



ZCCM INVESTMENTS HOLDINGS PLC

Annual Report 2015





ZCCM Investments Holdings Plc

Annual report and financial statements
for the year ended 31 March 2015



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DIRECTORATE AND ADMINISTRATION

DIRECTORS

The Directors who held office during the year to 31 March 2015 were:

Mr. C Mwananshiku	Non Executive Director	(Chairman)
Mr. J M D Patterson	Non Executive Director	(Resigned 18 August 2014)
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	
Mr. P M Chanda	Non Executive Director	(Appointed 17 November 2014)

The Directors who held office as at the date of approval of this report (24 February 2016) were:

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)	
Mr. P M Chanda	(Non-Executive Director)	
Dr. P C Kasolo	(Executive Director)	(Appointed, 19 February 2016)



MANAGEMENT COMMITTEE

Management officials who held office during the year to 31 March 2015 were:

Dr. P Kasolo	Chief Executive Officer	(Appointed, 1 October 2014)
Mr. M Muyunda	Chief Executive Officer	(Separated, 7 August 2014)
Mr. C Chabala	Chief Corporate Services Officer /Company Secretary	
Ms. M Chanda	Chief Investments Officer	(Separated 31 January 2016)
Mr. M T Chipata	Chief Financial Officer	
Ms. Y Mkandawire	General Counsel	(Appointed 1 April 2014)
Ms. W Mangambwa	Risk and Internal Audit Manager	
Mrs. L Mukwasa	Human Resources Manager	(Appointed 1 April 2014)
Mr. C Mjumphi	Corporate Officer	

Management officials who held office as at the date of approval of this report (24 February 2016) were:

Dr. P Kasolo	Chief Executive Officer, Executive Director	
Mr. C Chabala	Chief Corporate Services Officer /Company Secretary	
Mr. M T Chipata	Chief Financial Officer	
Ms. Y Mkandawire	General Counsel	
Ms. W Mangambwa	Chief Risk and Internal Audit Officer	
Mrs. L M Kakoma	Public Relations Manager	(Appointed 8 January 2016)
Mr. S C Mubano	Acting Chief Investments Officer	
Mr. C Mjumphi	Corporate Officer	



CHAIRMAN'S STATEMENT

I am pleased to share with you the performance of ZCCM Investments Holdings Plc (ZCCM-IH) as a company, and that of its investee companies during the financial year ended 31 March 2015. The performance of ZCCM-IH for the financial year ended 31 March 2015 was underpinned by the development and significant milestones achieved in the 2013/14 financial year, in particular the restructuring of the balance sheet through a Claw-Back rights offer resulting in a strengthened financial position.

The strengthened financial position enabled the company to declare its first dividend from the time of its business transformation in 2000. The dividend was declared in line with the dividend policy that was developed and approved during the 2014/2015 financial year.

Global economy

The January 2016 IMF World Economic Outlook estimated global growth for 2015 to have remained modest at 3.1% at the end of December 2015 (2014: 3.4%). The decline in global growth was attributed to the slowdown and transition in the Chinese economic activity from investment and manufacturing toward consumption and services, lower energy and commodities prices, and the gradual tightening in monetary policy in the United States. Additionally, economic growth in emerging and developing economies declined from 4.6% in 2014 to 4.0% in 2015 while developed economies grew from 1.8% in 2014 to 1.9% in 2015.

The global economic growth was forecasted at 3.4% in 2016, a downward revision from 3.6% forecasted in October 2015, but higher by 0.3% than that achieved in 2015. The increase will be driven by a gradual pickup in growth in emerging and developing economies from 4.0% in 2015 to 4.3% in 2016, and growth in developed economies from 1.9% in 2015 to 2.1% in 2016. The key risks to the forecast is the potential further appreciation of the United States Dollar, further deterioration in the commodities prices and sharper than expected slowdown in China.

The annual GDP growth in Sub-Saharan African declined to 3.5% in 2015 from 5.0% in 2014. For 2016, Sub-Saharan Africa economic growth is estimated at 4.0%. This was a downward revision from 4.3% forecasted in October 2015 due to continued adjustments to lower commodity prices and higher borrowing costs on the continent's commodity exporters.

Global annual copper production increased by 2.2% at the end of December 2015 to 18.7 million tonnes (2014: 18.3 million). LME copper prices declined by 25.3%, from US\$6,289.5 per tonne at the end of December 2014 to US\$4,701 per tonne at the end of December 2015.

Domestic Economy

The Zambian economy recorded annual growth of 3.6% in 2015 compared to 4.9% recorded in 2014. The decrease in economic activity was driven by adverse weather conditions; which led to a decline in output in the agriculture sector and power generation and affected productivity in key sectors of the economy. In addition, the increase in fuel prices and the sharp depreciation of the Zambian Kwacha raised input costs, production costs and transportation cost.

Copper production in Zambia was estimated to have risen marginally by 0.5% at 711,515 tonnes (2014: 708,000 tonnes). This was despite the power challenges and falling copper prices on the international market. The increase in copper production was attributed to commencement of production at Kalumbila Mine, owned by First Quantum Minerals, in February 2015.



CHAIRMAN'S STATEMENT *(continued)*

Financial performance

The Group recorded turnover of K242 million (2014: K1, 001 million) and operating loss of K2,179 million (2014: K871 million profit).

The Group reported a loss before tax of K1,329 million (2014: K362 million profit). The Group recorded a loss after tax of K987 million (2014: K277 million profit). The Group's share of profit of equity accounted investees' was K281 million (2014: K537 million loss).

The Group's retained earnings as at 31 March 2015 were positive at K3,058 million (2014: K4,295 million). The Company's retained earnings decreased to K512 million (2014: K1,403 million).

Strategic and new investments

Recapitalisation of Ndola Lime Company (NLC)

The recapitalisation project at NLC continued. ZCCM-IH provided an additional shareholder loan of K125 million (US\$16.5 million) for the Ndola Lime Recapitalisation Project. The commissioning of the second Vertical Kiln ("VK-2") has been delayed and is now targeted for the end of March 2016. Once commissioned, VK-2 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

ZCCM-IH owns 10% of Nkana Alloy Smelting Company Limited (Nkana Alloy), a company that was formed for purposes of processing the slag material from the Nkana Slag Dump situated in Kitwe, Copperbelt province of Zambia. As at 31 March 2015 operations at the company had not commenced due to an injunction served on Nkana Alloy, restraining it from interfering with activities on the slag dump. The plaintiffs who obtained the injunction were to be handed the property for purposes of commencing prospecting works at the site as per mineral processing licence until determination of the matter.

Mawe Exploration and Technical Services Limited

Shareholders will recall that, ZCCM-IH incorporated Mawe Exploration and Technical Services Limited (Mawe), a wholly owned subsidiary in April 2013. Mawe was intended to 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.

Following a review of the structure and operations of Mawe, ZCCM-IH reversed this decision and will now retain the functions that were to be performed by Mawe in the Technical Directorate within ZCCM-IH. This decision is aimed at making cost effective operations in this regard.



CHAIRMAN'S STATEMENT *(continued)*

Nkandabwe Coal Mine Limited

Following the granting to ZCCM-IH of the mining licences previously held by Collum Coal Mining Industries Limited situated in Southern province of Zambia, ZCCM-IH incorporated Nkandabwe Coal Mines Limited, a 100% wholly owned subsidiary to operate the mine. During the year under review, ZCCM-IH applied to convert the small-scale coal licences into a large scale prospecting licence and was issued with one following approval by the Ministry of Mines, Energy and Water Development. However, in March 2015, ZCCM-IH was informed that the licence was cancelled and re-issued to the previous owners, Collum Coal Mining Industries Limited.

Real Estate and Agriculture

The Company recently included investment into the real estate and agriculture in its 2016 Strategic Plan. This is part of the on-going initiatives for diversification and one of the approaches to reduce its investment concentration in the mining sector.

