two holes drilled in the Kalulushi Anticline region to the south-west of the West Chibuluma mine;

iv. Deepening of the South Mine

Drilling was completed in the 3rd quarter of 2013 and confirmed that the Chibuluma South ore-body has pinched out at 600 meters with no further work planned; and

v. New Tenements

CMP has been awarded an exploration license in the area between the Chibuluma South and West mining areas.

CMP paid a total of K50.45 million in dividends for the period to 31st March 2014 (2013: K101 million). The amount paid to ZCCM-IH was K7.6 million (2013:K15.2 million).

3 *Investrust Bank plc*

During the period under review, the bank opened six new branches in Lusaka – Mumbwa road, Choma, Kabwe, Ndola – President Avenue and Buteko Avenue, and Mongu thereby increasing the total branch network to 25. Investrust anticipates business growth in the near future through consolidation of its operations and increasing the client base and product offerings. The bank is also on course with the capital raising exercise meant at increasing its primary capital and hopes to meet the revised limit within the extended timelines granted by the Central Bank.

The bank's share price on the LuSE closed the period under review at K13.50 (2013: K14.90).

There were no dividends declared during the financial year (2013: Nil).

4 *Chambishi Metals Plc*

During the year under review, Chambishi Metals Plc faced 2 notable strategic challenges. Firstly, Chambishi's copper production performance continued to be adversely affected by power fluctuations, which the company estimated resulted in losses amounting to US$9.5million, of which US$6.8 million resulted from lost production of 3,300t of Copper and 410t of Cobalt. Secondly, the Zambia Revenue Authority (ZRA) withheld the use of US$6.5 million in respect of the audit claim during the year following a comprehensive tax audit carried out for the period 2006 to 2011. In addition, a further US$23 million was withheld by ZRA as at March 2014 relating to a Value Added Tax (VAT) refund due to Chambishi. The matter remains unresolved, but given that Chambishi estimates that 90% of its input costs are VAT deductible, the suspension has had a material effect on day-to-day operations.

There were no dividends during the financial year 2014 (2013: Nil).

OPERATIONS REPORT (continued)

(c) Other Investments *(continued)*

5 *Mopani Copper Mines plc*

Mopani Copper Mines Plc (MCM) recorded a 13% increase in turnover from US$1,015 million for the year ended 31st December 2012 to US$1,193 million for the year ended 31st December 2013. The profit after tax as at 31st December 2013 was US$36 million (2012: US$31million). The increase in revenue was driven by increased sales quantities of 149,966t of Copper (2012:117,804t) representing a 27.3% increase year-on-year, whilst the average Copper price per tonne declined by 7% relative to the prior year. MCM produced 212,000t of copper (including refined copper from third-parties) during the year ended 31st December 2013, representing a 13% increase year-on-year (2012: 187,000t).

During the year, MCM spent a total of US$418 million on capital expenditure, of which US$100 million was expended on sustaining current operations, whilst US$318 million was spent on expansionary projects. MCM spent US$70 million on the Synclinorium Shaft at Nkana, with major milestones completed including achieving a depth of 1,000 metres (design depth is 1,277m), construction of the permanent Winder House structure and the start of the vent shaft pre-sink. The project remains on schedule for completion by the end of 2015 and will significantly extend the economic life of MCM's operations. Further, MCM spent US$58 million on Mufulira Deeps and Mindola Deeps. The projects are targeted at sustaining production at 2mtpa, and are expected to extend the life of mine by 20 to 25 years. These projects are all expected to be completed by December 2016.

Construction of Synclinorium Shaft Collar

No dividends were declared for the period to 31 March 2014 (2013: Nil).

OPERATIONS REPORT (continued)

(c) Other Investments *(continued)*

6 *Nkana Alloy Smelting Company Limited*

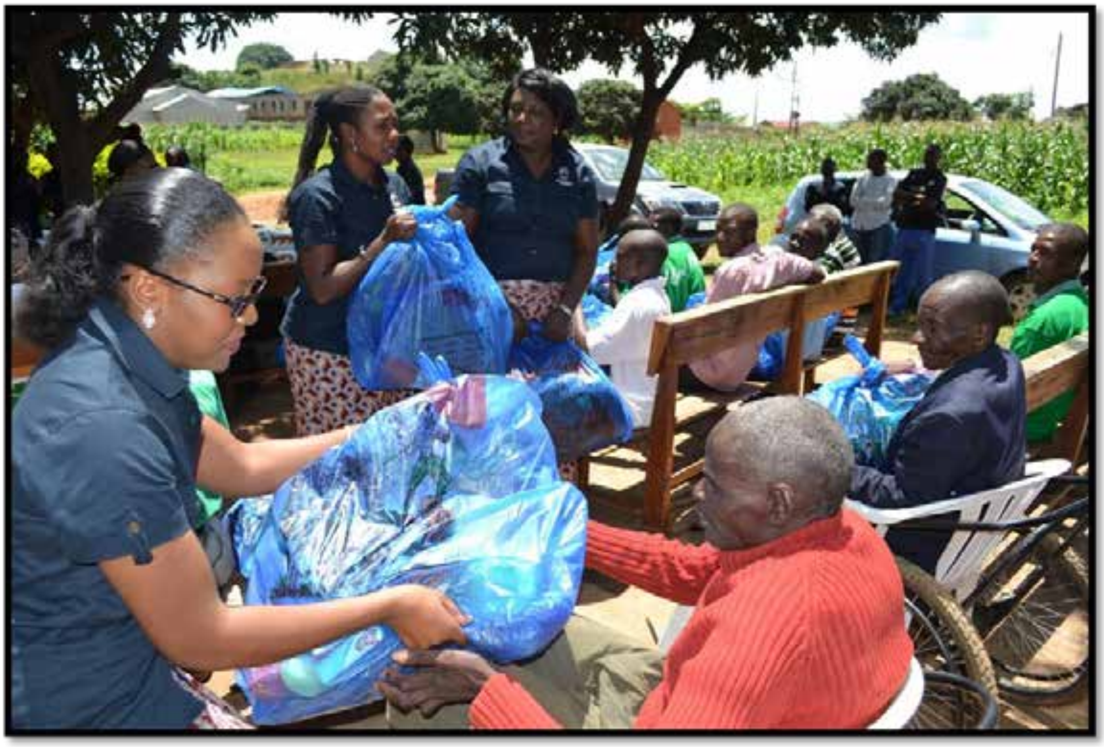
Since 2011, ZCCM-IH Plc has been in discussions with ENRC, Chambishi Metals Plc and Tianjin Maolin regarding the sale and transfer of the slag material previously owned by Chambishi Metals to Nkana Alloy Smelting Company Limited (Nkana Alloy). ENRC Africa B.V sold its 90% stake in Nkana Alloy to Tianjin Maolin Technology Limited (Tianjin) and ZCCM-IH has maintained its 10% shareholding. The company was created to exploit the Nkana Slag Dump material that has remained idle for a long time and has been an environmental concern.

The sale transaction between Tianjin and ENRC was concluded in February 2014. Hitherto, the mining and surface rights have been transferred to Nkana Alloy. Processing of the slag is expected to commence in the latter part 2014.

(d) Corporate Social Responsibility and Environmental Review

A) Corporate Social Responsibility

The Company continued to meet its social obligations during the year by supporting social and cultural events and educational programs among others. Further, the Company made material donations to the home of the aged in Lusaka's Matero Township during the commemoration of the International Women's Day on the 8th March 2014. In total, the Company spent K80, 207.39 in supporting various corporate social responsibility activities.



ZCCM-IH employees presenting gifts at the home of the aged in Matero Township, Lusaka

OPERATIONS REPORT (continued)

(d) Corporate Social Responsibility and Environmental Review *(continued)*

B) Environmental Review

The Company's environmental related activities continued to be managed through Misenge Environmental and Technical Services Company Limited (METS), a wholly owned subsidiary of ZCCM-IH. Some of the major activities undertaken included the following:

- ***Integrated Case Management (ICM) – Monitoring and Testing:*** METS conducted home visitations in some townships of Kabwe. The purpose of conducting the visitations was to assess and assist caregivers, of children with persistently high lead levels, on the implementation of messages on prevention of lead exposure and poisoning. Further, ICM clinics and soil monitoring tests were conducted in various communities in Kabwe.

- ***Inspection and Maintenance of Tailing Dams (TD) and Over Burdens (OB) in Kitwe, Mufulira.*** This included water sampling and testing from the spillways as well as dam seepage to ensure that there was limited contamination of water.

- ***Monitoring of the Radioactive Waste Storage Building in Kalulushi:*** radiation surveys were conducted to determine typical background dose rates and ensure that the levels were maintained within acceptable limits.

Mabvuto Chipata **Lusaka**
Acting Chief Executive Officer
August 2014

Director's Responsibility in respect of the preparation of financial statement

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of ZCCM Investments Holdings Plc, comprising the statements of financial position at 31 March 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia. In addition, the directors are responsible for preparing the chairman's and directors' report.

The directors are also responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company and its subsidiaries' ability to continue as going concerns and have no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of Zambia.

Approval of the financial statements

The consolidated and separate financial statements of ZCCM Investments Holdings Plc, as identified in the first paragraph, were approved by the board of directors on 6 August 2014 and signed on its behalf by:

Director

Director

KPMG Chartered Accountants
First Floor, Elunda Two
Addis Ababa Roundabout
Rhodes Park,
P.O Box 31282
Lusaka Zambia

Telephone +260 2 11372900
Website www.kpmg.com/zm

Independent auditor's report to the shareholders of ZCCM Investments Holdings Plc

Report on the financial statements

We have audited the accompanying consolidated and separate financial statements of ZCCM Investments Holdings Plc ("the Company") which comprise the statements of financial position as at 31 March 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 29 to 128.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of Companies Act of Zambia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of ZCCM Investments Holdings Plc as at 31 March 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia.

Report on other legal and regulatory requirements

In accordance with Section 173 (3) of the Companies Act of Zambia, we report that, in our opinion, the required accounting records, other records and registers have been properly kept in accordance with the Act.

KPMG

KPMG Chartered Accountants 28 August **2014**
Lusaka, Zambia

Jason Kazilimani, Jr
Partner

Consolidated statement of financial position

As at 31 March 2014

In thousands of Kwacha

	Notes	2014	2013
Assets			
Property, plant and equipment	15	**633,170**	481,286
Intangible assets	16	**847**	499
Investment property	17	**11,330**	9,320
Investment in associates	19	**5,300,536**	4,747,079
Financial assets at fair value through profit or loss	20	**348,110**	406,591
Trade and other receivables	22	**161,549**	299,987
Deferred tax assets	30	**130,354**	218,409
Non-current assets		**6,585,896**	6,163,171
Inventories	21	**24,220**	18,751
Trade and other receivables	22	**1,859,236**	1,121,593
Held-to-maturity investment securities	23	**108,623**	102,006
Cash and cash equivalents	24	**274,363**	38,438
Current assets		**2,266,442**	1,280,788
Total assets		**8,852,338**	7,443,959
Equity			
Share capital	27(i)	**1,608**	893
Share premium	27(ii)	**2,089,343**	-
Reserves	28	**1,618,430**	605,865
Retained earnings		**4,295,351**	4,018,325
Equity attributable to shareholders		**8,004,732**	4,625,083
Liabilities			
Borrowings	29	**130,891**	120,657
Deferred tax liabilities	30	**169,131**	177,032
Retirement benefits	31	**2,297**	2,790
Provisions for environmental rehabilitation	32	**44,353**	41,784
Non-current liabilities		**346,672**	342,263
Borrowings	29(a)	**81,733**	1,232,163
Trade and other payables	25	**167,412**	131,313
Provisions	26	**95,613**	70,602
Subordinated loan	29(v)	**-**	865,445
Current tax liabilities	12	**87,838**	98,131
Retirement benefits	31	**52,856**	59,030
Provisions for environmental rehabilitation	32	**15,482**	19,929
Current liabilities		**500,934**	2,476,613
Total liabilities		**847,606**	2,818,876
Total equity and liabilities		**8,852,338**	7,443,959

The financial statements were approved for issue by the Board of Directors on 6 August 2014 and signed on its behalf by:

……………………………… ………………………………

Director *Director*

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Company statement of financial position

As at 31 March 2014

In thousands of Kwacha

	Notes	2014	2013
Assets			
Property, plant and equipment	15	**11,182**	9,632
Intangible assets	16	**655**	499
Investment property	17	**11,330**	9,320
Investments in subsidiaries	18	**400,725**	398,421
Investment in associates	19	**5,248,535**	4,809,612
Financial assets at fair value through profit or loss	20	**348,110**	406,591
Trade and other receivables	22	**387,262**	543,665
Non-current assets		**6,407,799**	6,177,740
Trade and other receivables	22	**1,968,638**	1,067,108
Held-to-maturity investment securities	23	**108,623**	102,006
Cash and cash equivalents	24	**266,950**	12,213
Current assets		**2,344,211**	1,181,327
Total assets		**8,752,010**	7,359,067
Equity			
Share capital	27(i)	**1,608**	893
Share premium	27(ii)	**2,089,343**	-
Reserves	28	**3,202,372**	2,966,192
Retained earnings		**1,402,965**	510,665
Equity attributable to shareholders		**6,696,288**	3,477,750
Liabilities			
Borrowings	29	**19,362**	18,335
Deferred tax liabilities	30	**1,762,325**	1,558,857
Retirement benefits	31	**2,297**	2,790
Provisions for environmental rehabilitation	32	**33,991**	24,924
Non-current liabilities		**1,817,975**	1,604,906
Borrowings	29	**173**	1,151,357
Subordinated loan	29(v)	**-**	865,445
Trade and other payables	25	**34,699**	69,457
Provisions	26	**95,613**	70,602
Current tax liabilities	12	**91,780**	99,621
Provisions for environmental rehabilitation	32	**15,482**	19,929
Current liabilities		**237,747**	2,276,411
Total liabilities		**2,055,722**	3,881,317
Total equity and liabilities		**8,752,010**	7,359,067

The financial statements were approved for issue by the Board of Directors on 6 August 2014 and signed on its behalf by:

……………………………… ………………………………

Director *Director*

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2014
In thousands of Kwacha

	Notes	**2014**	2013
Revenue	*6*	**1,000,538**	520,104
Cost of sales		**(143,709)**	(148,925)
Gross profit		**856,829**	371,179
Other income	*7*	**221,244**	173,552
Environmental expenses	*8*	**(8,159)**	(3,616)
Administration expenses	*9*	**(198,908)**	(164,912)
Operating profit		**871,006**	376,203
Finance income		**126,854**	116,955
Finance costs		**(98,918)**	(60,605)
Net finance income	*11*	**27,936**	56,350
Share of (loss)/profit of equity-accounted investees, net of tax	*19*	**(537,041)**	221,635
Profit before tax		**361,901**	654,188
Income tax (expense)/credit	*12*	**(84,715)**	107,833
Profit		**277,186**	762,021
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Actuarial loss on defined benefit pension plans	*31*	**(913)**	(534)
Deferred tax on defined benefit actuarial loss	*30*	**320**	187
		(593)	(347)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	*19*	**1,012,998**	156,709
Other comprehensive income, net of tax		**1,012,405**	156,362
Total comprehensive income		**1,289,591**	918,383
Earnings per share			
Basic earnings per share (K)	*13*	**3.08**	8.56
Diluted earnings per share (K)	*13*	**3.08**	8.56

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Company statement of profit or loss and other comprehensive income
for the year ended 31 March 2014
In thousands of Kwacha

	Notes	2014	2013
Revenue	6	**803,013**	305,481
Gross profit		**803,013**	305,481
Other income	7	**214,013**	171,018
Environmental expense	8	**(8,159)**	(5,173)
Administration expenses	9	**(110,404)**	(67,751)
Operating profit		**898,463**	403,575
Finance income		**167,665**	121,334
Finance costs		**(94,906)**	(51,075)
Net finance (costs)/income	11	**(72,759)**	70,259
Profit before tax		**971,222**	473,834
Income tax (expense)/credit	12	**(78,565)**	94,091
Profit		**892,657**	567,925
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Actuarial loss on defined benefit pension plans	31	**(913)**	(534)
Deferred tax on defined benefit actuarial loss	30	**320**	187
		(593)	(347)
Items that are or maybe reclassified to profit or loss			
Available-for-sale investments in subsidiaries – net change in fair value	18	**2,294**	397,210
Available-for-sale investments in associates – net change in fair value	19	**361,423**	4,157,482
Deferred tax on fair value change on subsidiaries	30	**(803)**	(139,023)
Deferred tax on fair value change on investments	30	**(126,498)**	(1,455,119)
		236,416	2,960,550
Other comprehensive income, net of tax		**235,823**	2,960,203
Total comprehensive income		**1,128,480**	3,528,128
Earnings per share			
Basic earnings per share (K)	13	**9.93**	6.38
Diluted earnings per share (K)	13	**9.93**	6.38

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2014

In thousands of Kwacha

	Notes	Share capital	Share premium	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance at 31 March 2012		893	-	9,059	440,356	3,256,074	3,706,382
Total comprehensive income							
Profit		-	-	-	-	762,021	762,021
Other comprehensive income							
Currency translation – equity accounted investees	*19*	-	-	-	156,709	-	156,709
Amortisation of revaluation reserves	*28*	-	-	(577)	-	577	-
Deferred tax on revaluation	*30*	-	-	318	-	-	318
Actuarial gain on defined benefit	*31*	-	-	-	-	(534)	(534)
Deferred tax on defined benefit actuarial gains	*30*	-	-	-	-	187	187
Total other comprehensive income		-	-	(259)	156,709	762,251	918,701
Balance at 31 March 2013		893	-	8,800	597,065	4,018,325	4,625,083
Balance at 1 April 2013		**893**	**-**	**8,800**	**597,065**	**4,018,325**	**4,625,083**
Total comprehensive income							
Profit		-	-	-	-	**277,186**	**277,186**
Other comprehensive income:							
Currency translation – equity accounted investees	*19*	**-**	-	**-**	**1,012,998**	**-**	**1,012,998**
Amortisation of revaluation surplus	*28*	**-**	-	**(559)**	**-**	**559**	**-**
Deferred tax on revaluation reserve	*30*	**-**	-	**126**	**-**	**(126)**	**-**
Actuarial loss on defined benefit	*31*	**-**	-	**-**	**-**	**(913)**	**(913)**
Deferred tax on defined benefit actuarial loss	*30*	**-**	-	**-**	**-**	**320**	**320**
Total comprehensive income		**-**	**-**	**(433)**	**1,012,998**	**277,026**	**1,289,591**
Transaction with owners of the Company - Contributions							
Issue of ordinary shares	*27(i)*	**715**	**-**	**-**	**-**	**-**	**715**
Share premium	*27(ii)*	**-**	**2,089,343**	**-**	**-**	**-**	**2,089,343**
Total transactions with owners of the Company		**715**	**2,089,343**	**-**	**-**	**-**	**2,090,058**
Balance at 31 March 2014		**1,608**	**2,089,343**	**8,367**	**1,610,063**	**4,295,351**	**8,004,732**

Retained earnings are the carried forward recognised income, net of expenses, of the Group plus current period profit attributable to shareholders.