GRZ Sell down

In his Budget Speech in October 2014, the Minister of Finance announced that the Government of the Republic of Zambia (GRZ) would reduce its shareholding in ZCCM-IH from 87% to 60% via the sale of its shares proportionate to the required reduction. The reduction in GRZ's shareholding will also lead to ZCCM-IH complying with the listing requirement that the company must have at least 25% of each class of equity securities held by the public.

Subsequent to this announcement, ZCCM-IH was mandated to initiate processes to achieve the GRZ sell down.

Dividend Policy

During the year under review, the ZCCM-IH Board approved a dividend policy which is underpinned on the following general principles:

- a) The company may pay at least 20% of the realized profits for a particular financial year;
- b) The company may pay a dividend in a financial year when conditions for declaring a dividend are met; and
- c) All dividend declarations will take into account the company's free cash flow and investment needs.

The Company paid a dividend of K1.56 per share to its shareholders in November 2014 in line with this dividend policy.

Capital market

The ZCCM-IH share price on the Lusaka Stock Exchange closed the year at K40 (2014: K27). The market capitalisation as at 31 March 2015 was K6,431 million (2014: K4,341 million). The continued growth in the company's share price is indicative of the growing confidence from the market.



CHAIRMAN'S STATEMENT *(continued)*

Outlook

According to the World Bank's "Zambia Economic Brief - December 2015", the Zambian economy in 2016 is expected to grow between 3% to 3.5% in 2016 and 2017, and will return to robust growth rates of 5% to 6% in 2018 as copper prices stabilize and domestic pressure ease. The main challenges to the Zambian economy in 2016 will include the reduction of expenditure, double digit inflation and the growing deficit. Fiscal policy will be the key factor in shifting the country back onto a sustainable fiscal path.

However, the outlook is subject to external and domestic downside risks. Externally, a further slowdown in China's economy would weigh-in on the demand for Zambia's exports by further reducing copper prices, and would severely affect Zambia's prospects. Furthermore, strengthening of the US dollar in the event of the Federal Reserve increasing interest rates would lead to added volatility of the kwacha. Three domestic risks were identified. Firstly, that the power crisis would worsen if there are delays in new generation coming on board or if there is further reduction in generation capacity in the main hydro power plants. Secondly, a deterioration of confidence in the economy, leading to further weakening of the currency and increased levels of inflation. Thirdly, a bad harvest that serves to increase food prices and reduce rural and agricultural incomes, with the greatest impact falling on the poorest households.

Since the majority of ZCCM-IH's investments remain in the mining industry, the Company is confident that the copper prices will improve and the increase in the number of power projects will address the issue of power shortages.

ZCCM-IH will continue to pursue diversification programmes intended to create additional value for its shareholders.

Directorate

During the year, the following were changes to the Directorate:

Mr John M D Patterson	Retired	Non-Executive Director
Mr Paul M Chanda	Appointed	Non-Executive Director

Appreciation

I express sincere gratitude to my fellow Board members, the Management and Staff of ZCCM-IH for their dedication, commitment and good performance during the past financial year. I again 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 2015, 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 remained unchanged at K2,000,000 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.

There were no changes in the issued share capital of K1,608,003 with a nominal value of K1,608,003 during the year which remained as detailed below:

	Number of shares	Amount K
At beginning and end of year	160,800,286	1,608,003



REPORT OF THE DIRECTORS (continued)

The shares were held as follows

	Number of shares	Amount K
“A” shares - Ministry of Finance on behalf of the Government of the Republic of Zambia (GRZ)	96,926,669	969,267
“B” shares - Ministry of Finance 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	89,209
	<u>160,800,286</u>	<u>1,608,003</u>

The 11,140,792 “B” Ordinary Shares are thinly spread and as at 31 March 2015 were held by 2,317 non-controlling shareholders.

Directors’ interests in shares

According to the register of directors’ shareholdings, Mr P Taussac who held office at the end of the financial year had 169,589 (number of shares) shares in the Company. These shares were all held directly and indirectly by Mr P Taussac.

PRINCIPAL ACTIVITIES

ZCCM –IH (“ the Company”) is an investment holding 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:

- Developing and implementing investments strategies and aligning company operations towards maximizing of shareholder value;
- 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; and
- Promoting Zambian ownership and management in mining assets.

Functions of the Company

In its transformed state as an investments holding company, the Company’s Strategic focus areas are as follows:

- Strategic Focus Area 1: Leveraging and consolidating existing investments in the Copper Mining Sector and pursue other copper assets;
- Strategic Focus Area 2: Diversifying into other minerals;
- Strategic Focus Area 3: Investing in Mining Related Sectors;
- Strategic Focus Area 4: Investing in Mining Related Manufacturing;
- Strategic Focus Area 5: Treasury Management;
- Strategic Focus Area 6: Reducing legacy liabilities; and
- Strategic Focus Area 7: Reposition the company.



REPORT OF THE DIRECTORS *(continued)*

DIVIDENDS PAID

During its 65th Board meeting held on 11 June 2014, the ZCCM-IH Board approved a dividend policy which is underpinned on the following general principles:

- The Company may pay at least 20% of the realized profits for a particular financial year;
- The Company may pay a dividend in a financial year when conditions for declaring a dividend are met; and
- All dividend declarations will take into account the Company's free cash flow and investment needs.

At the Annual General Meeting held on 07 October 2014, the shareholders of the Company approved a final dividend of K1.56 per share for the period ended 31 March 2014.

Subsequently, dividend payments were made from 10 November 2014. Dividend payments were made to all the shareholders on all the three stock exchanges on which the Company securities are listed. These are: Lusaka Stock Exchange (Primary Listing), London and Euronext Stock Exchanges. The total dividend paid was K250,848,446.

For the year ending 31 March 2015, there were no dividends proposed.

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 were non-executive during the financial year.

Company 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 (24 February 2016) is indicated below:

Audit Committee

Mr. C Mwananshiku (Chairman)
Ms. S Mutemba
Mrs P C Kabamba
Mr P Taussac

Remuneration Committee

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

Investments Committee

Dr. B E K Ng'andu
Mrs. P C Kabamba
Mr. P Taussac
Mr P M Chanda (Appointed, 18 November 2014)
Dr P Kasolo (Appointed 1 October 2014)
Mr M T Chipata
Mr.C Mpundu
Mr. B Nundwe
Mr P D Chisanga (Appointed, 16 September 2014)

Chairman
Non-executive Director
Non-executive Director
Non-executive Director
Chief Executive Officer - Executive Director
Chief Financial Officer - Co-opted Member
Co-opted Member
Co-opted Member

REPORT OF THE DIRECTORS (continued)

Record of Attendance of Board and Committee Meetings held during the year to 31 March 2015.