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Company statement of changes in equity

for the year ended 31 March 2014
In thousands of Kwacha

	Notes	Share capital	Share premium	Revaluation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 April 2012		893	-	5,878	-	(57,275)	(50,504)
Total comprehensive income							
Profit		-	-	-	-	567,925	567,925
Other comprehensive income							
Amortisation of revaluation surplus		-	-	(362)	-	362	-
Deferred tax on revaluation reserve	*30*	-	-	126	-	-	126
Actuarial gain on defined benefit	*31*	-	-	-	-	(534)	(534)
Deferred tax on defined benefit actuarial gain	*30*	-	-	-	-	187	187
Change in fair value of available-for-sale investments in subsidiaries	*18*	-	-	-	397,210	-	397,210
Deferred tax fair value change on subsidiaries	*30*	-	-	-	(139,023)	-	(139,023)
Change in fair value of available-for-sale investments in associates	*19*	-	-	-	4,157,482	-	4,157,482
Deferred tax fair value change on investments	*30*	-	-	-	(1,455,119)	-	(1,455,119)
Total comprehensive income		-	-	(236)	2,960,550	567,940	3,528,254
Balance at 31 March 2013		893	-	5,642	2,960,550	510,665	3,477,750
Balance at 1 April 2013		**893**	**-**	**5,642**	**2,960,550**	**510,665**	**3,477,750**
Total comprehensive income							
Profit		-	-	-	-	**892,657**	**892,657**
Other comprehensive income							
Amortisation of revaluation surplus		-	-	**(362)**	-	**362**	-
Deferred tax on revaluation reserve	*28*	-	-	**126**	-	**(126)**	-
Actuarial loss on defined benefit	*30*	-	-	-	-	**(913)**	**(913)**
Deferred tax on defined benefit actuarial loss	*31*	-	-	-	-	**320**	**320**
Change in fair value of available-for-sale investments in subsidiaries	*18*	-	-	-	**2,294**	-	**2,294**
Deferred tax fair value change on subsidiaries	*30*	-	-	-	**(803)**	-	**(803)**
Change in fair value of available-for-sale investments in associates	*19*	-	-	-	**361,423**	-	**361,423**
Deferred tax fair value change on investments	*30*	-	-	-	**(126,498)**	-	**(126,498)**
Total comprehensive income		-	-	**(236)**	**236,416**	**892,300**	**1,128,480**
Transactions with owners of the Company - contributions							
Issue of ordinary shares	*27(i)*	**715**					**715**
Share premium	*27(ii)*	-	**2,089,343**	-	-	-	**2,089,343**
Total transactions with owners of the Company		**715**	**2,089,343**	-	-	-	**2,090,058**
Balance at 31 March 2014		**1,608**	**2,089,343**	**5,406**	**3,196,966**	**1,402,965**	**6,696,288**

Retained earnings are the carried forward recognised income, net of expenses, of the Company plus current period profit attributable to shareholders.

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2014

In thousands of Kwacha

Cash flows from operating activities	*Note*	**2014**	2013
Profit		**277,186**	762,021
Adjustments for:			
Depreciation	*15*	**17,563**	15,985
Amortisation	*16*	**207**	145
Impairment loss on property, plant and equipment	*15*	**451**	-
Interest receivable	*11*	**(8,967)**	(5,741)
Interest expense	*11*	**3,772**	3,853
Gain on GRZ debt converted into equity	*29*	**(187,504)**	-
Change in fair value on financial assets at fair value through profit or loss	*20*	**58,981**	(59,221)
Fair value change on investment property	*17*	**(2,010)**	(750)
Defined benefits expense	*31*	**734**	33,175
Share of profit of equity – accounted investees, net of tax	*19*	**537,041**	(221,635)
Profit from disposal of financial assets at fair value through profit or loss	*7*	**(47)**	(15,879)
Profit on disposal of property, plant and equipment	*7*	**(1,498)**	(1,022)
Gain on acquisition of investments in financial asset at fair value through the profit or loss	*7*	**(500)**	-
Tax expense	*12*	**84,715**	(107,833)
		780,124	403,098
Change in:			
Inventories		**(5,469)**	(4,320)
Trade and other receivables		**(599,205)**	(475,042)
Trade and other payables and provisions		**61,110**	20,715
Provision for environmental rehabilitation		**(1,879)**	6,121
		234,681	(49,428)
Interest paid		**(2,858)**	(3,854)
Tax paid	*12*	**(15,447)**	(4,480)
Retirement benefits paid	*31*	**(8,314)**	(9,830)
Net cash from operating activities		**208,062**	(67,592)
Cash flows from investing activities			
Interest received	*11*	**8,967**	5,741
Proceeds from disposal of financial assets at fair value through profit or loss		**47**	15,879
Proceeds from disposal of property, plant and equipment		**8,906**	1,510
Proceeds from disposal of intangible assets		**217**	
Acquisition of investments in associates	*19*	**(77,500)**	(106,515)
Acquisition of intangible assets, property and equipment	*15,16*	**(178,078)**	(236,053)
Proceeds from disposal of government securities	*23*	**102,006**	403,957
Acquisition of government securities	*23*	**(108,623)**	(102,006)
Net cash from investing activities		**(244,058)**	(17,487)
Cash flows from financing activities			
Proceeds from issue of shares		**260,760**	-
Proceeds from borrowings		**11,161**	67,949
Repayment of borrowings		**-**	(5,661)
Net cash from financing activities		**271,921**	62,288
Net increase/(decrease) in cash and cash equivalents		**235,925**	(22,791)
Cash and cash equivalents at 1 April		**38,438**	61,229
Cash and cash equivalents at 31 March	*24*	**274,363**	38,438

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Company statement of cash flows

for the year ended 31 March 2014

In thousands of Kwacha

	Note	**2014**	2013
Cash flows from operating activities			
Profit		**892,657**	567,925
Adjustments for:			
Depreciation	*15*	**1,221**	1,907
Amortisation	*16*	**123**	145
Fair value changes of financial assets at fair value through profit or loss	*20*	**58,981**	(59,221)
Defined benefits expense		**734**	1,141
Fair value change on investment property	*17*	**(2,010)**	(750)
Gain on purchase of investments in associates	*7*	**(500)**	-
Gain on GRZ debt converted into equity	*29*	**(187,504)**	-
Profit from disposal of financial assets at fair value through profit or loss	*7*	**(47)**	(15,879)
Profit on disposal of property, plant and equipment	*7*	**(405)**	(629)
Interest received	*11*	**(8,653)**	(5,741)
Interest expense	*11*	**494**	1,290
Income tax expense	*12*	**78,565**	(94,091)
		833,657	396,097
Change in:			
Trade and other receivables		**(745,127)**	(640,865)
Trade and other payables and provisions		**(9,747)**	11,529
Provision for environmental rehabilitation		**4,620**	2,317
		83,403	(230,922)
Interest paid		**(494)**	(1,290)
Tax paid	*12*	**(9,920)**	(2,491)
Retirement benefit paid	*31*	**(2,140)**	(3,555)
Net cash from/(utilisaed in) operating activities		**70,849**	(238,258)
Cash flows from investing activities			
Interest received	*11*	**8,653**	5,741
Acquisition of property, plant and equipment and intangible assets	*15,16*	**(7,541)**	(5,557)
Acquisition investment in subsidiary	*18*	**(10)**	(1,199)
Acquisition of investments in associates	*19*	**(77,500)**	(106,515)
Proceeds from disposal of financial assets at fair value through profit or loss		**47**	-
Proceeds from disposal of property, plant and equipment		**4,679**	1,047
Proceeds from disposal of intangibles		**217**	
Proceeds from investments		**-**	15,879
Proceeds from disposal of government securities	*23*	**102,006**	403,957
Acquisition of government securities	*23*	**(108,623)**	(102,006)
Net cash flows (used in)/from investing activities		**(78,072)**	211,347
Cash flows from financing activities			
Proceeds from issue of shares		**260,760**	-
Proceeds from borrowings		**1,200**	19,764
Net cash from financing activities		**261,960**	19,764
Increase/(decrease) in cash and cash equivalents		**254,737**	(7,147)
Cash and cash equivalents at 1 April		**12,213**	19,360
Cash and cash equivalents at 31 March	*24*	**266,950**	12,213

The notes on pages 37 to 128 are an integral part of these consolidated financial statements.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

1 Reporting entity

ZCCM Investments Holdings Plc (the "Company" or "ZCCM – IH") is domiciled in Zambia. The address of the Company is Mukuba Pension House, 5309 Dedan Kimathi Road. P.O Box 30048, Lusaka. The consolidated financial statements of the Company as of and for the year ended 31 March 2014 comprise the Company, its subsidiaries and investments in associates (collectively the 'Group' and individually 'Group companies'). The principal activity of the Company is to manage the Zambian Government's stake in the mining sector.

The Company's shares are listed on the Lusaka Stock Exchange (LuSE), the London Stock Exchange and Euronext.

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Zambia.

Details of the Group's accounting policies, including changes during the year, are included in notes 39 and 40.

3 Functional and presentation currency

These consolidated financial statements are presented in Zambian Kwacha, which is the Company's functional currency. Except as otherwise indicated, financial information presented in Kwacha has been rounded to the nearest thousand, unless otherwise indicated.

4 Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 29(v) – leases: whether an arrangement contains a lease.
- Note 19 – consolidation: whether the Group has de facto control over an investee; and
- Note 29(v) – lease classification.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

4 Use of estimates and judgements *(continued)*

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2015 is included in the following notes:

- Note 31 - measurement of defined benefit obligations: key actuarial assumptions.
- Note 30 - recognition of deferred tax assets: available future taxable profit against which carry forward tax losses can be used.
- Note 40(h) - impairment test: key assumptions underlying recoverable amounts; and
- Note 34 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Significant valuation issues are reported to the Group Audit Committee. This includes the Group finance department that held overall responsibilities for overseeing all significant fair value measurement including level 3 fair values and reports directly to the Chief Financial Officer CFO.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information arises such as broker quotes or pricing services, used to measure fair values, then the finance team assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirement of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuations are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 40(c) - financial instruments.
- Note 40(e) - investment property.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

5 Operating segment

a) Basis for segmentation

The Group has five reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

	Reportable segment	***Operations***
1	ZCCM-IH	Investment business
2	Ndola Lime Company Limited	Manufacturing of lime, mining and power distribution.
3	Nkandabwe Coal Mines Limited	Coal mining.
4	Misenge Environmental and technical Services Limited	Environmental and technical services
5	Mawe Exploration and Technical Services Limited	Exploration and technical services

The Group's Chief Executive Officer reviews internal management reports of each division at least quarterly.

b) Information about reportable segments

Information recorded on each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Group's Chief Executive Officer is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014
in thousands of Kwacha

5 Segment reporting *(continued)*

The segment results for the Group were as follows:

	ZCCM-IH		Ndola Lime Company Limited		Misenge Exploration and Technical Services Limited		Mawe Exploration and Technical Services Limited		Nkandabwe Coal Mines Limited		Eliminated/ adjustment		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Revenue from external customers:														
Sales	-	-	**197,518**	214,623	-	-	-	-	-	-	-	-	**197,518**	214,623
Services	-	-	-	-	-	-	**7**	-	-	-	-	-	**7**	-
Dividends	**803,013**	305,481	-	-		-	-	-	-	-	-	-	**803,013**	305,481
Total revenue from external customers	**803,013**	305,481	**197,518**	214,623	-	-	**7**	-	-	-	-	-	**1,000,538**	520,104
Inter-segment revenue	-	-	-	-	**3,204**	204	-	-	-	-	**(3,204)**	(204)	-	-
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	-	**(537,041)**	(221,635)	**(537,041)**	221,635
Total revenue	**803,013**	305,481	**197,518**	214,623	**3,204**	204	**7**	-	-		**(3,088)**	(204)	**1,000,538**	520,104
Profit/(loss) for the year	**940,726**	567,925	**(13,144)**	(22,926)	**(3,481)**	(657)	**(5,705)**		**(16,543)**		**(3,205)**	3,956	**361,901**	654,188

Revenue	**2014**	2013
Total revenue from reportable segments	**1,003,742**	520,308
Elimination of inter segment revenue	**(3,204)**	(204)
Consolidated revenue	**1,000,538**	520,104
Profit or loss		
Total profit or loss for reported segments	**898,942**	432,553
Share of profit of equity accounted investees	**(537,041)**	221,635
Consolidated profit before tax	**277,186**	762,021

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
in thousands of Kwacha

5 Segment reporting *(continued)*

	ZCCM-IH		Ndola Lime Company Limited		Misenge Exploration and Technical Services Limited		Mawe Exploration and Technical Services Limited		Nkandabwe Coal Mines Limited		Eliminated		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Segment assets	**359,947**	416,722	**657,505**	471,066	**648**	588	**3,150**	-	**19**	-	-	-	**1,021,269**	888,376
Equity accounted investees	**5,248,535**	4,809,612	**-**	-	**-**	-	**-**	-	**-**	-	**52,001**	(63,336)	**5,300,536**	4,746,276
Other assets	**3,143,528**	2,132,733	**76,427**	5,900	**328**	-	**859**	-	**-**	-	**(820,963)**	(506,358)	**2,400,179**	(3,114,001)
Total assets	**8,752,010**	7,359,067	**733,932**	476,966	**976**	588	**4,009**	-	**19**	-	**(768,962)**	(569,694)	**8,721,984**	7,266,927
Segment liabilities	**1,961,645**	3,778,906	**52,856**	59,030	**3,915**	-	**9,708**	-	**-**	-	**(2,108,594)**	(1,843,090)	**(69,191)**	1,994,846
Other liabilities	**94,077**	102,411	**675,809**	543,814	**-**	773	**-**	-	**16,557**	-	-	-	**786,443**	646,998
Total liabilities	**2,055,722**	3,881,317	**728,665**	602,844	**3,915**	773	**9,708**	-	**16,557**	-	**(2,093,012)**	(1,843,090)	**717,252**	2,641,844
Cashflows from operating activities	**70,849**	(238,258)	**99,087**	40,677	**161**	(137)	4,468	-	24	-	-	-	**208,052**	(67,592)
Cashflows from investing activities	**(78,072)**	211,347	**(130,821)**	(183,693)	**(280)**	(629)	(3,614)	-	(29)	-	-	-	**(244,058)**	(17,487)
Cashflows from financing activities	**261,960**	19,764	**12,181**	126,939	-	-	5	-	5	-	-	-	**271,921**	62,288
Capital expenditure	**7,541**	(5,557)	**(134,285)**	(229,868)	**280**	(629)	(3,614)	-	(35)	-	-	-	**(178,078)**	236,053

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

5 Segment reporting *(continued)*

Revenue from one associate entity (Kansanshi Mining Plc) of the Group's investment business represents approximately K79% (2013: 38%) of the Group's total revenue.

Group reconciliation of reported assets and liabilities

(i) Other assets consist of inventories, trade and other receivables, held to maturity investment securities, cash and cash equivalents, and assets classified as held for sale.

(ii) Other liability includes bank overdraft, tax liabilities, retirement benefits and liabilities classified as held for sale.