Board Meetings:

Date of Meeting	11.06.14	06.08.14	16.09.14	07.10.14	09.12.14	04.02.15	20.03.15	24.03.15	21.04.15
Mr Cosmas Mwananshiku (Chairman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dr Bwalya Ng'andu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-	<input type="checkbox"/>
Mr John Patterson	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-	-	-	-	-
Mrs Pamela C Kabamba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms Sophie Mutemba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr Philippe Taussac	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
Mr Paul Chanda	-	-	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Audit Committee Meetings:

Date of Meeting	29.05.14	27.06.14	01.08.14	04.09.14	26.11.14	10.03.15
Mr Cosmas Mwananshiku (Chairman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr John Patterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-
Mrs Pamela C Kabamba	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
Ms Sophie Mutemba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr Paul Chanda	-	-	-	-	-	<input type="checkbox"/>

Investments Committee Meetings:

Date of Meeting	20.03.14	30.04.14	11.07.14	05.09.14	30.09.14	27.11.14	13.03.15
Dr Bwalya Ng'andu (Chairman)	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mrs Pamela C Kabamba	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr Philippe Taussac	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr John Patterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-	-
Mr Andrew Chipwende	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-	-	-
Mr Charles Mpundu	<input type="checkbox"/>	<input type="checkbox"/>	-	-	<input type="checkbox"/>		<input type="checkbox"/>
Mr Patrick Chisanga	-	-	-	-	<input type="checkbox"/>	<input type="checkbox"/>	-
Mr Basil Nundwe	-	<input type="checkbox"/>	-	-	-	-	-
Mr Mukela Muyunda	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-
Dr Pius Kasolo	-	-	-	-	-	<input type="checkbox"/>	<input type="checkbox"/>
Mr Mabvuto Chipata	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms Mutale Chanda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Remuneration Committee Meetings:

Date of Meeting	28.05.14	05.08.14	09.07.14	04.09.14	28.11.14	11.03.15
Ms Sophie Mutemba (Chairperson)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dr Bwalya Ng'andu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr Cosmas Mwananshiku	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr John Patterson	-	-	<input type="checkbox"/>	-	-	-
Mr Paul Chanda	-	-	-	-	-	<input type="checkbox"/>

- ☐ In attendance
- Not in attendance



REPORT OF THE DIRECTORS *(continued)*

Average number and remuneration of employees

The total remuneration of employees during the year amounted to K81.4million (2014: K73.5 million) for the Group and K22.5 million (2014: K20.0 million) for the Company. The average number of employees was as follows:

Month	Subsidiaries	Company	Group
April 2014	1146	44	1190
May 2014	1172	44	1216
June 2014	1169	43	1212
July 2014	1168	41	1209
August 2014	1166	40	1206
September 2014	1158	41	1199

Month	Subsidiaries	Company	Group
October 2014	1158	42	1200
November 2014	1157	41	1198
December 2014	1125	41	1166
January 2015	1119	41	1160
February 2015	1093	43	1136
March 2015	1097	43	1140

Staff expenses

	2015	2014
Subsidiary Companies	58,938	53,419
ZCCM-IH	22,490	20,030
	81,428	73,449

Signed on their behalf by:

.....
Director

.....
Director

OPERATIONS REPORT

(A) SUBSIDIARY COMPANIES

The performance of the subsidiary companies for the year ended 31 March 2015 is summarised below:

1 NDOLA LIME COMPANY LIMITED

Ndola Lime Company Limited (NLC) reported total revenues for the financial year ended 31 March 2015 of K195.7 million (2014: K197.5 million) and a loss after tax of K17.7 million (2014: K12.5 million loss).

NLC's performance during the third quarter of 2014 was adversely affected by a reduction in sales revenue arising from a decrease in the selling price of quick lime, which is the company's most significant source of revenue. The reduction in selling prices came as a result of new entrants in the market. NLC had to maintain market share by reducing the price. This had the effect of lowering revenues from quicklime sales.

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 March 2016. Once commissioned, the VK-2 will significantly improve production efficiencies at NLC with a resultant effect of reducing the cost of production for limestone products.

There were no dividends declared during the year under review (2014: Nil).



Ndola Lime Company Limited VK-2

2 MISENGE ENVIRONMENTAL AND TECHNICAL SERVICES LIMITED

Misenge Environmental and Technical Services Limited (METS) reported a total revenue of K6.2 million for the year ended 31 March 2015 (2014: K2.1 million). Of the revenue, K3.3 million was realised from the recurring services to ZCCM-IH, K0.8 million was from the management of ZCCM-IH's statutory and contractual obligation and K0.96 million was earned from other clients. The revenue generated from other clients was mainly from environmental consultancy services (59%), and from radiation consultancy services (36%) with the balance realised from analytical services. METS recorded a loss after tax of K0.6 million (2014: K3.4 million loss).

During the period under review, Misenge undertook the construction of a new Analytical Laboratory and the extension of the old laboratory in Kabwe. The new laboratory will provide expert chemical analyses of metals, water, radiation, blood, soil and other minerals. The budget for the construction and extension was K1.6 million. As at 31st March 2015, all major construction works were completed for the new laboratory. Additionally, all the lab equipment was purchased except for the fume and dust extractors that required an additional K0.75 million. The Misenge board approved the additional funding to expedite the installation of the new lab equipment.

There were no dividends declared during the year under review (2014: Nil).



OPERATIONS REPORT *(continued)*

3 MAWE EXPLORATION AND TECHNICAL SERVICES LIMITED

During the period under review, Mawe Exploration and Technical Services Limited (Mawe) undertook several technical services and reviews, exploration activities in ZCCM Investments Holdings Plc's (ZCCM-IH) licence areas, oil and gas exploration, and provided technical services to small scale manganese miners. Additionally, Mawe sought collaboration with other business partners for business opportunities.

However, the costs of operating Mawe as a separate company escalated and at the same time Mawe was unable to diversify its revenue stream beyond services that were provided to ZCCM-IH. During the year ending 31st March 2015, ZCCM-IH had spent a total of K14.2 million (2014:K11 million) to operate the company. Therefore, on 24th March 2015, the Board of ZCCM-IH approved the reinstatement of Mawe to ZCCM-IH as a technical department.

There were no dividends declared during the year under review (2014: Nil).

4 NKANDABWE COAL MINES LIMITED

Despite having incorporated Nkandabwe Coal Mines Limited on 3rd May 2013, the protracted negotiations with the former owners Collum Coal Mining Industries Limited (CCMIL) over the sale and purchase of the assets meant that the mine was still not operational during the year ended 31st March 2015. The mine therefore remained under care and maintenance with accumulated costs of up to K32.1 million from 22 February 2013 to 31st March 2015. Out of this amount, K16.5 million related to amounts spent during the financial year ended 31st March 2015.

In March 2015, ZCCM-IH was informed that the licence was cancelled and re-issued to the previous owners CCMIL.

There were no dividends declared during the year under review (2014: Nil).

OPERATIONS REPORT *(continued)*

(B) ASSOCIATE COMPANIES' PERFORMANCE

The performance of associate companies for the year ended 31 March 2015 is summarised below:

1 **KARIBA MINERALS LIMITED**

For its financial year ended 31st March 2015, Kariba Minerals Limited (Kariba) reported total revenues of K11.1 million (2014: K3.6 million) with a profit after tax of K0.06 million (2014: K10.0 million loss).

The period under review continued to be a challenge for Kariba. The company continued to meet its financial obligations from shareholders' support, related parties, the company's bankers and third party suppliers, and loans. Kariba acquired new mining equipment to improve production and turn the company around. Furthermore, In February 2015 Kariba held an auction of high grade amethyst alongside Gemfields Plc which grossed revenue of US\$0.446 million. Kariba is projected to be profitable by 2018 contingent on the company getting additional support in the short term to meet its financial obligations.

There were no dividends declared during the financial year ended 31st March 2015 (2014: Nil).

2 **MAAMBA COLLIERIES LIMITED**

Maamba Collieries Limited (MCL) reported total revenue of K94.5 million (2014: K76.3 million- restated) and had a loss after tax of K503 million (2014: K194.1 million loss - restated) for the year ended 31 March 2015. The company's current liabilities exceeded its current assets by K1, 682.8 million as at 31 March 2015 (2014: K739 million). The company has accumulated losses amounting to K1, 136.4 million (2014: K633.4 million).



Thermal Power Plant

OPERATIONS REPORT *(continued)*

2 **MAAMBA COLLIERIES LIMITED** *(continued)*

In 2012 the company signed an agreement with the Zambia Electricity Supply Corporation (ZESCO) for the construction of a power plant. The project is expected to produce 300MW. The project cost has been estimated at a total cost of US\$830million. The project has been financed by a combination of debt as well as contributions from shareholders. The first phase of the project is expected to be commissioned in June 2016 with the second phase coming on in July/ August 2016.