6 Revenue

See accounting policies in note 40 (k)

	Group		Company	
	2014	2013	**2014**	2013
Dividend income (note 33(ii))	**803,013**	305,481	**803,013**	305,481
Lime sales	**197,518**	214,623	**-**	-
Services	**7**	-	**-**	-
	1,000,538	520,104	**803,013**	305,481

7 Other income

	Group		Company	
	2014	2013	**2014**	2013
Gain on disposal of Albidon (i)	**47**	-	**47**	-
Gain on disposal of Alberg (ii)	**-**	15,879	**-**	15,879
Gain on 10% free carried interest: Nkana Alloy (iii)	**500**	-	**500**	-
Recovery of doubtful debts provision (Note 36) (iv)	**197,027**	-	**197,027**	-
Income from price participation	**-**	144,391	**-**	144,391
Management fee income	**8,949**	9,012	**8,949**	9,012
Fair value adjustment- investment property (Note 17)	**2,010**	750	**2,010**	750
Rental income (Note 17)	**83**	116	**300**	116
Profit on disposal of property, plant and equipment	**1,498**	1,022	**404**	629
Sundry income (v)	**11,130**	2,382	**4,776**	241
	221,244	173,552	**214,013**	171,018

(i) Gain on disposal of Albidon

On 15 May 2013 the shareholders of Albidon approved the acquisition by Jin Tuo Investments limited (a wholly owned subsidiary of Jinchuan Group Resources Holdings limited which itself is a majority shareholder of Albidon Limited) of 100% of the company at a cash price per share of US$0.0025. The proposal was made to all the shareholders other than Jinchuan Group via a statutory merger pursuant to the British Virgin Islands (BVI) Business Companies Act 2004 (as amended). The company's shares will now no longer be listed on the ASX whilst Jin Tuo will be struck off the register of companies in the BVI. ZCCM-IH realised K47 thousand (US$8,474.58) from the offer.

(ii) Gain on disposal of Alberg

The gain of K15.9 million arises from the sale of Alberg Mining licenses and intellectual materials.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

7 Other income *(continued)*

(iii) Gain on 10% free carried interest: Nkana Alloy Smelting Company Limited

The gain on Nkana Alloy Smelting Company Limited relates to the 10% free carried interest received by the Group resulting from the restructuring of Chambishi Metals Plc.

(iv) Recovery of doubtful debts provision

The debt of K197 million due from the Government of the Republic of Zambia was recovered during the year, as it formed part of the net indebtedness converted into equity through the Debt Settlement Agreement signed on 25 March 2014 (see note 29). The receivables had been fully provided for in prior years.

(v) Sundry income

Sundry income mainly includes income such as bad debts recovery, waste paper disposed, storage of materials fees, sale of Scrap, proceeds from sale of tender documents and Environmental protection.

8 Environmental expenses

Environmental expenses represent expenditures incurred in respect of meeting environmental remedial obligations arising from the operations of ZCCM Limited, the forerunner to the Company. Until 31 March 2013, the expenditure was financed by a loan from the World Bank and Nordic Development Fund. From April 2014 onwards, the expenditure was financed by internally generated funds.

	Group		Company	
	2014	2013	**2014**	2013
Resettlement acts (note 32)	**8,159**	3,616	**8,159**	5,173

9 Administration expenses

	Group		Company	
	2014	2013	**2014**	2013
Depreciation and amortisation (note 15,16)	**17,770**	16,129	**1,344**	2,052
Auditors' remuneration	**2,063**	1,155	**1,677**	755
Personnel expenses (note 10)	**73,499**	90,558	**20,030**	27,981
Other administration expenses	**105,576**	57,070	**87,353**	36,963
	198,908	164,912	**110,404**	67,751

Other administrative expenses mainly include legal expenses amounting to K10 million (2013: K9 million), rental expenses amounting to K2 million (2013: K1 million), provision of doubtful debt of K41 million (2013: Nil) and sundry expenses of K47 million (2013: K40 million).

10 Personnel expenses

	Group		Company	
	2014	2013	**2014**	2013
Salaries and wages	**68,748**	54,637	**18,695**	26,150
Retirement benefit costs:				
Defined benefit scheme (note 31)	**734**	33,175	**734**	1,141
Mukuba Pension Scheme	**784**	815	**240**	303
African Life Financial Services	**618**	596	**-**	-
National Social Security Funds	**2,565**	1,335	**361**	387
	73,449	90,558	**20,030**	27,981

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

11 Finance income and finance costs

See accounting policies in note 40 (l), (j) and (b)

	Group		Company	
	2014	2013	**2014**	2013
Unwinding expenses on price participation fees (note 22)	**(35,431)**	(49,785)	**(35,431)**	(49,785)
Fair value adjustment financial asset at fair value through profit or loss (note 20)	**(58,981)**	-	**(58,981)**	-
Exchange differences	**(734)**	(6,967)	**-**	-
Interest expenses	**(3,772)**	(3,853)	**(494)**	(1,290)
Finance costs	**(98,918)**	(60,605)	**(94,906)**	(51,075)
Interest income from price participation	**10,067**	-	**10,067**	-
Interest income from related parties	**30,887**	36,257	**69,841**	36,040
Fair value adjustment –financial assets at fair value through profit or loss (note 20)	**-**	59,221	**-**	59,221
Exchange differences	**-**	-	**2,171**	4,596
Exchange gains on price participation (note 22)	**76,933**	15,736	**76,933**	15,736
Interest income	**8,967**	5,741	**8,653**	5,741
Finance income	**126,854**	116,955	**167,665**	121,334
Net finance income recognised in profit or loss	**27,936**	56,350	**72,759**	70,259

12 Income taxes

See accounting policies in note 40 (m)

	Group		Company	
	2014	2013	**2014**	2013
Amounts recognised in profit or loss				
Current tax expense				
Current year	**(2,109)**	(1,850)	**(1,952)**	(1,775)
Adjustment for prior years	**(2,006)**	4,354	**-**	-
	(4,115)	2,504	**(1,952)**	(1,775)
Deferred tax charge(note 30)	**(80,600)**	105,329	**(76,613)**	95,866
Income tax (expense)/credit	**(84,715)**	107,833	**(78,565)**	94,091

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

12 Income tax *(continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

		Group			Company	
		2014	2013		**2014**	2013
Profit before income tax		**361,901**	654,188		**971,222**	473,834
Less: share of post tax profits from associates		**537,041**	(221,635)		**-**	-
		898,942	432,553		**971,222**	473,834
Tax calculated at rates applicable to profits	*35%*	**314,630**	151,394	*35%*	**339,728**	165,842
Tax effect of:						
Non deductible expenses	*3%*	**28,352**	(53,192)	*2%*	**20,199**	(55,412)
Income taxed at a lower rate	*3%*	**23,295**	(2,835)	-	**-**	(2,200)
(Under)/over recognition in prior years	**-**	**(507)**	(100,132)	-	**(507)**	(99,253)
Income not subject to tax	*31%*	**(281,055)**	(103,068)	*29%*	**(281,055)**	(103,068)
	9%	**84,715**	(107,833)	*8%*	**78,565**	(94,091)

Tax movement in the statement of financial position

	Group		Company	
	2014	2013	**2014**	2013
Opening balance 1 April	**98,131**	105,115	**99,621**	100,337
Reversal of prior year over-provision	**3,045**	(4,354)	**127**	-
Charge for the year	**2,109**	1,850	**1,952**	1,775
Tax paid	**(15,447)**	(4,480)	**(9,920)**	(2,491)
Closing balance 31 March	**87,838**	98,131	**91,780**	99,621

13 Earnings per share

See accounting policies in note 40 (n)

(a) Basic earnings per share

The calculation of basic earnings per share has been calculated based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	Group		Company	
	2014	2013	**2014**	2013
Profit attributable to equity holders of the Company	**277,186**	762,021	**892,657**	567,925
Weighted average number of ordinary shares in issue	**89,884**	89,296	**89,884**	89,296
Basic earnings per share (K)	**3.08**	8.56	**9.93**	6.38

(b) Diluted earnings per share

There were no potentially dilutive shares outstanding at 31 March 2014 (2013: nil). Diluted earnings per share are therefore the same as basic earnings per share.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

13 Earnings per share *(continued)*

(c) Weighted average number of shares

	2014	2013
Opening balance at 1 April	**89,296**	89,296
Weighted number of shares in issue	**588**	-
Closing balance at 31 March 2014	**89,884**	89,296

The weighted average number of shares is determined by taking the number of additional shares issued and multiplying by the number of days the new shares were in issues over the reporting period.

14 Dividends per share

No dividends were declared in respect of the year ended 31 March 2014 (2013: nil).

15 Property, plant and equipment

See accounting policies in note 40(d)

Reconciliation of carrying amount

Group	Property	Plant, equipment, furniture and vehicles	Work in progress	Total
Cost or revaluation				
Balance at 1 April 2012	18,024	117,196	191,209	326,429
Additions	4,044	1,965	229,868	235,877
Disposals	-	(5,084)	-	(5,084)
Transfers	823	55,000	(55,835)	(12)
Reclassification to investment property (note 17)	(8,570)	-	-	(8,570)
Balance at 31 March 2013	14,321	169,077	365,242	548,640
Balance at 1 April 2013	**14,321**	**169,077**	**365,242**	**548,640**
Additions	**-**	**8,677**	**168,629**	**177,306**
Disposals	**(710)**	**(9,495)**	**-**	**(10,205)**
Impairment	**-**	**(422)**	**(29)**	**(451)**
Transfers	**211**	**14,315**	**(14,526)**	**-**
Balance at 31 March 2014	**13,822**	**182,152**	**519,316**	**715,290**
Accumulated depreciation and impairment losses				
At 1 April 2011	1,104	54,861	-	55,965
Charge for the year	713	15,272	-	15,985
Disposals	-	(4,596)	-	(4,596)
Balance at 31 March 2013	1,817	65,537	-	67,354
Balance at 1 April 2013	**1,817**	**65,537**	**-**	**67,354**
Charge for the year	**454**	**17,109**	**-**	**17,563**
Disposals	**(710)**	**(2,087)**	**-**	**(2,797)**
Balance at 31 March 2014	**1,561**	**80,559**	**-**	**82,120**
Carrying amounts				
Balance at 31 March 2013	12,504	103,540	365,242	481,286
Balance at 31 March 2014	**12,261**	**101,593**	**519,316**	**633,170**

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
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15 Property, plant and equipment *(continued)*

Leased plant and equipment

The Group Leases motor vehicles under a number of finance leases. At 31 March 2014, the net carrying amount of the leased assets was K13.3 million (2013: K18.4 million).

Security

At 31 March 2014, assets with a carrying amount of K645.6 million (2013: K450.6 million) were held as security for the loan due to Standard Bank of South Africa amounting to US$25 million.

Borrowing costs

Borrowing costs on qualifying assets included in property, plant and equipment during the year amounted to K41 million (2013: K31 million).

Work in progress

The Group's subsidiary (Ndola Lime Company Limited) has embarked on civil works for a new vertical kiln with a view of enhancing production to meet the increasing demand for both local and the export market. Work in progress is not depreciated. The new kiln will be commissioned in December 2014 and is expected to have a production capacity of 500 tonnes per day.

Fully depreciated assets

Included in cost of property, plant and equipment are fully depreciated assets amounting to K5.7 million (2013: K9.7 million).

Impaired loss

The Group tested plant, equipment, furniture and vehicles for impairment and recognised an impairment loss of K451 thousand.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

15 Property, plant and equipment *(continued)*

Reconciliation of carrying amount

Company	Property	Plant, equipment, furniture and vehicles	Work in progress	Total
Cost or revaluation				
At 1 April 2012	10,099	12,984	1,058	24,141
Additions	4,044	1,337	-	5,381
Disposal	-	(2,629)	-	(2,629)
Reclassification to investment property (note 17)	(8,570	-	-	(8,570)
Transfers to intangible assets	552	494	(1,058)	(12)
At 31 March 2013	6,125	12,186	-	18,311
At 1 April 2013	**6,125**	**12,186**	**-**	**18,311**
Additions	**-**	**3,726**	**3,319**	**7,045**
Disposal	**(710**	**(6,747)**	**-**	**(7,457)**
At 31 March 2014	**5,415**	**9,165**	**3,319**	**17,899**
Accumulated depreciation and impairment losses				
At 1 April 2012	482	8,501	-	8,983
Charge for the year	324	1,583	-	1,907
Disposals	-	(2,211)	-	(2,211)
At 31 March 2013	806	7,873	-	8,679
At 1 April 2013	**806**	**7,873**	**-**	**8,679**
Charge for the year	**62**	**1,159**	**-**	**1,221**
Disposals	**(710)**	**(2,473)**	**-**	**(3,183)**
At 31 March 2014	**158**	**6,559**	**-**	**6,717**
Carrying amount				
At 31 March 2013	5,319	4,313	-	9,632
At 31 March 2014	**5,257**	**2,606**	**3,319**	**11,182**

Revaluations

Buildings were last revalued on 31 March 2011, by the Government Valuation Department. Valuations were made on the basis of the Open Market Value. The carrying values of the properties were adjusted to their revalued amounts and the resultant surplus net of deferred income tax was credited to the revaluation surplus in shareholders' equity. Valuation of buildings are performed every 3-5 years. The next valuation will be at 31 March 2016.

The register showing the details of property, as required by section 193 of the Zambia Companies Act, is available for inspection during business hours at the registered office of the Company.

The carrying amounts of property would have been K1.5 million (2013: K1.6 million) had it been measured using the cost model.

Leased plant and equipment

The Company leased a motor vehicle under a finance lease. At 31 March 2014, the net carrying amount of the leased motor vehicle was K 0.82 million (2013: nil).

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
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15 Property, plant and equipment *(continued)*

Fully depreciated assets

Included in cost of property, plant and equipment are fully depreciated assets amounting to K4.9 million (2013: K8.9 million).

Work in progress

The Company has embarked on civil works for the rehabilitation of its Kalulushi property.

16 Intangible assets

See accounting policies in note 40 (f)

Cost	Group	Company
At 1 April 2012	881	881
Additions	176	176
Transfers from property, plant and equipment	12	12
At 31 March 2013	1,069	1,069
At 1 April 2013	**1,069**	**1,069**
Additions	**772**	**496**
Disposal	**(340)**	**(340)**
At 31 March 2014	**1,501**	**1,225**
Amortisation		
At 1 April 2012	425	425
Amortisation	145	145
At 31 March 2013	570	570
At 1 April 2013	**570**	570
Amortisation	**207**	123
Disposal	**(123)**	(123)
At 31 March 2014	**654**	570
Carrying amount		
At 31 March 2013	499	499
At 31 March 2014	**847**	**655**

17 Investment property

See accounting policies in note 40 (e)

(a) Reconciliation of carrying amounts

	Group and Company	
	2014	2013
Balance at 1 April	**9,320**	-
Reclassification from property, plant and equipment	**-**	8,570
Change in fair value (note 7)	**2,010**	750
Balance at 31 March	**11,330**	9,320

(b) Leases as lessee

The Group leases out its investments properties. Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal period is 1 year. No contingent rents are charged. There was no reclassification from property, plant and equipment during the year (2013: K8.57 million).

(c) Amount recognised in profit or loss

During 2013, investment property rentals of K300,000 (2013: K116,000) were included in other income (see note 7). There were no maintenance expenses incurred during the year (2013: Nil).

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

17 Investment property *(continued)*

(d) Measurement of fair value

(i) Fair value hierarchy

The fair value of investment property was determined by the Government Valuation Department, who are external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers proved the fair value of the Group's investment property portfolio annually.

The fair value measurement for investment property of ZMW 11.3 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 41 (b).

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balance for Level 3 fair values.

Balance at 1 April 2013	**9,320**
Gain included in 'other income'	
Changes in fair value (unrealised)	**2,010**
Balance at 31 March 2014	**11,330**

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationships between Key unobservable inputs and fair value measurement
Investment method: This method is an investment approach to property valuation as recognised by the Royal Institution of chartered Surveyor's Red Book as the appropriate basis of Valuation of Commercial Real Estate. This method of valuation considered a large part of the property market as comprising properties where ownership and occupation are separated. It assumes that a secure income such as rent, profit or other cash inflows are obtainable regularly either monthly or annually.	Expected market Growth (2-3% weighted average 2.6%) • Void period (average 6 months after the end of each lease). • Occupancy rate (96 – 95%). • Rent free periods (3 month period on new lease). • Risk adjustment discount rates (5 – 6.3% weighted average 5.8%)	The estimated fair value would increase (decrease) if: • Expected market rental growth were higher (lower). • Void periods were shorter (longer). • The occupancy rate were higher (lower). • Rent – free periods were shorter (longer). • The risk – adjustments discount rate were lower (higher).

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

17 Investment property *(continued)*

(b) Measurement of fair value *(continued)*

Valuation techniques and significant unobservable inputs *(continued)*

Valuation technique	Significant unobservable inputs	Inter-relationships between Key unobservable inputs and fair value measurement
The net income capitalised depends heavily on the appropriate rate ascribed to the yield and outgoings are expenses on the property such as insurance, property rates and maintenance costs. The appropriate rate of the yield is computed from comparable evidence from the trends on the property market. The outgoings are deducted from the gross rent and the result indicates the investment value of the subject property which is then capitalised at an appropriate yield rate.		

18 Investment in subsidiaries

See accounting policies in note 40 (a (iii))

Set out below is a list of subsidiaries, which are unlisted, of the Company.

	Country of incorporation	% Interest held	Company 2014	2013
Ndola Lime Company Limited	Zambia	*100*	**400,725**	398,196
Misenge Environmental and Technical Services	Zambia	*100*	**225**	225
Mawe Exploration and Technical Services Limited (i)	Zambia	*100*	**5**	-
Nkandabwe Coal Mines Limited (ii)	Zambia	*100*	**5**	-
Impairment loss			**(235)**	-
			400,725	398,421

The following subsidiaries were incorporated during the period.

(i) Mawe Exploration and Technical Services Limited (Mawe)

Mawe is a wholly owned subsidiary of ZCCM - IH and was the former technical department of the Company. Mawe's principal activity is exploration in mineral oil and gas. The Company commerced trading on 13 February 2014, following incorporation on 2 April 2013.

(ii) Nkandabwe Coal Mines Limited

In February 2013, the Government of the Republic of Zambia (GRZ) requested ZCCM – IH to assume the ownership and operation of the Collum Coal Mine in Southern Province of Zambia. ZCCM – IH has since completed the legal formalities and has taken ownership of the Coal Mine under the name Nkandabwe Coal Mines Limited.