The power generation project is expected to generate revenues of up to US\$20million each month from sales to ZESCO. ZESCO will in turn sell the power to its consumer base. This project is expected to improve the profitability position of the company.

There were no dividends declared during the year under review (2014: Nil).

3 **KONKOLA COPPER MINES PLC**

KCM reported a net loss of K1, 243.6 million (US\$191.2 million) for the financial year ended 31st March 2015 (2014: K557.5 million loss (US\$89.2 million loss)). Revenue reported for the year, was K7, 005.9 million (US\$1,077.1 million), down by 15.0% (2014: K7,945.6 million (US\$1,271.4 million)) due to a decline in sale of copper and copper related products. Copper sales declined by 15.9% and sale of precious metals in slimes declined by 33.9%.

Total finished copper production during the year was 168,923 Mt (2014: 177,018Mt).

During the year under review, KCM faced operational and financial challenges including cash flow constraints that resulted in KCM purchasing third party concentrates in smaller quantities than what was sought. On 23rd February 2015, the Government amended the documentation requirements to VAT refunds on future exports and this should enable KCM to increase the purchase and treatment of third party concentrates which will lead to an increase in smelter utilization. Additionally, KCM is focusing on increasing production volumes and addressing productivity across all of its operations. To this effect, KCM has been implementing various interventions to improve the overall operating performance and drive higher equipment availability and utilisation.

Owing to the operational and financial challenges that KCM faced, K719 million (US\$94.9 million) due to ZCCM-IH in the financial year 2014/2015 under the settlement agreement remained unpaid. The total amount has been fully impaired as at 31 March 2015.

There were no dividends declared during the year under review (2014: Nil).



Konkola Concentrator

OPERATIONS REPORT *(continued)*

4 KANSANSHI MINING PLC

Sales revenues at Kansanshi Mining Plc (KMP) decreased to K10, 204.4 million (US\$1, 568.8 million) for the financial year ended 31st March 2014 from K11, 334.5 million (US\$2, 046.4 million) in 2014 reflecting lower realized copper and gold prices, and lower sales volumes. Overall copper production at KMP was 3% lower than the one for financial year ended December 2013 at 262,287 (2013: 270,724) due to a lower volume of sulphide ore processed, lower oxide ore grades and lower plant recoveries on the oxide circuit. At 154,431 ounces, gold production was 8% lower in 2014 (2013: 167,395) as a result of lower head grades in both the processed ore and stockpiled gravity tailings treated through the regrind circuit.

KMP posted lower results for the period under review on account of the ongoing constraints of limited local smelter availability and fluctuating prices for sulphuric acid. These challenges are expected to continue in the first half of 2015 before the benefits of the new smelter at Kansanshi, which produced its first anode in December 2014 after a 36-month construction period, start to kick in with processing capacity and low-cost sulphuric acid availability. When in full operation, the smelter is expected to produce over 300,000 tonnes of copper metal and one million tonnes of sulphuric acid as a by-product which will benefit KMP by allowing the treatment of high acid-consuming oxide ores and the leaching of some mixed ores. The commissioning of the KMP smelter was completed in 2015 and the smelter is budgeted to run at a capacity of 100,000 tonnes per month in 2016.

Total dividends paid during period under review amounted to K113 million (US\$18 million) (2014: K3,977 million (US\$600 million)). The amount payable to ZCCM-IH was K22.6 million (US\$3.6 million) (2014: K795 million (US\$120 million)).



KMP Smelter

OPERATIONS REPORT *(continued)*

5 **COPPERBELT ENERGY CORPORATION PLC**

The CEC Group continued to focus on stabilising the operations in Nigeria and growing its Zambian operations. Turnover increased from K1 539 million (US\$277.9 million) for the year ended 31 March 2014 to K4, 339.9 million (US\$667.2 million) for the year ended 31 March 2015. The increase in revenue was mostly as a result of the full-year Abuja Electricity Distribution Company (AEDC) revenues, which were consolidated in the Group whereas figures for the previous year only included two months' financial results for AEDC. The net loss for the period under review was K1, 283.1 million (US\$197.3 million) (2014: K146 million (US\$26.4 million)).

Total energy sales to the mines was 2% lower at 4,208GWh (2013: 4,274GWh) due to lower energy consumption by some of the mines that operated at lower than anticipated production capacities.

The business plan of AEDC provided for a five year turnaround period and as at year end management was on track to meet the various performance targets, including reduction of the Aggregate Technical Commercial and Collection (ATC&C) losses. Additionally, the business improved its billing efficiency over the period resulting in steady increase in energy billed over the review period.

Going forward, the Group will continue on the growth trajectory set for each unit and as a composite and also consolidate the gains recorded in 2014 and forging new opportunities both in Zambia and internationally in order to ensure a sustained pipeline of projects and viable operating assets.

The CEC share price on the LuSE moved from K 0.70 as at end of March 2014 to K 0.68 at end of March 2015, representing capital losses of 2.9% year-on-year.

During the period under review, the Directors of CEC Plc recommended a dividend of US Cents 0.86 per ordinary share on 27th January 2015 which was paid to shareholders registered in the share register of the Company at close of business on 27th February 2015. The amount payable to ZCCM-IH was K18.0 million (US\$2.8 million) (2014: Nil)



Part of CEC Infrastructure

OPERATIONS REPORT *(continued)*

6 **LUBAMBE COPPER MINE LIMITED**

Lubambe Copper Mine Limited's (LCM) financial results to 31 March 2015 showed revenues of K1, 071 million (US\$164.7 million (2014: K1, 483 million (US\$237 million)) and a loss for the period of US\$78 million (2014: US\$39 million).

The major challenge LCM faced during the financial year under review was dilution of concentrates. Following an extensive ore body stoping design review conducted by SRK Consulting, Lubambe evaluated various slot development methods and equipment requirements with the recommended solution being inverse raise using 3x Sandvik DL411-15 long hole drill rigs. The overall capital cost of this equipment is estimated at US\$7.7 million. The implication of this is that the Project Capital cost forecast for 2015 will be under spent by approximately \$7.86million and \$3.85million on a commitment and accrual basis respectively. Hence the purchase of the equipment at US\$7.7 million will remain within the budget limit of the capital project.

Owing to the operational and financial challenges that LCM faced, K705 million (US\$93 million) due to ZCCM-IH in the financial year 2014-2015 under the shareholder loan agreement remained unpaid. The total amount has been fully impaired as at 31 March 2015.

There were no dividends declared during the year ended 30th June 2014 (2013: Nil



Lubambe Copper Mine



OPERATIONS REPORT (continued)

7 CNMC LUANSHYA COPPER MINES PLC

CNMC Luanshya Copper Mines plc (CNMC) recorded a turnover of K1, 838.8 million (US\$282.7 million) for the year ended 31st December 2014 (2013: K1, 485 million (US\$268.1 million)). The profit after tax was US\$5.5 million (2013: US\$5.9 million).

CNMC planned to produce 43,600t of copper metal which included 15,600t copper in concentrate from Baluba Mine and 28,000t of copper cathode from Muliashi Mine. By the end of 31 December 2014, Baluba Mine and Muliashi Mine produced 15,312t and 29,482t of copper metal respectively. Thus in 2014 the total copper production was 44,795t, representing 102.74% of the annual plan. As noted, Muliashi Mine exceeded its annual production target for 2014 whilst Baluba Mine did not achieve its annual production target. The failure is attributed to the difficulty in mining the gently inclined thin ore body with its variable structure and the increasing reclaimed tonnage and decreasing geological grade.

There were no dividends declared during the year ended 31st December 2014 (2013: Nil).