Nkandabwe Coal Mines Limited was incorporated on 03 May 2013, as a 100% subsidiary. Its principal activity is the production of coal.

During the period there were no production of coal activities carried out as the Company has not yet commenced its coal production works and is under care and maintenance.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

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18 Investment in subsidiaries *(continued)*

(a) Reconciliation of carrying amounts

	Company	
	2014	2013
Balance at 1 April	**398,421**	12
Additions	**10**	1,199
Change in fair value (note 28)	**2,294**	397,210
Balance at 31 March	**400,725**	398,421

(b) Measurement of fair value

Fair value hierarchy

The fair value of the subsidiaries was determined by Imara Finance Corporate, an external independent valuer, having appropriate recognised professional qualifications and recent experience of the subsidiaries being valued. The independent valuers provide the fair value of the Company's subsidiaries annually.

The fair value measurement for the Company's investments in subsidiaries of K400.7 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4 (b)).

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values

	2014	2013
Balance at 1 April	**398,421**	12
Additions	**10**	1,199
Gain included in 'other comprehensive income'		
Change in fair value (Note 28)	**2,294**	397,210
Balance at 31 March	**400,725**	398,421

Notes to the financial statements *(continued)*

for the year ended 31 March 2014
In thousands of Kwacha

18 Investment in subsidiaries *(continued)*

(b) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in subsidiaries, as well as the significant unobservable inputs used.

Subsidiary	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between Key unobservable inputs and fair value measurement**
Ndola Lime Company Limited	*Discounted cash flows:* It is an income approach to valuation and the most widely used valuation methodology. It computers the value of a business by calculating the present value of anticipated future cash flow generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	• Target capital structure Debt to Total Capitalisation (40%). Equity to total capitalization (60%) • Cost of debt Cost of Debt (9%) Tax rate (30%) After tax cost of debt (6.3%) • Cost of Equity Risk free rate (17.9%) Market Risk Premium (10.6%) Levered Beta 0.4.	The estimated fair value would increase (decrease) if: • Equity to total capitalization were higher (lower) • Cost of debt were lower (higher) • The cost of equity were higher (lower).
Nkandabwe Coal Mine Limited	*Net book value*: It computes the value of a business by comparing the value of the company assets against its liabilities.	N/A	N/A

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

18 Investment in subsidiaries *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for investment in subsidiaries

Ndola Lime Company Limited

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the Life of Mine is provided below:

Implied Equity Value (K'000)						
		Terminal Growth Rate over the life of mine				
		3.5%	**4.5%**	**5.5%**	**6.5%**	**7.5%**
W	**10.8%**	589,276	687,600	804,552	944,451	1,112,710
A	**13.3%**	417,304	483,347	560,560	651,352	758,719
C	**15.8%**	300,780	347,261	**400,725**	462,567	534,501
C	**18.3%**	218,249	252,355	291,007	335,041	385,474
	20.8%	157,474	183,427	212,456	245,077	281,914

The equity value ranges from K252.36 million to K651.35 million with the calculated equity value being K400.73 million.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

19 Investment in associates
See accounting policies in note 40 (a(v))

(a) Reconciliation of carrying amounts

	Group		Company	
	2014	2013	**2014**	2013
Balance at 1 April	**4,747,079**	4,262,220	**4,809,612**	545,615
Share of profit	**258,404**	511,918	**-**	-
Dividend received	**(795,445)**	(290,283)	**-**	-
Additions	**77,500**	106,515	**77,500**	106,515
Change in fair value	**-**	-	**361,423**	4,157,482
Currency translation adjustment	**1,012,998**	156,709	**-**	-
Balance at 31 March	**5,300,536**	4,747,079	**5,248,535**	4,809,612

Investments in associates are measured at fair value in the Company's statement of financial position. In the consolidated financial statements, investments in associates are equity - accounted.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

19 Investment in associates *(continued)*

Group

Summary of financial information for material equity accounted investees, not adjusted for the percentage ownership held by the Company.

	Accounting year end	Country of incorporation	% Interest	Assets	Liabilities	Revenues	Profit/ (loss)	Share of profit/ (loss)	Dividend received	Share of associate profit/ (loss)
2014										
Konkola Copper Mines Plc	31 March	Zambia	20.6	**15,882,479**	**10,005,450**	**7,945,614**	**(557,455)**	**(114,836)**	**-**	**(114,836)**
Kansanshi Mining Plc	31 March	Zambia	20	**30,669,021**	**14,061,844**	**11,334,530**	**2,104,645**	**420,929**	**795,445**	**(374,516)**
Copperbelt Energy Corporation Plc	31 December	Zambia	20	**2,682,842**	**1,043,560**	**1,539,103**	**146,362**	**29,272**	**-**	**29,272**
CNMC Luanshya	31 December	Zambia	20	**4,211,363**	**4,214,669**	**1,695,300**	**6,411**	**-**	**-**	**-**
Kariba Minerals	30 June	Zambia	50	**9,947**	**43,412**	**3,554**	**(9,977)**	**-**	**-**	**-**
Maamba Collieries Limted	31 March	Zambia	35	**1,787,745**	**955,164**	**77,212**	**(80,835)**	**(28,292)**	**-**	**(28,292)**
Lubambe Copper Mines	30 June	Zambia	20	**4,192,965**	**3,447,099**	**1,482,598**	**(243,343)**	**(48,669)**	**-**	**(48,669)**
								258,404	**795,445**	**(537,041)**
2013										
Konkola Copper Mines	31 March	Zambia	20.6	13,856,395	8,340,038	9,434,648	(34,105)	(7,026)	82,594	(89,620)
Kansanshi Mining Plc	31 March	Zambia	20	21,961,785	6,382,814	11,180,472	2,652,494	530,499	196,689	333,810
Copperbelt Energy Corporation Plc	31 December	Zambia	20	1,821,094	874,322	1,353,093	111,368	22,274	11,000	11,274
CNMC Luanshya	31 December	Zambia	20	3,425,186	3,431,342	1,093,372	(7,939)	-	-	-
Kariba Minerals	30 June	Zambia	50	19,909	38,392	2,589	(6,656)	-	-	-
Maamba Collieries Limited	31 March	Zambia	35	842,070	492,024	15,119	(55,500)	(19,425)	-	(19,425)
Lubambe Copper Mines(Konnoco)	30 June	Zambia	20	3,177,373	2,262,150	273,983	(72,021)	(14,404)	-	(14,404)
								511,918	290,283	221,635

Share of profits are net of dividends received.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

19 Investment in associates *(continued)*

Company

Summary of fair values for equity accounted investees held by the Company:

		2014	2013
Copperbelt Energy Corporation Plc	See below note 19(i)	**227,500**	166,000
Kansanshi Mining Plc	(ii)	**4,077,881**	3,700,855
Konkola Copper Mines Plc	(iii)	**605,119**	597,543
CNMC Luanshya Copper Mines Limited	(vii)	**38,077**	51,018
Lubambe Copper Mines Limited	(iv)	**76,935**	142,440
Maamba Collieries Limited	(v)	**221,726**	150,593
Kariba Minerals Limited	(vi)	**1,297**	1,163
		5,248,535	4,809,612

(b) Measurement of fair value *(continued)*

Fair value hierarchy

The fair value for the Company's investment in associates was determined by Imara Finance Corporate, on external independent valuer, having appropriate recognised professional qualifications and recent experience of associates being valued. The independent valuers provide the fair value of the Company's associates annually.

The fair value measurement for the Company's investment in associates of K5.021 million has been categorised as a level 3 fair value based on the inputs to the valuation technique used (see Note 4(b)). K 0.228 million has been categorised as a level 1 based on inputs to the valuation technique used (see Note 4(b)).

Level 1 and 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 1 and 3 fair values.

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Balance at 1 April	**166,000**	**-**	**4,643,612**	**4,809,612**
Addition	**77,500**	**-**	**-**	**77,500**
Change in fair value	**(16,000)**	**-**	**377,423**	**361,423**
Balance at 31 March	**227,500**	**-**	**5,021,035**	**5,248,535**
2013				
Balance at 1 April	27	-	545,588	545,615
Addition	-	-	106,515	106,515
Change in fair value	165,973	-	3,991,509	4,157,482
Balance at 31 March	166,000	-	4,643,612	4,809,612

Notes to the financial statements *(continued)*

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In thousands of Kwacha

19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in interest in investment in associates as well as the significant unobservable inputs used.

Associate	Valuation technique	Significant unobservable inputs	Inter-relationship between Key unobservable inputs and fair value measurement
• Kansanshi Mining • Konkola Copper Mines • CNMC Luanshya • Kariba Minerals • Maamba Collierries • Lubambe Copper Mines	Discounted cash flows: It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flow generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	• Target capital structure debt to total capitalisation (12.2% - 60%). • Equity to total capitalization (40% - 87.8%) • Cost of debt Cost of debt (3.8% - 20%) Tax rate (30%) After tax cost of debt (2.66% - 14%) • Cost of equity Risk free debt (17.9%) Market risk premium (10.6%) Levered beta (0.02 – 1.69).	The estimated fair value would increase (decrease) if: • Equity to total capitalization were higher (lower) • Cost of debt were lower (higher) • The cost of equity were higher (lower).

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

(i) Copperbelt Energy Corporation Plc (CEC)

CEC is listed on Lusaka Stock Exchange (LuSE) and consequently the valuation was based on the spot price and has been categorised as level 1 as shown below:

	2014	2013
Details	**Mark to market**	
Spot price per share at 31 March (K)	**0.7**	0.83
Number of issued shares	**325,000,115**	200,000,000
Market value (K)	**227,500**	166,000

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

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19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for investment in associates

(ii) Kansanshi Mining Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

Implied equity (K'000)						
Terminal Growth Rate Over the Life of Mine						
		13.0%	**14.0%**	**15.0%**	**16.0%**	**17.0%**
W	**20.5%**	4,763,535	4,882,696	5,007,260	5,137,473	5,273,591
A	**25.5%**	4,287,716	4,381,360	4,030,837	4,581,012	4,687,388
C	**30.5%**	3,924,945	3,999,862	**4,077,881**	4,159,137	4,243,768
C	**35.5%**	3,643,149	3,704,074	3,767,404	3,833,242	3,901,692
	40.5%	3,420,469	3,470,764	3,522,952	3,577,110	3,633,318

The equity value ranges from K3.704 billion to K4.581 billion with the calculated equity value being K4.078 billion.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for investment in associates (continued)

(iii) Konkola Coper Mines Plc (KCM)

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

Implied equity (K'000)						
		Terminal Growth Rate Over the Life of Mine				
		3.50%	**4.50%**	**5.50%**	**6.50%**	**7.50%**
W	**12.10%**	594,992	665,779	146,122	837,542	941,820
A	**13.10%**	537,480	600,077	670,872	751,146	842,398
C	**14.10%**	486,871	542,465	**605,119**	675,917	756,119
C	**15.10%**	442,143	491,727	547,413	610,120	680,916
	16.10%	402,445	446,851	496,551	552,325	615,080

The equity value ranges from K491.73 million to K751.15 million with the calculated equity value being K605.12 million.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for Investment in associates (continued)

(iv) Lubambe Copper Mines Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

Implied equity (K'000)						
		CAGR for the remaining Life of Mine				
		3.5%	**4.5%**	**5.5%**	**6.5%**	**7.5%**
W	**13.8%**	95,783	125,563	159,759	199,188	244,830
A	**15.3%**	61,477	86,015	113,984	145,993	182,776
C	**16.8%**	33,305	53,772	**76,935**	103,255	133,281
C	**18.3%**	9,890	27,160	46,573	68,478	93,294
	19.8%	(9,789)	4,943	21,394	39,835	60,586

The equity value ranges from K27.16 million to K145.99 million with the calculated equity value being K76.94 million.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for Investment in associates (continued)

(v) Maamba Collieries Limited

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

				Enterprise value (K'000)		
				CAGR for the remaining Life of Mine		
		3.5%	**4.5%**	**5.5%**	**6.5%**	**7.5%**
W	**12.90%**	640,748	763,413	915,628	1,109,716	1,366,520
A	**15.40%**	329,681	400,623	484,753	586,044	710,289
C	**17.90%**	125,605	170,260	**221,727**	281,635	352,182
C	**20.40%**	(17,091)	12,714	46,378	84,677	128,604
	22.90%	(121,533)	(100,750)	(77,629)	(51,768)	(22,662)

The equity value ranges from K12.71 million to K586.04 million with the calculated equity value being K221.73 million.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for Investment in associates (continued)

(vi) Kariba Minerals Limited

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

				Implied equity (K'000) *CAGR for the remaining Life of Mine*		
		3.5%	**4.5%**	**5.5%**	**6.5%**	**7.5%**
W	**12.7%**	2,682	4,956	7,841	11,604	16,663
A	**14.2%**	275	1,954	4,016	6,601	9,923
C	**15.7%**	(1,542)	(249)	**1,297**	3,177	5,508
C	**17.2%**	(2,962)	(1,933)	(728)	701	2,424
	18.7%	(4,100)	(3,261)	(2,294)	(1,168)	159

The equity value ranges from K0.00 million (negative equity value is limited to a zero value due to the limited liability nature of the investee company) to K6.60 million with the appropriate equity value being K1.30 million.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

19 Investment in associates *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for Investment in associates (continued)

(vii) CNMC Luanshya

A sensitivity analysis table of the equity value, which is based on earnings and earnings multiple, is provided below:

				Equity value (K'000)		
				Earnings After Taxation		
		2,932	**3,007**	**3,085**	**3,162**	**3,240**
Earnings Multiple	**5.34**	15,671	16,073	16,485	16,897	17,319
	8.84	25,934	26,599	27,281	27,963	28,662
	12.34	36,197	37,126	**38,077**	39,029	40,005
	15.84	46,460	47,652	48,874	50,095	51,348
	19.34	56,724	58,178	59,670	61,161	62,690

The enterprise value ranges from K47.65 million to K28.00 million with the calculated enterprise value being K38.08 million.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

20 Financial assets at fair value through profit or loss
See accounting policies in note 40 (c(ii))

(a) Reconciliation of carrying amounts

	Group and Company 2014	2013
Balance at 1 April	**406,591**	347,370
Addition	**500**	-
Changes in fair value	**(58,981)**	59,221
Balance at 31 March	**348,110**	406,591

Financial assets at fair value through profit or loss include the following:

	Group and Company 2014	2013
Unlisted equities – at fair value		
- Equity securities in Zambia	**341,434**	399,223
Listed securities – at fair value		
- Equity securities – Investrust Bank Limited	**6,676**	7,368
	348,110	406,591

		2014	2013
Investrust Bank Limited	(i)	**6,676**	7,368
Mopani Copper Mines Plc	(ii)	**212,155**	233,263
Chibuluma Mines Plc	(iii)	**20,423**	12,459
Chambishi Metals Plc	(iv)	**3,524**	13,180
NFC Africa Mines Plc	(v)	**105,332**	140,321
		348,110	406,591

(b) Measurement of fair value

Fair value hierarchy

The fair value for the Company's financial investments at fair value through profit or loss was determined by Imara Finance Corporate, an external independent valuer, having appropriate recognised professional qualifications and recent experience of the financial investments being valued. The independent valuers provide the fair value of these investments annually.

The fair value measurement for the Company's investments of K 341.434 million has been categorised as a level 3 fair value based on the inputs to the valuation technique used (see Note 4(b)).

K 6.676 million has been categorised as a level 1 fair value based on inputs to the valuation technique used (see Note 4(b)).

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

20 Financial asset at fair value through profit or loss *(continued)*

(b) Measurement of fair value *(continued)*

Level 1 and 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 1 and 3 fair values.

2014	**Level 1**	**Level 3**	**Total**
Balance at 1 April	**7,368**	**399,223**	**406,591**
Addition	**-**	**500**	**500**
Change in fair value	**(692)**	**(58,289)**	**(58,981)**
Balance at 31 March	**6,676**	**341,434**	**348,110**
2013			
Balance at 1 April	8,892	338,478	347,370
Addition	-	-	-
Change in fair value	(1,524)	60,745	59,221
Balance at 31 March	7,368	399,223	406,591

Level 1 fair value

(i) Investrust Bank Plc

Investrust Bank Plc is listed on Lusaka Stock Exchange (LuSE) and consequently valuation was based on the spot price and has been categorised as level 1 as shown below:

	2014	**2013**
	Mark to market	
Details		
Comparatives	**13.5**	14.90
Spot price per share at 31 March (K)		
Number of shares held	**494,514**	494,514
Market value (K 000)	**6,676**	7,368

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

20 Financial assets at fair value through profit or loss *(continued)*

(b) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs

Level 3 fair value

The following table shows the valuation technique used in measuring the fair value of investment in fair value through profit or loss, as well as the significant unobservable inputs used.