(C) Other Investments

1 NFC AFRICA MINING PLC

NFC Africa Mining Plc (NFC) recorded a turnover of K1,000.4 million (US\$153.8 million) for the financial year ending 31st December 2014 and a profit after tax of K23.4 million (US\$3.6 million). For the three months to 31st March 2015, NFC Africa reported revenues of K178.2 million (US\$27.4 million) and a loss of K79.2 million (US\$11.7 million).

The South East Ore Body project which will have production capacity of 100,000 tonnes per annum is on schedule to be completed in 2017. The current production capacity is 30,000 tonnes per annum. The project is expected to create 5000 jobs.

There were no dividends paid during the year ended 31st March 2015 (2014: Nil).

2 CHIBULUMA MINES PLC

Revenue for the financial year ended 31st December 2014 was K691.4 million (US\$106.3 million) (2013: K731.1 million (US\$132 million)). Net profit over the same period was K144.4 million (US\$22.2 million) (2013: K99.7 million (US\$18 million)). Chibuluma Mines Plc's (CMP) cash position reduced to US\$7 million as at 31st December 2014 (2013: US\$20 million).

It is expected that CMP's mining reserves will be exhausted by 2017. The company is thus focusing on exploration efforts on smaller types of ores deposits with potential quick turnaround. To extend the life of the mine CMP worked on the following exploration projects:

- i. Chifupu Copper Project
The cumulative expenditure as at 31st December 2014 was US\$7.6 million out of a total budget of US\$24 million. The project is in critical development stage. The first ore to the plant is expected to occur at end of March 2016.
- ii. Chibuluma Central Tenement
Seven drill targets with a total of 1 400 metres were generated from the geochemical anomalies. A total of 416.15 metres were drilled across two drill holes with no visible mineralisation as at year end.

CMP paid a total of US\$10.8 million in dividends for the financial year ended 31st December 2014 (2013: US\$2.6 million).



OPERATIONS REPORT *(continued)*

3 INVESTRUST BANK PLC

Investrust Bank Plc's (Investrust) revenue increased to K136.3 million for the year ended 31 December 2014 (2013: K122.2 million) with a loss after tax of K5.1 million (2013: K2.8 million loss).

During the period under review, the bank increased its branch network to twenty eight (28) after launching a branch in Chingola and two (2) in Kitwe. Investrust also launched its own switching software that facilitated the introduction of many innovative services and implemented Agency Banking, a delivery channel that uses a network of agents to offer typical banking services across the full breadth of Zambia. The bank anticipates business growth in the near future through the various strategic initiatives implemented by the Bank in the last three years and the operationalization of the Zambian Home Loans (ZHL). In 2015 the bank will embark on a capital raise exercise through a rights offer to meet the minimum capital requirements set by the Central Bank.

The bank's share price on the LuSE closed the period under review at K13.50 (2014: K13.50).

There were no dividends declared during the financial year ended 31st March 2015 (2014: Nil).

4 CHAMBISHI METALS PLC

For the financial year ended 31st December 2014, Chambishi generated total revenues of K1, 883 million (US\$289.5 million) (2013: K1,594.1 million (US\$286 million)) compared to the budgeted figure of K2,042.4 million (US\$314 million). The net loss for the year was K63.7 million (US\$9.8 million) (2013: K53.7 million (US\$9.7 million) loss)

During the financial year ended 31st December 2014, Chambishi Metals Plc (Chambishi) faced problems with equipment breakdowns and pending VAT Refunds of US\$74.8 million from ZRA. The pending VAT refund impacted on the company's cash flows resulting in liquidity problems. Chambishi has since engaged a Consultant to attend to the equipment breakdowns.

On the other hand, the Copper Plant that was completed towards the end of 2012 had started to pay off and the company was able to generate positive earnings before depreciation and finance costs.

There were no dividends declared during the financial year ended 31st March 2015 (2014: Nil).

5 MOPANI COPPER MINES PLC

Mopani Copper Mines Plc (MCM) recorded Net Sales Revenue of K5,388.2 million (US\$828.4 million) for the year ended 31st December 2014 (2013: K6, 607.8 million (US\$1,193 million)). The loss after tax as at 31st December 2014 was K52 million (US\$8 million) (2013: K199.4 million (US\$36million) profit). The drop in revenue was driven by lower copper prices and higher costs of production.

MCM produced 185,087t of copper (including refined copper from third-parties) during the year ended 31st December 2014 (2013: 212,000t).

MCM has to date spent US\$323 million on the Synclinorium Shaft at Nkana, with major milestones completed including achieving a depth of 1,280 metres (design depth is 1,277m), and equipping was in progress. The project remains on schedule for completion by the end of 2015 and will extend the economic life of MCM's operations by more than 25 years. Further, MCM has spent US\$232 million on Mindolo Deeps and US\$327 million on the Mufulira Deeps; sinking of which was still in progress. 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.

The future of Mopani depends on its expansion projects but the mine will need to control its costs in view of the low copper prices.

There was no dividends paid during the period under review (2014: Nil).

OPERATIONS REPORT *(continued)*

6 **NKANA ALLOY SMELTING COMPANY LIMITED**

With regard to Nkana Alloy Smelting Company Limited (“the Company”), shareholders will recall that the sale transaction between Tianjin and ENRC was concluded in February 2014. The Company is the holder of both surface and mining rights in the Nkana Slag Dump. However, no activities are currently being conducted by the Company on the property as there is an Ex-parte Order in place, which Order was obtained from the High Court in Ndola, by an entity called Lunga Minerals and Exploration Limited (“Lunga”). The matter is yet to be heard inter-parte .

There was no dividend declared during the financial year (2014: nil).

(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. The Company contributed K20, 000 towards the support of operations of Kasisi Orphanage in January 2015.

Further, the Company made material donations worth about K10,000 to the Mothers' Shelter at the University Teaching Hospital during Women's Day in March 2015.(See Picture). In total, the Company spent K95, 200 in supporting various corporate social responsibility activities.



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:** Home visitations were conducted in areas affected by lead pollution in Kabwe to assess and assist caregivers of the children with persistently high lead levels to implement messages on prevention of lead exposure and poisoning. ICM clinics in three health centres were conducted in Kabwe. Affected households were provided with nutritional supplements as part treatment protocol. Further, soil testing to establish potential sources of lead exposure contributing to elevation of levels of lead in blood was conducted in various townships in Kabwe.



OPERATIONS REPORT *(continued)*

(B) Environmental Review *(continued)*

- **Inspection and Maintenance of Tailing Dams (TD) and Over Burdens (OB) in Kitwe, Mufulira.** ZCCM-IH continued to retain and managing the two TDs (TD 8 and TD 10) located in Mufulira, Tailings dams 25, 26, and 27 located in Kitwe and two Overburden dumps, OB53 and OB54 located in Kitwe. Inspections of the dumps were conducted in order to ensure that the physical integrity of the facilities was not compromised. During the financial year, METS conducted some maintenance and rehabilitation on TD 10 and TD8 which involved burying the gullies, surface reprofile and planting some vegetation on slopes to prevent soil erosion and the construction of storm water control concrete drains.

Furthermore, METS also carried out monitoring of water discharged from the tailings dams into public streams to comply with statutory Environmental Management (Licensing) Regulations.