Investee name	Valuation technique	Significant unobservable inputs	Inter-relationship between Key unobservable inputs and fair value measurement
• Mopani Copper Mines Plc • Chibuluma Mines Plc • Chambishi Metals Plc	Discounted cash flows: It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flow generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	• Target capital structure debt to total capitalisation (41.7% - 55%). • Equity to total capitalisation (45% - 58.3%) • Cost of debt Cost of debt (0.5% - 3.7%) Tax rate (30%) After tax cost of debt (0.35% - 2.59%) • Cost of equity Risk free rate (17.9%) Market risk premium (10.6%) Levered beta (0.98 – 2.16).	The estimated fair value would increase (decrease) if: • Equity to total capitalisation were higher (lower) • Cost of debt were lower (higher) • The cost of equity were higher (lower) • Target capital structure of debt to total capitalisation.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

20 Financial assets at fair value through profit or loss *(continued)*

(b) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs *(continued)*

Investee name	Valuation technique	Significant unobservable inputs	Inter-relationship between Key unobservable inputs and fair value measurement
NFC Africa Mines Plc	The RV Valuation Methodology is based upon how similar companies are currently priced by the market. RV Valuation methods establish the value of a business in comparison to pricing multiples from transactions involving similar businesses or valuation multiples from comparable business that are listed on stock exchanges	• Earnings before interest, tax, depreciation and amortisation (EBITDA) • EBITDA Multiple	The estimated fair value would increase/(decrease) if: • EBITDA were higher (lower) • EBITDA multiple were higher (lower)

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

20 Financial assets at fair value through profit or loss *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for investment in financial investments at fair value through profit or loss

(ii) Mopani Copper Mines

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

		Implied equity value (K'000)				
		CAGR for the Remaining Life of Mine				
		3.50%	**4.50%**	**5.50%**	**6.50%**	**7.50%**
W	12.60%	352,272	396,468	444,308	496,124	552,275
A	14.10%	242,114	278,782	318,399	361,228	407,556
C	15.60%	148,607	179,183	**212,155**	247,735	286,151
C	17.10%	68,731	94,351	121,928	151,631	183,644
	18.60%	82	21,662	44,827	69,742	96,545

The equity value ranges from K94.35 million to K361.29 million with the calculated equity value being K212.16 million.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

20 Financial assets at fair value through profit or loss *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for investment in financial investments at fair value through profit or loss (continued)

(iii) Chibuluma Mines Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

Implied equity (K'000)						
CAGR for the remaining Life of Mine						
		3.50%	**4.50%**	**5.50%**	**6.50%**	**7.50%**
W	**21.80%**	22,884	22,922	22,960	22,997	23,035
A	**23.30%**	21.583	21,618	21,653	21,688	21,723
C	**24.80%**	20,358	20,390	**20,423**	20,455	20,488
C	**26.30%**	19,203	19,234	19,264	19,294	19,325
	27.80%	18,115	18,143	18,171	18,200	18,228

The equity value ranges from K19.23 million to K21.69 million with the calculated equity value being K20.42 million.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

20 Financial assets at fair value through profit or loss *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for investment in financial investments at fair value through profit or loss (continued)

(iv) Chambishi Metals Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

Implied equity (K'000)						
		CAGR for the remaining life of mine				
		3.50%	**4.50%**	**5.50%**	**6.50%**	**7.50%**
W	**12.20%**	28,134	43,198	62,753	89,157	126,772
A	**13.70%**	4,808	15,010	27,697	43,903	65,328
C	**15.20%**	(12,488)	(5,230)	**3,524**	14,287	27,843
C	**16.70%**	(25,812)	(20,453)	(14,137)	(6,585)	2,608
	18.20%	(36,381)	(32,308)	(27,595)	(22,076)	(15,527)

The equity value ranges from K0.00 million (negative equity value is limited to a zero value due to the limited liability nature of the investee company) to K43.90 million with the calculated equity value being K3.52 million.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

20 Financial assets at fair value through profit or loss *(continued)*

(b) Measurement of fair value *(continued)*

Equity value and sensitivity analysis for investment in financial investments at fair value through profit or loss (continued)

(v) NFC Africa

A sensitivity analysis table of the equity value, which is based on EBITDA and EBITDA multiple is provided below:

EBITDA Equity Value (K'000)						
		EBITDA				
		28,198	**28,921**	**29,662**	**80,403**	**31,164**
EBITDA Multiple	**4.85**	38,900	42,409	46,008	49,606	53,295
	5.85	67,098	71,330	75,670	80,010	84,459
	6.85	95,296	100,250	**105,332**	110,414	115,623
	7.85	123,493	129,170	134,994	140,818	146,787
	8.85	151,690	158,091	164,656	171,221	177,950

The equity value ranges from K129.17 million to K80.01 million with the calculated equity value being K105.33 million.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

21 Inventories
See accounting policy in Note 40 (g)

	Group 2014	Group 2013
Finished goods	**24,220**	18,751

22 Trade and other receivables
See accounting policy in Note 40 (c(ii))

	Group		Company	
	2014	2013	**2014**	2013
Trade receivables	**19,881**	22,569	**-**	-
Dividend receivable	**705,145**	94,964	**705,145**	94,964
Other receivables *	**72,658**	338,546	**67,189**	267,126
Amounts due from related parties (note 33(iv))	**724,930**	639,895	**1,084,295**	922,093
Price participation receivable (see note below)	**564,777**	552,701	**564,777**	552,701
	2,087,391	1,648,675	**2,421,406**	1,836,884
Less: allowance for impairment (note 36 (iii))	**(66,606)**	(227,095)	**(65,506)**	(226,111)
	2,020,785	1,421,580	**2,355,900**	1,610,773

	Group		Company	
	2014	2013	**2014**	2013
Current	**1,859,236**	1,121,593	**1,968,638**	1,067,108
Non-current	**161,549**	299,987	**387,262**	543,665
	2,020,785	1,421,580	**2,355,900**	1,610,773

***Other receivables analysis**

	Group		Company	
	2014	2013	**2014**	2013
Government receivables	**8,920**	191,418	**8,920**	191,418
Staff receivables	**6,915**	8,370	**1,481**	2,952
Sundry debtors	**56,823**	138,758	**56,788**	72,756
	72,658	338,546	**67,189**	267,126

The carrying values approximated their fair values due to the low impact of discounting.

Price participation receivable

	Group and Company	
	2014	2013
Opening balance	**552,701**	495,894
Adjustment/ addition	**(4,305)**	144,391
Unwinding of discount	**(35,431)**	(49,785)
Payment received	**(35,188)**	(53,535)
Interest on KCM price participation receivables	**10,067**	-
Exchange gains	**76,933**	15,736
	564,777	552,701

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

22 Trade and other receivables *(continued)*

The price participation debt mainly relates to the KCM outstanding amount of K544.8 million (2013: K541.8 million).

During the year ended 31 March 2013, the Company and KCM agreed for final settlement of the copper price participation receivable. The total amount due of K748.1million (US$ 119.7 million) is repayable in sixteen instalments effective 31 December 2013 and ending on 30 September 2016.

The receivable recognised at K544.8 million (US$87.2 million) is the discounted amount to take into account the expected timings of the various payments.

23 Held to maturity investment securities

See accounting policy in Note 40 (c(ii))

The movement in held to maturity investment securities is as follows:

	Group and Company	
	2014	2013
Balance at 1 April	**102,006**	403,957
Matured during the year	**(102,006**	(403,957)
Additions	**108,623**	102,006
Balance at 31 March	**108,623**	102,006

The above investments mature within one (1) year.

24 Cash and cash equivalents

See accounting policy in Note 40 (c(ii))

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	2014	2013	**2014**	2013
Cash and bank balances	**274,363**	38,438	**266,950**	12,213

25 Trade and other payables

See accounting policy in Note 40 (c(ii))

	Group		Company	
	2014	2013	**2014**	2013
Trade payables	**61,225**	33,169	**-**	-
Statutory liabilities	**12,081**	12,081	**12,081**	12,081
Other payables and accrued expenses *	**94,106**	86,063	**22,618**	57,376
	167,412	131,313	**34,699**	69,457

The carrying amount of the payables and accrued expenses approximate their fair values due to the short term nature and low impact of discounting.

Other payables and accrued expenses analysis*

	Group		Company	
	2014	2013	**2014**	2013
Staff payables	**4,418**	2,562	**4,418**	2,562
Sundry payables	**15,263**	7,647	**15,263**	7,647
Accrued expenses	**74,425**	75,854	**2,937**	47,167
	94,106	86,063	**22,618**	57,376

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

26 Provisions

See accounting policy in Note 40 (j)

	Group		Company	
	2014	2013	**2014**	2013
Provisions for legal cases	**73,250**	69,969	**73,250**	69,969
Provisions – others	**22,363**	633	**22,363**	633
	95,613	70,602	**95,613**	70,602
Opening balance	**69,969**	69,969	**69,969**	69,969
Additional provision during the year	**11,774**	-	**11,774**	-
Amounts used during the year	**(8,493)**	-	**(8,493)**	-
Closing balance	**73,250**	69,969	**73,250**	69,969

Provision arises mainly from a number of legal cases involving the Group.

Provision others mainly relates to balance sheet restructuring of K16 million, renovation of Kalulushi building of K2 million and service fees of K3 million.

27 (i) Share capital

See accounting policy in Note 40 (c (iii))

	Group and Company					
	Class A shares		Class B shares		Total	
	2014	2013	**2014**	2013	**2014**	2013
In issue at 1 April	**538**	538	**355**	355	**893**	893
Issued for cash	**-**	-	**90**	-	**90**	-
Issued in debt settlement agreement	**431**	-	**194**	-	**625**	-
Balance	**969**	538	**639**	355	**1,608**	893

(ii) Share premium

	Class A shares		Class B shares		Total	
	2014	2013	**2014**	2013	**2014**	2013
In issue at 1 April	**-**	-	**-**	-	**-**	-
Issued for cash	**-**	-	**260,670**	-	**260,670**	-
Issued in debt settlement agreement	**1,259,407**	-	**569,265**	-	**1,828,673**	-
Balance	**1,259,407**	-	**829,936**	-	**2,089,343**	-

(iii) Number of shares

In thousand of shares	Class A shares		Class B shares		Total shares	
	2014	2013	**2014**	2013	**2014**	2013
In issue at 1 April	**53,826**	53,826	**35,471**	35,471	**89,296**	89,296
Issued for cash	**-**	-	**8,921**	-	**8,921**	-
Issued in debt settlement agreement	**43,101**	-	**19,482**	-	**62,583**	-
In issue at 31 March – fully paid	**96,927**	53,826	**63,874**	35,471	**160,800**	89,296
Authorised – par value K0.01	**120,000**	54,000	**80,000**	36,000	**200,000**	90,000

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

27 (i) Share capital *(continued)*

All ordinary shares rank equally with regards to the Company's residual assets.

(i) Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share.

The Group has authorised class A and B shares of 96,976,669 and 63,873,617 respectively of K0.01 each. Class A and B shareholders have a right to vote, appoint directors, chairperson and receive a dividend.

(ii) Issue of ordinary shares

On 24 February 2014, the shareholders authorised the Board of Directors to proceed with the recapitalisation of ZCCM-IH to strengthen the Company's balance sheet in the immediate to long term by issuance of new ordinary shares to existing shareholders by way of a renounceable claw-back rights offer to raise up to a maximum of K2.5 billion and conversion of the Government of the Republic of Zambia's debt to equity.

The above debt - equity swap was for the purposes of recapitalisation of the Group by way of a renounceable claw back rights offer (the Right Offer"). The recapitalisation involved the issue of new ordinary shares made up of class A and B shares. The Government of the Republic of Zambia has subscribed for all class A shares of 43,100,861 at K0.01 par value and part of class B shares of 19,482,040 at 0.01 par value, thereby maintaining its 87.53% shareholding. The balance of class B shares of 8,920,957 at K0.01 par value representing 12.47% were subscribed for by National Pension Scheme Authority in an underwriting capacity on a claw back basis.

The shares were issued on 28 March 2014.

The increase in authorised and issued shares was part of the debt/equity conversion agreement detailed in Note 29.

28 Reserves

Group	**Revaluation reserve**	**Translation reserve**	**Total**
Balance at 1 April 2013	9,059	440,356	449,415
Currency translation – equity accounting investees	-	156,709	156,709
Revaluation surplus on property	(577)	-	(577)
Deferred tax on revaluation surplus	318	-	318
Balance at 31 March 2013	8,800	597,065	605,865
Balance at 1 April 2013	**8,800**	**597,065**	**605,865**
Currency translation – equity accounting investees	**-**	**1,012,998**	**1,012,998**
Amortisation of revaluation surplus	**(559)**	**-**	**(559)**
Deferred tax on revaluation reserve	**126**	**-**	**126**
Balance at 31 March 2014	**8,367**	**1,610,063**	**1,618,430**

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

28 Reserves *(continued)*

(i) Revaluation reserve

The revaluation reserve arises from the periodic revaluation of property, plant and equipment, and represents the excess of the revalued amount over the carrying value of the property, plant and equipment at the date of revaluation. Deferred tax arising in respect of the revaluation of property, plant and equipment has been charged directly against revaluation reserves in accordance with IAS 12: Income taxes.

(ii) Translation reserve

The translation reserve arises from the translation of the results of the investments in equity accounted investees whose functional and presentation currency is the US dollar.

Company

	Revaluation reserve	**Fair value reserve**	**Total**
Balance at 1 April 2012	5,878	-	5,878
Change in fair value of available-for-sale investments in subsidiaries	-	397,210	397,210
Deferred tax fair value change on subsidiaries	-	(139,023)	(139,023)
Change in fair value of available-for-sale investments in associates	-	4,157,482	4,157,482
Deferred tax on fair value change of investments in equity accounted investees	-	(1,455,119)	(1,455,119)
Amortisation of revaluation reserve	(362)	-	(362)
Deferred tax on revaluation surplus	126	-	126
Balance at 31 March 2013	5,642	2,960,550	2,966,192
Balance at 1 April 2013	**5,642**	**2,960,550**	**2,966,192**
Change in fair value of available-for-sale investments in subsidiaries	**-**	**2,294**	**2,294**
Deferred tax on fair value change on subsidiaries	**-**	**(803)**	**(803)**
Change in fair value of available-for-sale investments in equity accounted investees	**-**	**361,423**	**361,423**
Deferred tax on fair value change on investments in associates	**-**	**(126,498)**	**(126,498)**
Amortisation of revaluation reserve	**(362)**	**-**	**(362)**
Deferred tax on revaluation surplus	**126**	**-**	**126**
Balance at 31 March 2014	**5,406**	**3,196,966**	**3,202,372**

(i) Revaluation reserve

The revaluation reserve arises from the periodic revaluation of property, plant and equipment, and represents the excess of the revalued amount over the carrying value of the property, plant and equipment at the date of revaluation. Deferred tax arising in respect of the revaluation of property, plant and equipment has been charged directly against revaluation reserves in accordance with IAS 12: *Income Taxes*.

(ii) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the assets are derecognised or impaired (see note 40 (c(ii)).

Notes to the financial statements *(continued)*
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29(a) Borrowings
See accounting policy in Note 40 (c (i) and (ii))

	Group		Company	
Non-current liabilities	**2014**	2013	**2014**	2013
Bank borrowings	**105,125**	95,381	**-**	-
Other borrowings from related parties (note 33)	**18,782**	18,335	**18,782**	18,335
Finance lease liabilities (note 29(vi))	**6,984**	6,941	**580**	
	130,891	120,657	**19,362**	18,335
Current				
GRZ and GRZ related borrowings	**-**	1,151,357	**-**	1,151,357
Bank borrowings	**69,171**	75,433	**-**	-
Loans interest rate swaps (29(iii))	**6,274**	**-**	**-**	**-**
Finance leases liabilities (note 29(vi))	**6,288**	5,373	**173**	-
	81,733	1,232,163	**173**	1,151,357
	212,350	1,352,820	**19,535**	1,169,692

	Group		Company	
	2014	2013	**2014**	2013
Opening balance	**1,352,820**	1,290,532	**1,169,692**	1,149,928
Addition	**11,161**	67,949	**1,200**	19,764
Repayment	**-**	(5,661)	**-**	-
Borrowing of GRZ debt converted into equity	**(1,151,357)**	-	**(1,151,357)**	-
Closing balance	**212,624**	1,352,820	**19,535**	1,169,692

	Group		Company	
GRZ and GRZ related borrowings comprise the following:	**2014**	2013	**2014**	2013
ZESCO loan	**-**	96,106	**-**	96,106
GRZ Loan	**-**	658,322	**-**	658,322
GRZ/World Bank Loan	**-**	369,786	**-**	369,786
GRZ/Kariba Minerals	**-**	14,821	**-**	14,821
ERIPTA Loan	**-**	12,322	**-**	12,322
	-	1,151,357	**-**	1,151,357

The carrying amounts of short-term borrowings and lease obligations approximate their fair value. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the Group at the reporting date.

Nature and terms of borrowings

The terms of the long term borrowings are as detailed below:

(i) *GRZ/and GRZ related borrowings*

On 25 March 2014 ZCCM-IH entered into a debt equity swap agreement with the Government of the Republic of Zambia (through the Minister of Finance acting under the Ministry of Finance). Using the values detailed as follows:

GRZ and GRZ related borrowings	1,151,357
Subordinated debt	865,445
GRZ debt to ZCCM - IH	(187,504)
Net debts	1,829,298

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

29(a) Borrowings *(continued)*

The net debt swap as indicated above in favour of the GRZ was converted into equity through a debt – equity conversion agreement.

(ii) Bank borrowings

The loan of USD27.6 million (K168 million) is due to Standard Bank of South Africa carrying interest at 4.75% per annum. It is repayable in 60 months commencing 30 September 2014 and receivables from mine customers plus a fixed and floating charge over the Ndola Lime Company's assets serves as security for the loan. None of the borrowings were in default at any time during the year. As at 31 March 2014, the Ndola Lime Company Limited had not overdrawn on the bank account. In addition to the USD27.6 million, an interest rate swap amounting to USD997,433 (K6 million) was recognised as part of bank borrowings after falling due. The carrying amount of the bank borrowings approximates their fair value.

(iii) Interest rate swap contract converted into loans

The Company uses other derivatives not designated in a qualifying hedge relationship to manage its exposure to interest rate risk. The instruments used include interest rate swaps.

The loan interest rate swap relates to an agreement that was entered into by Ndola Lime Company and Standard Bank South Africa in December 2011 with the understanding of fixing the interest rate on the Standard Bank South Africa loan facility during the operational and construction phase of the subsidiary's recapitalisation project. The loan balance of K6.2 million represent realisable losses owned by Ndola Lime arising from the interest rate swap contract maturing in 2012 and 2013 that were not settled. The Bank has agreed to extend the unsettled balance of the loan and is payable in 2015. The loan balance does not meet the definition of a derivative liability and therefore, the balance has been presented as a loan based on the accounting policies elected by the Group for loan balances.

(iv) Other borrowings

In May 2005, the Board of Directors of Chambishi Metals Plc resolved to undertake a rights issue of 25,000,000 new shares at par value of US$1 per share. ZCCM-IH was offered 2,500,000 ordinary shares at a par value of US$1 representing 10% of the shareholding of the new shares to be issued. The ZCCM-IH subscription was converted into a deferred loan for 10 years to be serviced by dividend payments when due from Chambishi Metals Plc and Luanshya Copper Mines Plc. The loan carries interest at LIBOR + 3%.

(v) Subordinated loan

	Group		**Company**	
	2014	2013	**2014**	2013
	-	865,445	**-**	865,445

Since 1983 amounts due to certain of the Company's lenders became payable to GRZ following arrangements between GRZ and the Governments of the countries in which those lenders are situated. These amounts described as the Paris Club loans were reported in the financial statements of ZCCM Limited (the Company's predecessor) up to 31 March 1998 as long term borrowings and as deferred liabilities. In February 1999, the Company and GRZ entered into an agreement whereby the Paris Club loans totalling US $ 311.3 million were consolidated into one loan denominated in Kwacha due to GRZ. Previously the loans were denominated in US Dollars, French Francs and Pounds Sterling. The agreement with GRZ provided for the subordination of the new loan to all other creditors of the Company.

During the year, the subordinated loan formed part of ZCCM-IH's net indebtedness of K1.82 billion to GRZ which was converted into equity by way of the debt settlement agreement signed between the GRZ and ZCCM-IH on 25 March 2014.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

29 (a) Borrowings *(continued)*

(vi) Finance lease liabilities

Finance lease liabilities are payable as follow:

Group

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2014	2013	**2014**	2013	**2014**	2013
Less than one year	**7,038**	6,046	**750**	893	**6,288**	5,373
Between one and five years	**7,971**	7,588	**987**	428	**6,984**	6,941
	15,009	13,634	**1,737**	1,321	**13,272**	12,314

Company

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2014	2013	**2014**	2013	**2014**	2013
Less than one year	**269**	-	**96**	-	**173**	-
Between one and five years	**697**	-	**117**	-	**580**	-
	966	-	**213**	-	**753**	-

There was no contingent rent payable, evaluation charges and restrictions imposed by the lease arrangements.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

30 Deferred tax

See accounting policy in Note 40 (m)

Group

Deferred tax was calculated using the enacted income tax rate of 35% (2013: 35%).

	Assets		Liabilities		Net	
Recognised deferred tax assets and liabilities	**2014**	2013	**2014**	2013	**2014**	2013
Property plant and equipment	**-**	-	**22,879**	28,680	**22,879**	28,680
Unrealised exchange gains	**-**	-	**15,298**	5,311	**15,298**	5,311
Provisions for gratuity and leave pay	**(567)**	(861)	**-**	-	**(567)**	(861)
Other provisions	**(74,757)**	(65,921)	**-**	-	**(74,757)**	(65,921)
Employee provision	**-**	(2,256)	**7,853**	-	**7,853**	(2,256)
Change in investment property	**-**	-	**703**	-	**703**	
Change on financial assets at fair value through profit or loss	**-**	-	**122,398**	143,041	**122,398**	143,041
Environmental provision	**(17,316)**	(15,711)	**-**	-	**(17,316)**	(15,711)
Hedging on specific capital borrowing	**(4,135)**	-	**-**	-	**(4,135)**	-
Unrealised exchange losses	**(1,313)**	(2,723)	**-**	-	**(1,313)**	(2,723)
Tax losses	**(32,266)**	(130,937)	**-**	-	**(32,266)**	(130,937)
	(130,354)	(218,409)	**169,131**	177,032	**38,777**	(41,377)

Movement in temporary differences during the year	Balance at 31 Mar 2012	Recognised in profit or loss	Recognised in equity	Balance at 31 Mar 2013	**Recognised in profit or loss**	**Recognised in equity**	**Balance at 31 Mar 2014**
Property plant and equipment	25,932	3,066	(318)	28,680	**(5,675)**	**(126)**	**22,879**
Unrealised exchange gains	19,971	(14,660)	-	5,311	**9,987**	**-**	**15,298**
Provisions for gratuity and leave pay	(878)	17	-	(861)	**294**	**-**	**(567)**
Other provisions	(59,894)	(6,027)	-	(65,921)	**(8,836)**	-	**(74,757)**
Employee provision	(1,721)	(348)	(187)	(2,256)	**10,429**	**(320)**	**7,853**
Change in investment property	-	-	-	-	**703**	**-**	**703**
Change on financial assets at fair value through profit or loss	122,314	20,727	-	143,041	**(20,643)**	-	**122,398**
Environmental provision	(15,711)	-	-	(15,711)	**(1,605)**	-	**(17,316)**
Hedging on specific capital borrowing	-	-	-	-	**(4,135)**	-	**(4,135)**
Unrealised exchange losses	(5,835)	3,112	-	(2,723)	**1,410**	-	**(1,313)**
Tax losses	(19,721)	(111,216)	-	(130,937)	**98,671**	-	**(32,266)**
	64,457	(105,329)	(505)	(41,377)	**80,600**	**(446)**	**38,777**

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

30 Deferred tax *(continued)*

Company

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
Recognised deferred tax assets and liabilities	**2014**	2013	**2014**	2013	**2014**	2013
Property, plant and equipment	**(105)**	-	**-**	415	**(105)**	415
Unrealised exchange gains	**-**	-	**15,466**	5,479	**15,466**	5,479
Provisions for gratuity and leave pay	**(601)**	(895)	**-**	-	**(601)**	(895)
Change on financial assets at fair value through profit or loss	**-**	-	**121,664**	142,307	**121,664**	142,307
Change on investment property	**-**	-	**703**	-	**703**	-
Fair value change on equity accounted investment and subsidiaries	**-**	-	**1,721,443**	1,594,142	**1,721,443**	1,594,142
Other provisions	**(56,430)**	(45,333)	**-**	-	**(56,430)**	(45,333)
Employee provision	**(804)**	(976)	**-**	-	**(804)**	(976)
Environmental provision	**(17,316)**	(15,711)	**-**	-	**(17,316)**	(15,711)
Unrealised exchange losses	**(85)**	-	**-**	-	**(85)**	-
Tax losses	**(21,610)**	(120,571)	**-**	-	**(21,610)**	(120,571)
	(96,951)	(183,486)	**1,859,276**	1,742,343	**1,762,325**	1,558,857

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

30 Deferred tax *(continued)*

Company *(continued)*

	Balance 1 April 2012	Recognised in profit or loss	Recognised in equity	Balance 31 March 2013	**Recognised in profit or loss**	**Recognised in equity**	**Balance 31 March 2014**
Movement in temporary differences during the year							
Property, plant and equipment	3,232	(2,691)	(126)	415	**(394)**	**(126)**	**(105)**
Unrealised exchange gains	19,971	(14,492)	-	5,479	**9,987**	**-**	**15,466**
Provision for gratuity and leave pay	(878)	(17)	-	(895)	**294**	**-**	**(601)**
Change in financial assets at fair value through profit or loss	121,580	20,727	-	142,307	**(20,643)**	**-**	**121,664**
Change in investment property	-	-	-	-	**703**	**-**	**703**
Fair value change on investments in subsidiaries	-	-	139,023	139,023	**-**	**803**	**139,826**
Fair value change on investments in associates	-	-	1,455,119	1,455,119	**-**	**126,498**	**1,581,617**
Other provisions	(40,146)	(5,187)	-	(45,333)	**(11,097)**	**-**	**(56,430)**
Employee provision	(1,669)	880	(187)	(976)	**492**	**(320)**	**(804)**
Environmental provision	(15,711)	-	-	(15,711)	**(1,605)**	**-**	**(17,316)**
Unrealised exchange losses	(6,003)	6,003	-	-	**(85)**	**-**	**(85)**
Tax losses	(19,482)	(101,089)	-	(120,571)	**98,961**	**-**	**(21,610)**
	60,894	(95,866)	1,593,829	1,558,857	**76,613**	**126,855**	**1,762,325**

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

31 Retirement benefits

See accounting policy in Note 40 (i)

The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	2014	2013	**2014**	2013
Present value of unfunded obligations	**55,153**	61,820	**2,297**	2,790

Movement in the defined benefit obligation over the year is as follows:

	Group		Company	
	2014	2013	**2014**	2013
Balance at 1 April	**61,820**	37,941	**2,790**	4,670
Charge for the period	**1,647**	33,709	**1,647**	1,675
Payments during the period	**(8,314)**	(9,830)	**(2,140)**	(3,555)
Balance at 31 March	**55,153**	61,820	**2,297**	2,790
Non-current liability	**2,297**	2,790	**2,297**	2,790
Current liability	**52,856**	59,030	**-**	-
	55,153	61,820	**2,297**	2,790

The amounts recognised in profit or loss for the year are as follows:

	Group		Company	
	2014	2013	**2014**	2013
Current service cost	**414**	32,587	**414**	554
Interest cost	**320**	588	**320**	587
Actuarial losses	**913**	534	**913**	534
Total employee benefit expense	**1,647**	33,709	**1,647**	1,675

	Group		Company	
	2014	2013	**2014**	2013
Charge to profit or loss (note 10)	**734**	33,175	**734**	1,141
Charge to other comprehensive income	**913**	534	**913**	534
Total, included in employee benefit expense	**1,647**	33,709	**1,647**	1,675

The Group contributes to a non – contributory defined benefit plan that provides pension benefits for employees on retirement. The plan entitles a retired employee to receive three (3) months pay for each year of service that the employee provides. The normal retirement age for all employees is 55 years. The defined benefit is unfunded and they are no assets held separately in respect of the plan.

Critical assumptions are made by the actuary in determining the present value of retirement benefit obligation including the discount rate. The carrying amount of the provision and the key assumptions made in estimating the provision were as follows:

	2014	2013
▪ Discount rate	**17.9%**	16.6%
▪ Future salary increases	**14.1%**	14.1%
▪ Implied real return	**4.9%**	12.6%

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

31 Retirement benefits *(continued)*

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 March 2014.

Historical information

	2014	2013	2011	2010
Group				
Present value of defined benefit obligation	**55,153**	61,820	47,873	33,881
Company				
Present value of defined benefit obligation	**2,297**	2,790	4,670	5,418

The defined benefit obligations are unfunded. There are no separate assets held to meet the liability, with the liability recognised in the statement of the financial position.

Characteristics and risks of the arrangement

The plan provides benefits of a defined benefit nature (i.e. salary and services related). Therefore one of the main risks relating to the benefits under the plan is the rates of salary growth. As the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid under the plan.

Sensitivity of the results

The results of the actuarial valuation are sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount rate used, the actuarial relied on calculations of the duration of the liability. Based on this methodology, the results of the sensitivity analysis are summarized in the table below:

	Current discount rate	**Discount rate – 1%**
Present value of obligation (K)	**2,298**	**2,423**

Since all the benefits payable under the plan are salary related, the sensitivity of the liability to a change in the salary escalation assumption is not expected to be materially different.

Effect on company cash flows

The arrangement is unfunded and the Company pays benefits from general revenues as and when they arise. The timing of the benefit payments from the plan will be influenced by the age at which employees retire from the Group.

Maturity analysis of the liability

The average duration of the liability as at 31 March 2014 was approximately 5.4.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

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32 Provisions for environmental rehabilitation

See accounting policy in Note 40 (j)

	Group		Company	
	2014	2013	**2014**	2013
Balance at 1 April	**61,713**	55,592	**44,853**	42,536
Over/ under provision in prior years	**(6,498)**	5,362	**-**	-
Charge for the year	**8,159**	3,616	**8,159**	5,173
Amount paid	**(3,539)**	(2,857)	**(3,539)**	(2,857)
Balance at 31 March	**59,835**	61,713	**49,473**	44,853
Current liability	**15,482**	19,929	**15,482**	19,929
Non-current liability	**44,353**	41,784	**33,991**	24,924
	59,835	61,713	**49,473**	44,853

The year-end provision represents restoration, rehabilitation and environmental provisions for the Company and its subsidiary Ndola Lime Company Limited. The provision represents the best estimate of the expenditure required to settle the obligations to rehabilitate environmental disturbances caused by mining operations. Ndola Lime's transfers to the provision have been spread equally over a period of five years at which time it will be assessed for adequacy and contributions are expected to be made to the Environmental Protection Fund, controlled by the department of Mines and Mineral Development. In addition, the Company expects to incur these costs over a period of 4 years from the reporting date.

The provision recognised as a liability is the best estimate of the consideration required to settle the obligation at the reporting date, assuming a discount rate of 3.4% (2013:2.9%) and an inflation rate of 3.12% being the US Dollar inflation rate. The liability for restoration, rehabilitation and environmental obligations for Group and Company was based on an undiscounted basis and an inflation factor of 2.65% is estimated to be approximately US$11.8 million (approximately K61.7 million) (2013:US$10.7 million (approximately K55.6 million) and US$9.3 million(approximately K48.9 million (2013:US$8.2 million approximately K42.5 million) respectively. Because of the long term nature of the liability the greatest uncertainty in estimating the provision is the cost that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials available currently.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

33 Related party transactions

(a) Parent and ultimate controlling party

The Group is controlled by the Government of the Republic of Zambia through the Ministry of Finance and National Planning which owns 88% of the Company's shares. No material sales or purchases of goods or services occurred with related parties during the year under review.

(b) Related party transactions

(i) Key management personnel compensation

	2014	2013
Salaries and other short-term employment benefits	**18,214**	17,753
Directors' emoluments	**2,661**	2,746
	20,875	20,499

	2014	2013
Post-employment benefit	**952**	1,504

Key management compensation relates to directors and the management committee.

(ii) Dividend income from related parties

	Relationship	2014	2013
Kansanshi Mines	Associate	**795,445**	196,689
Copperbelt Energy Corporation	Associate	**-**	11,000
Chibuluma Mines	Other equity investment	**7,568**	15,199
Konkola Copper Mines	Associate	**-**	82,593
Total dividends (note 6)		**803,013**	305,481

(iii) Borrowings from related parties

	2014	2013
Other borrowings (amounts due to associated companies (note 29)	**18,782**	18,335
GRZ and GRZ related borrowing (note 29)	**-**	1,151,357
	18,782	1,169,692

The terms and conditions of the above loans are disclosed under note 29 (i).

(iv) Amounts due from related parties

	Relationship	Group		Company	
		2014	2013	**2014**	2013
Maamba Collieries Limited (i)	Associate	**278,427**	234,305	**278,427**	234,305
Lubambe Copper Mine Limited (ii)	Associate	**439,500**	398,781	**439,500**	398,781
Ndola Lime Company Limited (iii)	Subsidiary	**-**	-	**335,180**	282,198
Kariba Minerals Limited (iv)	Associate	**7,003**	6,656	**7,003**	6,656
Nkandabwe Coal Mine (v)	Subsidiary	**-**	153	**15,605**	153
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	**-**	-	**2,520**	-
Mawe Exploration and Technical Services Limited (vii)	Subsidiary	**-**	-	**6,061**	-
Total amounts due from related party		**724,930**	639,895	**1,084,296**	922,093

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

33 Related party transactions *(continued)*

Shareholder loans

(i) Maamba Collieries Limited

As at 31 March 2013, ZCCM –IH had committed to provide an amount of US$23.53 million as shareholder loan as part of its contribution towards the implementation of the Integrated Mining Project and the establishment of the 300MW Thermal Power plant project. As at year end a total amount of K278 million (2013: K234 million) had been advanced by the Company to Maamba Collieries Limited.

(ii) Lubambe Copper Mines Limited

On 15 September 2012, ZCCM – IH entered into an intercompany loan agreement with Lubambe Copper Mines Limited, for a cash call loan amount of US$60 million. The loan is not repayable until the mine's commercial production commences. The outstanding principal is repayable after the expiry of the availability period in 12 equal quarterly instalments. The loan attracts an interest rate of Libor plus 5% and is not secured.

(iii) Ndola Lime Company Limited

The loans totalling K335 million (2013: K283 million) due to the company accrues interest at 14% per annum. The tenor of the loan agreements is 84 months and commenced on 30 September 2011 and 31 January 2013 respectively. These shareholder loans are not secured over any Ndola Lime Company assets.

(iv) Kariba Minerals Limited.

On 10 December 2012, ZCCM-IH and Kariba Minerals Limited entered into an intercompany loan agreement for a cash advance of US$1.25 million. Repayment was to commence at the end of the 12 months from the date of disbursement and payable annually. The loan attracts an interest rate of 6 % per annum. As at 31 March 2014, no repayments had commenced.

(v) Nkandabwe Coal Mines

During the year, ZCCM – IH advanced a loan to Nkandabwe Coal Mine of K15.5 million. There are no repayment terms and it is interest free and is not secured.

(vi) Misenge Environmental and Technical Services Limited

The loans totalling K2.5 million have no repayment terms and are interest free and are not secured.