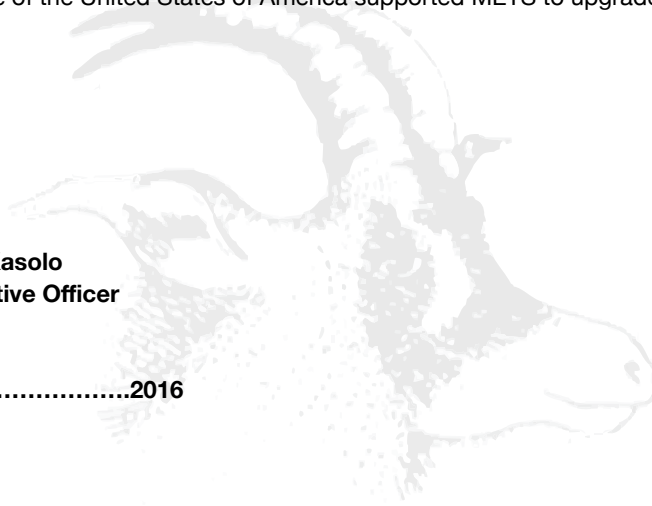
- **Monitoring of the Radioactive Waste Storage Building in Kalulushi:** METS continued monitoring and managing the Radiation Waste Storage Building (RWSB) in Kalulushi and the Uranium Tailings Engineered Cell located in Kitwe to ensure that the storage of the spent radioactive materials and uranium tailings does not pose public health and safety and environmental pollution.

In order to enhance the security of the nuclear material stored at the RWSB, the Global Threat Response Initiative of the United States of America supported METS to upgrade the security at the facility.

Dr. Pius C. Kasolo
Chief Executive Officer

Lusaka

.....2016





Directors' responsibilities in respect of the preparation of financial statements

The directors are responsible for the preparation and fair presentation of the financial statements of ZCCM Investments Holdings Plc, comprising the statements of financial position at 31 March 2015, 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.

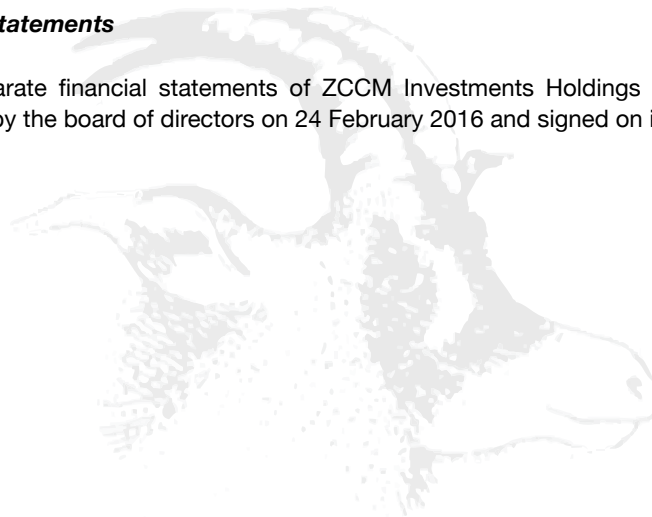
The directors are also responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

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 24 February 2016 and signed on its behalf by:



Director

Director



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

Telephone +260 211 372 900
Website www.kpmg.com

Independent auditors' report to the shareholders of ZCCM Investments Holdings Plc

Report on the financial statements

We have audited the group financial statements and financial statements of ZCCM Investments Holdings Plc, which comprise the statements of financial position at 31 March 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 119.

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 the 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.

Auditors' 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 our 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 2015, 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 Chartered Accountants

2016

Jason Kazilimani, Jr
Partner

AUD/F000336



Consolidated statement of financial position

In thousands of Kwacha

	Notes	2015	2014
Assets			
Property, plant and equipment	15	775,616	633,170
Intangible assets	16	1,030	847
Investment property	17	15,000	11,330
Investment in associates	19	5,886,415	5,300,536
Financial assets at fair value through profit or loss	20	290,229	348,110
Trade and other receivables	22	200,285	161,549
Deferred tax assets	30	646,046	130,354
Non-current assets		7,814,621	6,585,896
Inventories	21	53,097	24,220
Trade and other receivables	22	78,551	1,859,236
Held-to-maturity investment securities	23	514,007	108,623
Cash and cash equivalents	24	43,782	274,363
Current assets		689,437	2,266,442
Total assets		8,504,058	8,852,338
Equity			
Share capital	27(i)	1,608	1,608
Share premium	27(ii)	2,089,343	2,089,343
Reserves	28	2,221,476	1,618,430
Retained earnings		3,057,532	4,295,351
Equity attributable to shareholders		7,369,959	8,004,732
Liabilities			
Borrowings	29	198,567	130,891
Deferred tax liabilities	30	292,820	169,131
Retirement benefits	31	2,334	2,297
Provisions for environmental rehabilitation	32	45,798	44,353
Non-current liabilities		539,519	346,672
Borrowings	29	68,886	81,733
Trade and other payables	25	186,299	167,412
Provisions	26	98,538	95,613
Current tax liabilities	12	130,431	87,838
Retirement benefits	31	47,996	52,856
Provisions for environmental rehabilitation	32	62,430	15,482
Current liabilities		594,580	500,934
Total liabilities		1,134,099	847,606
Total equity and liabilities		8,504,058	8,852,338

The financial statements were approved for issue by the Board of Directors on 24 February 2016 and signed on its behalf by:

.....
Director

.....
Director

The notes on pages 34 to 119 are an integral part of these consolidated and separate financial statements.



Company statement of financial position

In thousands of Kwacha

	Notes	2015	2014
Assets			
Property, plant and equipment	15	22,304	11,182
Intangible assets	16	860	655
Investment property	17	15,000	11,330
Investments in subsidiaries	18	157,120	400,725
Investment in associates	19	3,787,416	5,248,535
Financial assets at fair value through profit or loss	20	290,229	348,110
Trade and other receivables	22	493,836	387,262
Non-current assets		4,766,765	6,407,799
Trade and other receivables	22	251,921	1,968,638
Held-to-maturity investment securities	23	514,007	108,623
Cash and cash equivalents	24	25,920	266,950
Current assets		791,848	2,344,211
Total assets		5,558,613	8,752,010
Equity			
Share capital	27(i)	1,608	1,608
Share premium	27(ii)	2,089,343	2,089,343
Reserves	28	1,917,082	3,202,372
Retained earnings		512,147	1,402,965
Equity attributable to shareholders		4,520,180	6,696,288
Liabilities			
Borrowings	29	384	19,362
Deferred tax liabilities	30	641,115	1,762,325
Retirement benefits	31	2,334	2,297
Provisions for environmental rehabilitation	32	34,246	33,991
Non-current liabilities		678,079	1,817,975
Borrowings	29	27,614	173
Trade and other payables	25	37,861	34,699
Provisions	26	98,538	95,613
Current tax liabilities	12	133,911	91,780
Provisions for environmental rehabilitation	32	62,430	15,482
Current liabilities		360,354	237,747
Total liabilities		1,038,433	2,055,722
Total equity and liabilities		5,558,613	8,752,010

The financial statements were approved for issue by the Board of Directors on 24 February 2016 and signed on its behalf by:

.....
Director

.....
Director

The notes on pages 34 to 119 are an integral part of these consolidated and separate financial statements.



Consolidated statement of profit or loss and other comprehensive income

In thousands of Kwacha

	Notes	2015	2014
Revenue	6	241,989	1,000,538
Cost of sales		(130,873)	(143,709)
Gross profit		111,116	856,829
Other income	7	12,433	221,244
Environmental expenses	8	(50,233)	(8,159)
Administration expenses	9	(2,252,769)	(198,908)
Operating (loss)/ profit		(2,179,453)	871,006
Finance income		684,635	126,854
Finance costs		(114,685)	(98,918)
Net finance income	11	569,950	27,936
Share of profit/ (loss) of equity-accounted investees, net of tax	19(b)	280,535	(537,041)
(Loss)/ profit before tax		(1,328,968)	361,901
Income tax expense	12	341,851	(84,715)
(Loss)/profit for the year		(987,117)	277,186
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation on property, plant and equipment	15	9,289	-
Deferred tax on revaluation reserve	30	(3,717)	-
Actuarial loss on defined benefit pension plans	31	(101)	(913)
Deferred tax on defined benefit actuarial loss	30	35	320
		5,506	(593)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	19	597,689	1,012,998
Other comprehensive income, net of tax		603,195	1,012,405
Total comprehensive income		(383,922)	1,289,591
Earnings per share			
Basic earnings per share (K)	13	(6.14)	3.08
Diluted earnings per share (K)	13	(6.14)	3.08

The notes on pages 34 to 119 are an integral part of these consolidated and separate financial statements.