(vii) Mawe Exploration and Technical Services Limited

The loans totalling K6 million have no repayment terms and are interest free and are not secured.

(viii) Government valuation department

Fees of K 20,000 were paid to the Government valuation department in respect of the valuation of investment property described at note 17.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014
In thousands of Kwacha

34 Contingent liabilities

The Company is defending a number of cases involving ZCCM's former employees and suppliers. Due to a large number of cases there is likelihood that some could involve a material liability. However, the quantum of the potential liability cannot be reliably estimated at their respective stages in the litigation processes.

The Company has made a full assessment of the total expenditure on environmental remedial obligations which may have to be incurred in respect of the Company's past operations. However, in the conditions precedent to the privatisation sales agreements, the Government has given an undertaking to fund the residual environmental liabilities relating to the Company's past operations.

The National Pension Scheme Authority (NAPSA) made an assessment of penalties from the year 2000 to 2008 for underpayment of contributions as a result of an error in the mode of calculation used to arrive at the contribution. The assessed liability amounting to K25.9 million has not been included as a liability because Ndola Lime Company Limited contested the liability and obtained a legal opinion from their lawyers who advised that it was unlikely that NAPSA would enforce the liability given the facts of the case. NAPSA has not made any subsequent claims of the assessment from 31 March 2014 up to the date of these financial statements.

35 Commitments

Capital expenditure authorised by the board of directors at the reporting date but not yet contracted for is as follows:

	2014	2013
Group		
Property, plant and equipment	**31,400**	6,255
Company		
Property, plant and equipment	**18,240**	2,183

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments - Fair values and risk management

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Market risk (see (ii))
- Credit risk (see (iii))
- Liquidity risk (see (iv))

(i) Risk management framework

Risk management is carried out by the investments department under policies approved by the Board of Directors. The Group investment teams identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments and investing excess liquidity.

(ii) 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 Group'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 the return.

Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(ii) Market risk *(continued)*

Exposure to currency risk *(continued)*

Group

2014	**K equivalent of US$**	**K**	**Total**
Financial assets at fair value through profit or loss	**341,434**	**6,676**	**348,110**
Cash and cash equivalents	**1,287**	**273,076**	**274,363**
Trade and other receivables	**1,716,425**	**304,360**	**2,020,785**
Held to maturity investment securities	**15,623**	**93,000**	**108,623**
Borrowings	**(211,871)**	**(753)**	**(212,624)**
Subordinated loan	**-**	**-**	**-**
Trade and other payables	**-**	**(167,412)**	**(167,412)**
Net exposure	**1,862,898**	**508,947**	**2,371,845**

2013	K equivalent of US$	K	Total
Financial instruments at fair value through profit or loss	399,223	7,368	406,591
Cash and cash equivalents	6,304	32,134	38,438
Trade and other receivables	552,701	868,879	1,421,580
Held to maturity investment securities	86,697	15,309	102,006
Borrowings	(120,657)	(1,232,163)	(1,352,820)
Subordinated loan	-	(865,445)	(865,445)
Trade and other payables	-	(131,313)	(131,313)
Net exposure	924,268	(1,305,231)	(380,963)

Company

2014	**K equivalent of US$**	**K**	**Total**
Financial assets at fair value through profit or loss	**341,434**	**6,676**	**348,110**
Cash and cash equivalents	**952**	**265,988**	**266,940**
Available for sale investment in associate	**4,831,271**	**417,264**	**5,248,535**
Available for sale investment in subsidiaries	**-**	**400,725**	**400,725**
Trade and other receivables	**1,716,425**	**639,475**	**2,355,900**
Held to maturity investment securities	**15,623**	**93,000**	**108,623**
Borrowings	**(18,782)**	**(753)**	**(19,535)**
Subordinated loan	**-**	**-**	**-**
Trade and other payables		**(34,699)**	**(34,699)**
Net exposure	**6,886,923**	**1,787,676**	**8,674,599**

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(ii) Market risk *(continued)*

Currency risk (continued)

2013	K equivalent of US$	K	Total
Financial instruments at fair value through profit or loss	399,223	7,368	406,591
Cash and cash equivalents	6,304	5,909	12,213
Available for sale investment, in associates	4,809,612	-	4,809,612
Available for sale investment, in subsidiaries	398,421	-	398,421
Trade and other receivables	552,701	1,058,072	1,610,773
Held to maturity investment securities	86,697	15,309	102,006
Borrowings	(18,335)	(1,151,357)	(1,169,692)
Subordinated loan	-	(865,445)	(865,445)
Trade and other payables	-	(69,457)	(69,457)
Net exposure	6,234,623	(999,601)	5,235,022

The following significant exchange rates have been applied during the year:

	Average rate		**Reporting date spot rate**	
	2014	2013	**2014**	2013
Kwacha				
US$ 1	**5.5388**	5.2397	**6.2495**	5.4135

Sensitivity analysis

A 10 percent strengthening of the Kwacha against the US Dollar at 31 March 2014 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for 31 March 2013.

	Equity and profit or loss
31 March 2014	
K	**688,692**
31 March 2013	
K	623,462

A 10 percent weakening of the Kwacha against the US Dollar at 31 March 2014 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(ii) Market risk *(continued)*

Group

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported management of the Group is as follows:

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times and/or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices. Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes.

		2014			2013	
31 December 2013	**Total**	**Zero rate instruments**	**Floating rate instruments**	Total	Zero rate instruments	Floating rate instruments
Assets						
Financial assets at fair value through profit or loss	**348,110**	**-**	**348,110**	406,591	-	406,591
Cash and cash equivalents	**274,363**	**-**	**274,363**	38,438	-	38,438
Trade and other receivables	**2,020,785**	**1,456,008**	**564,777**	1,421,580	898,879	522,701
Held to maturity investment securities	**108,623**	**-**	**108,623**	102,006	-	102,006
Total assets	**2,751,881**	**1,456,008**	**1,295,873**	1,968,615	898,879	1,069,736
Liabilities						
Borrowings	**(212,624)**	**-**	**(212,624)**	(1,352,820)	-	(1,352,820)
Subordinated loan	**-**	**-**	**-**	(865,445)	(865,445)	-
Trade and other payables	**(167,412)**	**(167,412)**	**-**	(131,313)	(131,313)	-
Total liabilities	**(380,036)**	**(167,412)**	**(212,624)**	(2,349,578)	(996,758)	(1,352,820)
Gap	**2,371,845**	**1,288,596**	**1,083,249**	(380,963)	(97,879)	(283,084)

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(ii) Market risk *(continued)*

Company

Interest rate risk

31 December 2013	**Total**	**2013 Zero rate instruments**	**Floating rate instruments**	Total	2012 Zero rate instruments	Floating rate instruments
Assets						
Financial assets at fair value through profit or loss	**348,110**	**-**	**348,110**	406,591	-	406,591
Cash and cash equivalents	**266,950**	**-**	**266,950**	12,213	-	12,213
Available for sale investment in associate	**5,248,535**	**-**	**5,248,535**	4,809,612	-	4,809,612
Available for sale investment in subsidiaries	**400,725**	**-**	**400,725**	398,421	-	398,421
Trade and other receivables	**2,355,900**	**1,833,199**	**522,701**	1,610,773	1,088,072	522,701
Held to maturity investment securities	**108,623**	**-**	**108,623**	102,006	-	102,006
Total assets	**8,728,843**	**1,833,199**	**6,895,544**	7,339,616	1,088,072	6,251,544
Liabilities						
Borrowings	**(19,535)**	**-**	**(19,535)**	(1,169,692)	-	(1,169,692)
Subordinated loan	**-**	**-**	**-**	(865,445)	(865,445)	-
Trade and other payables	**(34,699)**	**(34,699)**	**-**	(69,458)	(69,458)	-
Total liabilities	**(54,234)**	**(34,699)**	**(19,535)**	(2,104,595)	(934,903)	(1,169,692)
Gap	**8,674,609**	**1,798,500**	**6,876,009**	5,235,021	153,169	5,081,852

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(ii) Market risk *(continued)*

Interest rate risk

The Group adopts a policy of ensuring that its interest rate risk exposure or variable rate instrument is maintained within 30 and 50%. Therefore, as at year end (liabilities) variable rate instruments (liabilities) were K19 million compare to K1.2 billion in 2013.

Cash flow sensitivity analysis of variable rate instrument

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange, remain constant.

Group

Effect in thousands of Kwacha	**Profit or loss**	
	Increase	**Decrease**
2014		
Variable rate instruments	**(1,083**	**1,083**
2013		
Variable rate instruments	283	(283)

Company

2014		
Variable rate instruments	**(6,876)**	**6,876**
2013		
Variable rate instruments	(5,087)	5,082

The Group's investments in corporate term deposits, all of which are fixed rate and are measured at amortised cost exposes the Group to cash flow interest rate risk. The tenure of the investments is less than 1 year. At 31 March 2014, an increase/decrease of 100 basis points would have resulted in a decrease/increase in the consolidated and company post tax profit and equity of K1 million (2013: K1 million).

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(ii) Market risk *(continued)*

Price risk

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio, in accordance with limits set by the Group. All quoted shares held by the Group are traded on the Lusaka Stock Exchange.

At 31 March 2014, if the LSE Index had increased/decreased by five percent with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, consolidated equity would have been K334 thousand (2013:K368 thousand) higher/lower.

Other price risk

The Group is exposed to equity price risk, which arises from available-for-sale equity securities as well as investments measured at fair value through profit or loss. Management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee of the Board.

The primary goal of the Group's investment strategy is to maximise investment returns and to improve its returns in general. Management is assisted by external advisers in this regard. Certain investments are designated as at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, corporate bonds and deposits with banks, as well as trade and other receivables. Neither the Group nor the Company has any significant concentrations of credit risk. The Company credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(iii) Credit risk *(continued)*

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 March 2014 is made up as follows:

	Group		Company	
	2014	2013	**2014**	2013
Financial assets at fair value through profit or loss	**348,110**	406,591	**348,110**	406,591
Cash and cash equivalents	**274,363**	38,438	**266,950**	12,213
Available for sale investment in associate	**-**	-	**5,248,535**	4,809,612
Available for sale investment in subsidiaries	**-**	-	**400,725**	398,421
Trade and other receivables	**2,020,785**	1,421,580	**2,355,900**	1,610,773
Held to maturity investment securities	**108,623**	102,006	**108,623**	102,006
	2,751,881	1,968,615	**8,728,843**	7,339,616

No collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

Ageing of trade and other receivables at the reporting date.

Group

2014

	Gross	**Impairment**	**Net**
Neither due or impaired	**430,887**	**-**	**430,887**
Past due 30 - 60 days	**1,293,292**	**(6,566)**	**1,286,726**
Past due 61 – 90 days	**270,408**	**-**	**270,408**
Past due 91 - 120 days	**-**	**-**	**-**
Over 121 days	**92,804**	**(60,040)**	**32,764**
	2,087,391	**(66,606)**	**2,020,785**

2013

	Gross	Impairment	Net
Neither due or impaired	6,719	-	6,719
Past due 30 - 60 days	555,565	-	555,565
Past due 61 – 90 days	59,664	-	59,664
Past due 91 - 120 days	377,784	-	377,784
Over 121 days	648,943	(227,095)	421,848
	1,648,675	(227,095)	1,421,580

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(iii) Credit risk *(continued)*

Past due but not impaired	**2014**	2013
Past due 30 - 60 days	**270,408**	59,664
Past due 61 – 90 days	**-**	377,784
Past due 91 - 120 days	**32,764**	421,848
Over 121 days	**303,172**	859,296

Company

2014

	Gross	**Impairment**	**Net**
Neither due or impaired	**440,965**	**-**	**440,965**
Past due 30 - 60 days	**1,282,205**	**(6,566)**	**1,275,639**
Past due 61 - 90 days	**270,252**	**-**	**270,252**
Past due 91 - 120 days	**290,000**	**-**	**290,000**
Over 121days	**137,984**	**(58,940)**	**79,044**
	2,421,406	**(65,506)**	**2,355,900**

2013

	Gross	Impairment	Net
Neither due or impaired	6,719		6,719
Past due 30 - 60 days	688,369	-	688,369
Past due 61 - 90 days	59,664	-	59,664
Past due 91 - 120 days	377,890	-	377,890
Over 121 days	704,242	(226,111)	478,131
	1,836,884	(226,111)	1,610,773

Past due but not impaired	**2014**	2013
Past 61 - 90 days	**270,252**	59,664
Past 91 - 120 days	**290,000**	377,784
Over 121 days	**79,044**	421,848
	639,296	859,296

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial risk management *(continued)*

(iii) Credit risk *(continued)*

The Group believes that unimpaired amounts that are past due more than 60 days are still collectable in full, based on historical payment behaviour and extensive analysis of customer's credit risk. As at year end total amount past due arising from the Company was K617 million (2013: K609 million) The impairment allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at that point the amount is written off against the financial assets.

The credit quality of the customers is assessed taking into account past performance and the utilisation of limits is regularly monitored.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Group

	2014	2013
Balance at 1 April	**227,095**	349,582
Impairment recognised	**40,843**	863
Recovery	**(197,027)**	-
Amounts written off	**(4,305)**	(123,350)
Balance at 31 March	**66,606**	227,095

Company

	2014	2013
Balance at 1 April	**226,111**	348,992
Impairment recognised	**40,727**	-
Recovery	**(197,027)**	-
Amounts written off	**(4,305)**	(122,881)
Balance at 31 March	**65,506**	226,111

As at 31 March 2014 an impairment loss of K109 million and K160 million relates to the receivables from Government and Maamba Collieries Zambia Limited respectively. The Government impaired receivables were inherited from ZCCM Limited by the Group in 2000.

The Maamba Collieries Limited impaired debt relates to working capital loans and other expenses paid on behalf of the Company by the Group. The remainder of the impairment loss at 31 March 2014 relates to several customers at the time of privatisation who have since failed to pay their outstanding balances.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historical payment behaviour and extensive analysis of customer credit risk.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficultly in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The Group's aim to maintain the level of its cash flow and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Carrying amount	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
(a) Group					
At 31 March 2014:					
Financial liabilities					
Borrowings	**231,675**	**76,628**	**65,582**	**89,465**	**-**
Trade and other payables	**167,412**	**167,412**	**-**	**-**	**-**
	399,087	**244,040**	**65,582**	**89,465**	**-**
	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2013					
Financial liabilities					
Borrowings	1,352,820	1,232,163	-	-	120,657
Subordinated loan	865,445	865,445	-	-	-
Trade and other payables	131,313	131,313	-	-	-
	2,349,578	2,228,921	-	-	120,657

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

(b) Company

	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2014:					
Financial liabilities					
Borrowings	**21,281**	**269**	**21,012**	**-**	**-**
Trade and other payables	**34,699**	**34,699**	**-**	**-**	**-**
	55,980	**34,968**	**21,012**	**-**	**-**

	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
At 31 March 2013:					
Financial liabilities					
Borrowings	1,169,692	1,151,357	-	-	18,335
Trade and other payables	69,458	69,458	-	-	-
Subordinated loan	865,445	865,445	-	-	-
	2,104,595	2,086,260	-	-	18,335

Capital management

The scope of the Group management framework covers the Group's total equity reported in its financial statements

The Group's and Company objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Board's policy is to implement a round financed strategy that ensures financial dependence and maintains adequate capital to sustain the long terms objectives of the Group and to meet its operational and capital budget.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The gearing ratios at 31 March 2014 and 2013 were as follows:

	Group		**Company**	
	2014	2013	**2014**	2013
Borrowings	**212,624**	1,352,820	**19,535**	1,169,692
Subordinated loan	**-**	865,455	**-**	865,455
Less: cash and cash equivalents	**(274,363)**	(38,438)	**(266,950)**	(12,213)
Net debt	**(61,739)**	2,179,837	**(247,415)**	2,022,934
Total equity	**8,004,739**	4,624,765	**6,696,288**	3,477,750
Total capital	**7,942,993**	6,804,602	**6,448,873**	5,500,684
Gearing ratio	**(0.78%)**	32.03%	**(3.84%)**	36.78%

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

The interest rates used to discount estimated cash flows when applicable are based on the government yield curve at the reporting date plus an appropriate credit spread, and are as follows:

	2014	2013
Loans and borrowings	**8.9%**	9.5%

There has been no change in management of capital during the year.