Company statement of profit or loss and other comprehensive income

In thousands of Kwacha

	Notes	2015	2014
Revenue	6	45,065	803,013
Other income	7	12,126	214,013
Environmental expense	8	(49,042)	(8,159)
Administration expenses	9	(1,638,265)	(110,404)
Operating (loss)/ profit		(1,630,116)	898,463
Finance income		726,795	167,665
Finance costs		(112,303)	(94,906)
Net finance income	11	614,492	72,759
(Loss)/ profit before tax		(1,015,624)	971,222
Income tax credit /(expense)	12	375,723	(78,565)
(Loss)/ profit for the year		(639,901)	892,657
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	15	9,289	-
Deferred tax on revaluation reserve	30	(3,251)	-
Actuarial loss on defined benefit pension plans	31	(101)	(913)
Deferred tax on defined benefit actuarial loss	30	35	320
		5,972	(593)
Items that are or maybe reclassified to profit or loss			
Available-for-sale investments in subsidiaries – net change in fair value	18	(244,079)	2,294
Available-for-sale investments in associates – net change in fair value	19	(1,742,580)	361,423
Deferred tax on fair value change on subsidiaries	30	85,428	(803)
Deferred tax on fair value change on investments	30	609,903	(126,498)
		(1,291,328)	236,416
Other comprehensive income, net of tax		(1,285,356)	235,823
Total comprehensive income		(1,925,257)	1,128,480
Earnings per share			
Basic earnings per share (K)	13	(3.98)	9.93
Diluted earnings per share (K)	13	(3.98)	9.93

The notes on pages 34 to 119 are an integral part of these consolidated and separate financial statements.

Consolidated statement of changes in equity

In thousands of Kwacha

	Notes	Share capital	Share premium	Revaluation reserve	Translation reserve	Retained earnings	Total
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 reserve	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 gains	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
Balance at 1 April 2014		1,608	2,089,343	8,367	1,610,063	4,295,351	8,004,732
Total comprehensive income							
Loss		-	-	-	-	(987,117)	(987,117)
Other comprehensive income							
Revaluation surplus on property, plant and equipment	15	-	-	9,289	-	-	9,289
Deferred tax on revaluation reserve	30	-	-	(3,717)	-	-	(3,717)
Currency translation – equity accounted investees	19	-	-	-	597,689	-	597,689
Amortisation of revaluation reserve	28	-	-	(215)	-	215	-
Actuarial loss on defined benefit	31	-	-	-	-	(101)	(101)
Deferred tax on defined benefit actuarial gains	30	-	-	-	-	35	35
Total comprehensive income		-	-	5,357	597,689	(986,968)	(383,922)
Transaction with owners of the company-contributions							
Dividend	14	-	-	-	-	(250,851)	(250,851)
Total transactions with owners of the Company		-	-	-	-	(250,851)	(250,851)
Balance at 31 March 2015		1,608	2,089,343	13,724	2,207,752	3,057,532	7,369,959

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 34 to 119 are an integral part of these consolidated and separate financial statements.

Company statement of changes in equity

In thousands of Kwacha

	Notes	Share capital	Share premium	Revaluation reserve	Fair value reserve	Retained earnings	Total
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 reserve		-	-	(362)	-	362	-
Deferred tax on revaluation reserve	30	-	-	126	-	(126)	-
Actuarial loss on defined benefit	31	-	-	-	-	(913)	(913)
Deferred tax on defined benefit actuarial gain	30	-	-	-	-	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
Balance at 1 April 2014		1,608	2,089,343	5,406	3,196,966	1,402,965	6,696,288
Total comprehensive income							
Loss		-	-	-	-	(639,901)	(639,901)
Other comprehensive income							
Revaluation of property, plant and equipment	15	-	-	9,289	-	-	9,289
Deferred tax on revaluation reserve	30	-	-	(3,251)	-	-	(3,251)
Actuarial loss on defined benefit	31	-	-	-	-	(101)	(101)
Deferred tax on defined benefit actuarial loss	30	-	-	-	-	35	35
Change in fair value of available-for-sale investments in subsidiaries	18	-	-	-	(244,079)	-	(244,079)
Deferred tax fair value change on subsidiaries	30	-	-	-	85,428	-	85,428
Change in fair value of available-for-sale investments in associates	19	-	-	-	(1,742,580)	-	(1,742,580)
Deferred tax fair value change on investments	30	-	-	-	-	-	-
Total comprehensive income				6,038	(1,291,328)	(639,967)	(1,925,257)
Transactions with owners of the Company - contributions							
Dividend	14	-	-	-	-	(250,851)	(250,851)
Total transactions with owners of the Company		-	-	-	-	(250,851)	(250,851)
Balance at 31 March 2015		1,608	2,089,343	11,444	1,905,638	512,147	4,520,180

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 34 to 119 are an integral part of these consolidated and separate financial statements.



Consolidated statement of cash flows

	Note	2015	2014
Cash flows from operating activities			
(Loss)/ Profit		(987,117)	277,186
<i>Adjustments for:</i>			
Depreciation	15	20,965	17,563
Amortisation	16	312	207
Impairment loss on property, plant and equipment	15	1,008	451
Interest income	11	(52,729)	(8,967)
Interest expense	11	1,630	3,772
Gain on GRZ debt converted into equity	29	-	(187,504)
Exchange differences/interest on borrowings	29	55,603	-
Change in fair value on financial assets at fair value through profit or loss	20	57,881	58,981
Impairment of investments	19	573,806	-
Fair value change on investment property	17	(3,670)	(2,010)
Defined benefits expense	31	732	734
Share of profit of equity – accounted investees, net of tax	19	(280,535)	537,041
Profit from disposal of financial assets at fair value through profit or loss	7	-	(47)
Profit on disposal of property, plant and equipment	7	(27)	(1,498)
Gain on acquisition of investments in financial asset at fair value through profit or loss	7	-	(500)
Tax expense	12	(341,851)	84,715
<i>Change in:</i>			
Inventories		(28,877)	(5,469)
Trade and other receivables		1,741,949	(599,205)
Trade and other payables and provisions		21,812	61,110
Provision for environmental rehabilitation		48,393	(1,879)
Conversion to equity of loan due from an associate	19	(281,461)	(77,500)
Cash generated from operating activities		547,824	157,181
Interest paid		(1,630)	(2,858)
Tax paid	12	(11,241)	(15,447)
Retirement benefits paid	31	(5,656)	(8,314)
Net cash from operating activities		529,297	130,562
Cash flows from investing activities			
Interest received	11	52,729	8,967
Proceeds from disposal of financial assets at fair value through profit or loss		-	47
Proceeds from disposal of property, plant and equipment		27	8,906
Proceeds from disposal of intangible assets		-	217
Acquisition of property and equipment	15	(155,426)	(177,306)
Acquisition of intangible assets	16	(199)	(772)
Proceeds on maturity of fixed deposits	23	108,623	102,006
Acquisition of held to maturity investments	23	(514,007)	(108,623)
Net cash used in investing activities		(508,253)	(166,558)
Cash flows from financing activities			
Proceeds from issue of shares		-	260,760
Proceeds from borrowings	29	2,900	11,161
Repayment of borrowings	29	(3,674)	-
Dividend Paid	14	(250,851)	-
Net cash used in/ from financing activities		(251,625)	271,921
Net (decrease)/ increase in cash and cash equivalents		(230,581)	235,925
Cash and cash equivalents at 1 April		274,363	38,438
Cash and cash equivalents at 31 March	24	43,782	274,363

Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Groups cash management.