Fair value estimation

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial investments at fair value through profit or loss (note 20)	**6,676**	**-**	**341,434**	**348,110**
Available for sale investments in equity accounted investees (note 19)	**228,797**	**-**	**5,019,738**	**5,248,535**
Available for sale investments on subsidiaries (note 18)	**-**	**-**	**400,725**	**400,725**
2013	**235,473**	**-**	**5,761,897**	**5,997,370**
Assets				
Financial investments at fair value through profit or loss (Note 20)	7,368	-	399,233	406,591
Available for sale investments in equity accounted investees	166,000	-	4,643,612	4,809,612
Available for sale investments in subsidiaries	-	-	406,591	406,591
	173,368	-	5,449,436	5,622,804

Fair values versus carrying amounts

Group

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2014		2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss	**348,110**	**348,110**	406,591	406,591
Cash and cash equivalents	**274,363**	**274,363**	38,438	38,438
Trade and other receivables	**2,121,192**	**2,020,785**	1,421,580	1,421,580
Held to maturity investment securities	**108,623**	**108,623**	102,006	102,006
	2,852,288	**2,751,881**	1,968,615	1,968,615
Financial liabilities				
Borrowings	**(231,675)**	**(212,624)**	(1,352,820)	(1,352,820)
Subordinated loan	**-**	**-**	(865,445)	(865,445)
Trade and other payables	**(167,412)**	**(167,412)**	(131,313)	(131,313)
	(399,087)	**(380,036)**	(2,349,578)	(2,349,578)
Net position	**2,453,201**	**2,371,845**	(380,963)	(380,963)

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instruments- fair values and risk management *(continued)*

Company

	2014		2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial investments at fair value through profit or loss	**348,110**	**348,110**	406,591	406,591
Cash and cash equivalents	**266,950**	**266,950**	12,213	12,213
Available for sale investments in associates	**5,248,535**	**5,248,535**	4,809,612	4,809,612
Available for sale investments in subsidiaries	**400,725**	**400,725**	398,421	398,421
Trade and other receivables	**2,456,307**	**2,355,900**	1,610,773	1,610,773
Held to maturity investment securities	**108,623**	**108,623**	102,006	102,006
	8,829,250	**8,728,843**	7,339,616	7,339,616
Financial liabilities				
Borrowings	**(21,012)**	**(19,535)**	(1,169,692)	(1,169,692)
Subordinated loan	**-**	**-**	(865,445)	(865,445)
Trade and other payables	**(34,699)**	**(34,699)**	(69,458)	(69,458)
Total	**(55,711)**	**(54,234)**	(2,104,595)	(2,104,595)
Net position	**8,773,539**	**8,674,609**	5,235,021	5,235,021

The fair value of the financial assets and liabilities carried at amortised cost including cash and cash equivalents, trade and other receivable, held to maturity investment securities, borrowings and trade and other payables are considered to approximate their respective carrying values due to their short term nature and negligible credit losses.

The basis for determining fair values is disclosed in the respective accounting policy notes for each financial instrument.

The fair value of financial instruments traded in active markets is based on quoted market prices at tl reporting date. A market is regarded as active if quoted prices are readily and regularly available fro an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those pric represent actual and regularly occurring market transactions on an arm's length basis. The quot market price used for financial assets held by the Group is the current bid price. These instruments a included in level 1.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

36 Financial instrument by category

	Group					Company					
	Loans and receivables	**Held to maturity investment securities**	**Financial assets at fair value through profit or loss**	**Other financial liabilities**	**Total**	**Loans and receivables**	**Held to maturity investment securities**	**Financial assets at fair value through profit or loss**	**Available for sale financial asset**	**Other financial liabilities**	**Total**
31 March 2014											
Assets as per statement of financial position											
Financial investments at fair value through profit or loss	**-**	**-**	**348,110**		**348,110**	**-**	**-**	**348,110**	**-**		**348,110**
Available for sale investment in associates	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**5,248,535**	**-**	**5,248,535**
Available for sale investment in subsidiaries	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**400,725**	**-**	**400,725**
Trade and other receivables	**2,020,985**	**-**	**-**		**2,020,985**	**2,355,900**	**-**	**-**	**-**	**-**	**2,355,900**
Held to maturity investment securities	**-**	**108,623**	**-**		**108,623**	**-**	**108,623**	**-**	**-**	**-**	**108,623**
Cash and cash equivalents	**274,363**	**-**	**-**		**274,363**	**266,950**	**-**	**-**	**-**	**-**	**266,950**
Borrowings	**-**	**-**	**-**	**(231,675)**	**(231,675)**	**-**	**-**	**-**	**-**	**(21,012)**	**(21,012)**
Trade and other payables	**-**	**-**	**-**	**(167,412)**	**(167,412)**	**-**	**-**	**-**	**-**	**(34,699)**	**(34,699)**
	2,295,348	**108,623**	**348,110**	**(399,087)**	**2,371,845**	**2,622,850**	**108,623**	**348,110**	**5,649,260**	**(55,711),**	**8,773,539**

	Group					Company					
	Loans and receivables	Held to maturity investment securities	Financial assets at fair value through profit or loss	Other financial liabilities	Total	Loans and receivables	Ɨeld to maturity investment securities	Financial assets at fair value through profit or loss	Available for sale financial asset	Other financial liabilities	Total
31 March 2013											
Assets as per statement of financial position											
Financial investments at fair value through profit or loss	-	-	406,591		406,591	-	-	406,591	-	-	406,591
Available for sale investment in associates	-	-	-	-	-	-	-	-	4,809,612	-	4,809,612
Available for sale investment in subsidiaries	-	-	-	-	-	-	-	-	398,421	-	398,421
Trade and other receivables	1,421,580	-	-	-	1,421,580	1,610,773	-	-	-	-	1,610,773
Held to maturity investment securities	-	102,006	-	-	102,006	-	102,006	-	-	-	102,006
Cash and cash equivalents	38,438	-	-	-	38,438	12,213	-	-	-	-	12,213
Borrowings	-	-	-	(1,352,820)	(1,352,820)	-	-	-	-	(1,169,692)	(1,169,692)
Subordinated loan	-	-	-	(865,445	(865,445)	-	-	-	-	(865,445)	(865,445)
Trade and other payables	-	-	-	(131,313)	(131,313)	-	-	-	-	(69,458)	(69,458)
	1,460,018	102,006	406,591	(2,349,578)	(380,963)	1,622,986	102,006	406,591	5,208,033	(2,104,595)	5,235,021

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

37 Subsequent events

Ndola Lime Company Limited

In April 2014, ZCCM-IH approved a further US$16.5 million shareholder loan facility intended to assist in finalising the remaining works with regard to the Ndola Lime Company Limited recapitalisation project and ensure completion of the project in October 2014. As at 30 June 2014 a total of US$ 6.8 million has been disbursed.

The project is expected to be commissioned in December 2014.

Maamba Collieries Limited

In June 2014, ZCCM-IH approved a further US$25.2 million shareholder loan facility to MCL as further contribution to the Base Project Equity of the Thermal Power plant project. As at 30 June 2014 an amount of US$24 million had been disbursed. The project is expected to be completed in 2015.The total project cost to completion is US$ 750 million out of which US$225 million is Base Project equity. ZCCM-IH's portion representing 35% is US$ 78.8 million.

Kariba Minerals Limited

In June 2014, ZCCM-IH advanced a further US$218,000 to Kariba Minerals Limited for working capital support. Strategic options are being considered intended to improve operational performance of the company.

ZCCM-IH Clawback Rights Issue

In May 2014, based on the finalisation announcement issued on 6 May 2014, the claw back rights offer opened on 12 May 2014 and was initially expected to close on 13 June 2014.The offer was for 8,920,957 (4 new shares for every 5 existing shares held on record date) shares underwritten by National Pension Scheme Authority (NAPSA) at an offer price of K29.23 per share. However, in order to accommodate various interest groups the Rights Offer period was extended to close on 27 June 2014. On 25 July 2014, ZCCM-IH announced the results of the claw-back rights offer which indicated that out of the 8,920,957 shares available for subscription 651,545 shares (representing 7.3% of the claw-back shares) were subscribed for by the minorities and 8,269,412 shares (representing 92.7% of the claw-back shares) remained with NAPSA. The claw-back rights offer accorded the opportunity to minority shareholders to exercise their right to claw back their shareholding in ZCCM-IH by participating in the rights offer via purchase of shares from NAPSA on pro-rata basis, should they wish to.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

37 Subsequent events *(continued)*

Dividend declaration

On 06 August 2014, the Group's board of directors declared a dividend of K1.56 per share which amounts to K251 million in total as detailed below:

	Shares	K per share	K
GRZ	**140,738,537**	**1.56**	**219,522**
Minorities	**20,061,749**	**1.56**	**31,296**
Total	**160,800,286**		**250,848**

38 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Financial assets at fair value through profit or loss	Fair value
Investments in associates (Company)	Fair value
Retirement benefits property	Present value of the defined obligation revaluation
Investment property	Fair value
Investment in subsidiary	Fair value

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

39 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 40 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a) Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
b) IFRS 10 Consolidated Financial Statements (2011)
c) IFRS 13 Fair Value Measurement
d) Presentation of items of other Comprehensive Income (Amendments to IAS 1)
e) IFRS 12 Disclosure of interests in other entities.

The nature and the effects of the changes are explained below.

(a) Offsetting of Financial Assets and Financial Liabilities

As a result of the amendments to IFRS 7, the Group has expanded disclosures about offsetting financial assets and financial liabilities. The change did not have a material impact on the Group's financial statements.

(b) IFRS 10 Consolidated Financial Statements

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2013. The change did not have a material impact on the Group's financial statements.

(c) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group has included additional disclosures in this regard (see notes 15, 19, 22 and 31).

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

39 Changes in accounting policies *(continued)*

(c) Fair value measurement (continued)

In accordnance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change did not have a significant impact on the measurement of the Group's assets and liabilities.

(d) Presentation of Items of Other Comprehensive Income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of comprehensive income and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information will be re-presented on the same things.

(e) Disclosure of interests in other entities

As a result of IFRS 12, the Group has expanded its disclosures about its interests in subsidiaries (see note 18) and equity – accounted investees (see note 19).

(f) IAS 19 employee benefits

As a result of the amendments to IAS 19, the group has adopted to recognise actuarial gains and losses in full outside profit or loss, in a statement of changes in equity. The change did not have significant impact on the Group financial statements.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies

Except for the changes explained in Note 39, the Group has consistently applied the following accounting policies to all policies to all periods presented in these consolidated financial statements.

Certain comparative amounts in the statement of profit or loss and OCI have been reclassified or re-represented, either as a result of a change in accounting policy regarding the presentation of items of OCI (see note 39 (d)).

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(i) Business combinations *(continued)*

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

In the separate financial statements, investments in subsidiaries are accounted for at fair value.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Interest in equity accounted investees

The Group interest in equity accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies.

Interest in associates is initially recognised at cost and subsequently accounted for using the equity method (equity-accounted investees). In the company's financial statements, investments in associates are initially recognised at cost and subsequently measured at fair value, until the date on which significant influence ceases. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*
(v) Transactions eliminated on consolidation

Intra-group balances and transactions, fair value changes recognised in respect of its investment in subsidiaries and associates, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical costs in a foreign currency are not translated.

However, foreign differences arising from the translation of the following items are recognised in other comprehensive income:

- Available for sale equity investments. (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(c) Financial instruments

The Group classifies non-derivative financial assets into the following categories; financial assets at fair value through profit or loss; held to maturity financial assets; loans and receivables; and available for sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

(ii) Non-derivative financial assets - measurement

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are initially recognised and subsequent measured at fair value, and changes therein, including any interest or dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets
These assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method.

Loans and receivables
These assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
In the statement of cash flows cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Available-for-sale financial assets

Available for sale financial assets are intended to be held for an indefinite period of those, what may be sold in response to needs of liquidity or changes in equity prices or that are not classified as loans and receivables, held to maturity financial assets or financial assets at fair value through profit or loss.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

The Group's investments in subsidiaries and associates are classified as available for sale financial assets.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost. Items of plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Capital work in progress relates to items of property, plant and equipment that are under construction and are yet to be commissioned for use. Work in progress is measured at the costs incurred in relation to the construction up to the reporting date. Capital work in progress is not depreciated.

The Group's policy is to revalue property every three to five years. The revaluation differences are credited to other comprehensive income and accumulated in equity under the heading "revaluation reserve" unless it represents the reversal of a revaluation decrease previously recognised as an expense, in which case it is recognised as income. A decrease arising as a result of a revaluation is recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. The revaluation surplus included in equity or property, plant and equipment is transferred directly to retain earnings when the asset is used by the Group. The amount of the surplus transferred is the difference between depreciation charges based on the revaluated carrying amount of the assets and the depreciated based on the original cost.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(d) Property, plant and equipment *(continued)*

(ii) Reclassification of investment property

When the use of property changes from owner occupied to investment property; the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income (OCI) and presented in the revaluation reserve. Any loss is recognised in profit or loss to extend that it exceeds any revaluation surplus previously recognised in OCI.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

- Property 40 years
- Vehicles 4 years
- Plant, equipment and furniture 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Investment property

Investment property is property held to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use for the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the profit or loss. Costs include expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on the disposal of investment property (calculated as the difference between the net proceeds and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount that is included in the revaluation reserve is transferred to retained earnings.

When the use of the property changes such that it is reclassified as property, plant and equipment, its fair value at the date of the reclassification becomes its cost for subsequent accounting.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(f) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increased the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in profit or loss as incurred.

(iii) **Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives of the Group's computer software is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

(h) Impairment

(i) **Non-derivative financial assets**

Financial asset not carried at fair value through profit or loss including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets (including equity securities) are impaired include:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults; or
- the disappearance of an active market for a security; or
- observable data indicating that there is measureable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(h) Impairment *(continued)*

(i) **Non-derivative financial assets** *(continued)*

Financial assets measured at amortised cost

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then impairment loss is reversed through profit or loss, otherwise, it is reversed through OCI.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smaller group of assets that generates cash inflows from continuing used that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in used and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(h) Impairment *(continued)*

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smaller group of assets that generates cash inflows from continuing used that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in used and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rate basis.

An impairment loss is respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are expensed in the profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. The Group and all its employees also contribute to the National Pension Scheme Authority, which is a defined contribution scheme.

Defined benefit plans

The Group provides for retirement benefits (i.e. a defined benefit plan) for all permanent employees in accordance with established pension scheme rules as well as the provisions of Statutory Instrument No. 119 of the Laws of Zambia. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of providing the defined benefit plan is determined annually using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

Notes to the financial statements *(continued)*

for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(i) Employee benefits *(continued*

Defined benefit plans (continued

The discount rate is required to be determined with reference to the corporate bond yield, however, due to the non-availability of an active developed market for corporate bonds the discount rate applicable is the yield at the reporting date on the Government of the Republic of Zambia's bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The defined benefit obligation recognised by the Group, in respect of its defined benefit pension plan, is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets. When the calculations above result in a benefit to the Group, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to other comprehensive income when they arise. These gains or losses are recognised in full in the year they occur. Past service costs are recognised immediately in the profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past-service costs are amortised on a straight line basis over the vesting period.

(iii) **Other entitlements**

Some employees are on fixed term contracts and are entitled to gratuity. These are recognised when they accrue to employees. An estimate is made for the liability for such entitlements as a result of services rendered by employees up to the reporting date.

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(iv) **Short -term employee benefits**

Short term-employee benefit are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(v) **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies (*continued)*

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows to their present value at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Environmental rehabilitation and restoration

In accordance with applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(k) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably. Revenue is recognised as follows:

- Dividends are recognised as revenue in the period in which the right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies (*continued)*

(k) Revenue *(continued)*

- Lime sales are recognised in the period in which the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customers.

(l) Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- Gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities;
- Unwinding income or expense on price participation fees;
- Unwinding expense on environmental provision.
- Borrowing costs.

Interest income or expense is recognised using the effective interest method. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs attributable to fixed assets during construction are capitalised.

(m) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(m) Income tax *(continued)*

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(m) Income tax *(continued)*

(iii) Tax exposures

In determining the amount of current and deferred tax, the Company considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

(n) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options

(o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(p) Leases

(i) *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) *Leased assets*

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statements of financial position.

(iii) *Lease payments*

Payment made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

41 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below:

Effective	Standard, amendment or interpretation	Summary of requirements
1January 2014	IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities	The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment will result in the Group no longer offsetting two of its master netting arrangements. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.
1 January 2014	IAS 36 Impairment of assets: Recoverable Amount Disclosures for Non- Financial Assets (Amendments to IAS 36)	The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.
I January 2014	2014 IFRIC 21 Levies	Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The Interpretation is effective for annual periods commencing on or after 1 January 2014 with retrospective application. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

41 New standards and interpretations not yet adopted *(continued)*

Effective	Standard, amendment or interpretation	Summary of requirements
To be decided.	IFRS 9 (2012): Financial Instruments IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets.	Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. The effective date of IFRS 9 was 1 January 2015. The effective date has been postponed and a new date is yet to be specified. The Group will adopt the standard in the first annual period beginning on or after the mandatory effective date (once specified). The impact of the adoption of IFRS 9 has not yet been estimated as the standard is still being revised and impairment and macro-hedge accounting guidance is still outstanding. The Group will assess the impact once the standard has been finalised and the effective date is known. The impact on the financial statements for the Group has not yet been assessed.
1 July 2014	IAS 19 Deferred Benefit Plan: Employee Contribution	The amendment introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expenditure if they are: • Set out in the formal terms of the plan; • Linked to service; and • Independent of the number of years of service. When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The Group's defined benefit plan meets these requirements and consequently the Group intends to apply this amendment and will recognise the contributions as reduction of the service costs in the period in which the related service is rendered. The amendments apply retrospectively for annual periods beginning on or after 1 July 2014 with early adoption permitted. The impact on the financial statements for the Group has not yet been quantified.

Notes to the financial statements *(continued)*
for the year ended 31 March 2014

In thousands of Kwacha

41 New standards and interpretations not yet adopted *(continued)*

In or after 1 January 2017	IFRS 15 Revenue from contract with customers	The standard should be applied to entity's IFRS financial statements for annual reporting period beginning on or after 1 January 2017. The new standards IFRS 15 Revenue from contract with customers. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more information, relevant disclosures. The impact on the financial statements for the Group has not yet been quantified

CORPORATE INFORMATION

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UK Registrars

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Beckenham
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England

Brokers for Lusaka Stock Exchange

Stockbrokers Zambia Limited
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Dar Es Salaam Place
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Auditors

KPMG Chartered Accountants
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P O Box 31282
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CORPORATE INFORMATION *(continued)*

Principal Bankers:
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Standard Chartered Bank (Zambia) Plc
Zambia National Commercial Bank Plc

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