The notes on pages 34 to 119 are an integral part of these consolidated and separate financial statements.



Company statement of cash flows

	Note	2015	2014
Cash flows from operating activities			
(Loss)/profit		(639,901)	892,657
<i>Adjustments for:</i>			
Depreciation	15	1,767	1,221
Amortisation	16	218	123
Impairment of assets	15	987	-
Fair value changes of financial assets at fair value through profit or loss	20	57,881	58,981
Defined benefits expense	31	732	734
Fair value change on investment property	17	(3,670)	(2,010)
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)
Profit on disposal of property, plant and equipment	7	-	(405)
Exchange differences/interest on borrowings	29	8,463	-
Interest receivable	11	(52,190)	(8,653)
Interest expense	11	640	494
Tax expense	12	(375,723)	78,565
		(1,000,796)	833,656
<i>Change in:</i>			
Trade and other receivables		1,610,143	(745,127)
Trade and other payables and provisions		6,087	(9,746)
Provision for environmental rehabilitation		47,203	4,620
Conversion of debt to equity of loan due from associates	19	(281,461)	(77,500)
Cash generated from operating activities		381,176	5,903
Interest paid		(640)	(494)
Tax paid	12	(11,241)	(9,920)
Retirement benefit paid	31	(796)	(2,140)
Net cash from/(used in) operating activities		368,449	(6,651)
Cash flows from investing activities			
Interest received	11	52,190	8,653
Acquisition of property, plant and equipment	15	(4,883)	(7,045)
Acquisition of intangible assets	16	(127)	(496)
Equity contribution in subsidiary	18	(474)	(10)
Proceeds from disposal of financial assets at fair value through profit or loss		-	47
Proceeds from disposal of property, plant and equipment		-	4,679
Proceeds from disposal of intangibles		-	217
Proceeds on maturity of fixed deposits	23	108,623	102,006
Acquisition of held to maturity investments	23	(514,007)	(108,623)
Net cash flows used in investing activities		(358,678)	(572)
Cash flows from financing activities			
Proceeds from issue of shares		-	260,760
Dividend paid	14	(250,851)	-
Proceeds from borrowings	29	-	1,200
Net cash (used in)/from financing activities		(250,851)	261,960
(Decrease)/ increase in cash and cash equivalents		(241,030)	254,737
Cash and cash equivalents at 1 April		266,950	12,213
Cash and cash equivalents at 31 March	24	25,920	266,950

The notes on pages 34 to 119 are an integral part of these consolidated and separate financial statements.



Notes to the financial statements

In thousands of kwacha

1 Reporting entity

ZCCM Investments Holdings Plc (the “Company” or “ZCCM – IH”) is domiciled in Zambia. The Company’s registered office is at Mukuba Pension House, 5309 Dedan Kimathi Road. P.O Box 30048, Lusaka. These consolidated financial statements 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, as the Zambian Government is the principle shareholder of the entity.

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

2 Basis of accounting

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Zambia. They were authorised for issue by the Company’s board of directors on 24 February 2016.

Details of the Group’s accounting policies, including changes during the year, are included in note 39.

3 Functional and presentation currency

These financial statements are presented in Zambian Kwacha, which is the Company’s functional currency. All amounts presented in Kwacha have been rounded to the nearest thousand, unless otherwise indicated.

Several of the Company’s equity investments prepare financial statements in US Dollars which is their functional currency, due to the nature of the industry in which they operate. This has resulted in a foreign currency translation reserve at the consolidated levels.

4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group and Company’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 and separate financial statements is included in the following notes:

- Note 39(a)– consolidation: whether the Group has de facto control over an investee; and
- Note 29(p) – leases: whether an arrangement contains a lease.

Notes to the financial statements

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.
- Notes 18, 19 & 20 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions.
- Note 39(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 fall into 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 36- financial instruments.
- Note 17 - investment property.



Notes to the financial statements

In thousands of kwacha

5 Operating segments

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 segments	Operations
ZCCM-IH Plc	Investment holding company
Ndola Lime Company Limited	Manufacturing of lime, mining
Nkandabwe Coal Mines Limited	Coal mining
Misenge Environmental and Technical Services Limited	Environmental and technical services
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
In thousands of kwacha

5 Segment reporting (continued)

B) Information about reportable segment (continued)

The segment results for the Group were as follows:

	ZCCM-IH			Misenge Exploration and Technical Services Limited			Mawe Exploration and Technical Services Limited			Nkandabwe Coal Mines Limited			Eliminated/ adjustment			Consolidated		
	2015	2014		2015	2014		2015	2014		2015	2014		2015	2014		2015	2014	
Revenue from external customers:																		
Sales	-	-	195,711	197,518	-	-	-	-	-	-	-	-	-	-	-	195,711	197,518	-
Services	-	-	-	-	836	-	377	7	-	-	-	-	-	-	-	1,213	7	-
Dividends	45,065	803,013	-	-	-	-	-	-	-	-	-	-	-	-	-	45,065	803,013	-
Total revenue from external customers	45,065	803,013	195,711	197,518	836	-	377	7	-	-	-	-	-	-	-	241,989	1,000,538	-
Inter-segment revenue	-	-	-	-	5,397	3,204	-	-	-	-	-	-	(5,397)	(3,204)	-	-	-	-
Total revenue	45,065	803,013	195,711	197,518	6,233	3,204	377	7	-	-	-	-	(5,397)	(3,204)	-	241,989	1,000,538	-
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	280,535	(537,041)	-	280,535	(537,041)	-
Profit/(loss) for the year	(639,901)	892,657	(17,745)	(12,544)	(617)	(3,481)	(13,884)	(5,705)	-	(17,491)	(16,543)	-	(297,479)	(577,198)	-	(987,117)	277,186	-
Revenue																		
Total revenue from reportable segments																247,386	1,003,742	
Elimination of inter segment revenue																(5,397)	(3,204)	
Consolidated revenue																241,989	1,000,538	
Profit or loss																		
Total profit or loss for reported segments																(698,468)	853,784	
Share of profit of equity- accounted investees																280,535	(537,041)	
Consolidated profit before tax																(987,117)	277,186	



Notes to the financial statements (continued)
In thousands of kwacha

5 Segment reporting (continued)

B) Information about reportable segment (continued)

	ZCCM-IH		Misenge Exploration and Technical Services Limited		Mawe Exploration and Technical Services Limited		Nkandabwe Coal Mines Limited		Eliminated		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Segment assets	485,513	359,947	834,334	657,505	2,281	648	4,571	3,150	-	-	1,326,709	1,021,269
Equity accounted investees	3,787,416	5,248,535	-	-	-	-	-	-	2,098,999	52,001	5,886,415	5,300,536
Other assets	1,285,684	3,143,528	132,801	76,427	140	328	5,136	859	(132,827)	(619,754)	1,290,934	2,530,533
Total assets	5,558,613	8,752,010	967,135	733,932	2,421	976	9,707	4,009	(1,966,172)	(567,753)	8,504,058	8,852,338
Segment liabilities	261,073	1,961,645	932,084	52,856	5,502	3,915	29,291	9,708	(955,303)	(1,966,961)	308,743	77,720
Other liabilities	777,360	94,077	47,996	675,809	-	-	-	-	-	-	825,356	769,886
Total liabilities	1,038,433	2,055,722	980,080	728,665	5,502	3,915	29,291	9,708	955,303	(1,841,140)	1,134,099	847,606
Cashflows from operating activities	368,449	(6,651)	(20,449)	99,087	999	161	(11,307)	4,468	-	-	529,297	130,562
Cashflows from investing activities	(358,678)	(572)	(136,786)	(130,821)	(1,662)	(280)	(2,449)	(3,614)	-	-	(508,253)	(166,558)
Cashflows from financing activities	(250,851)	261,960	161,538	12,181	474	-	18,034	5	-	-	(251,623)	271,921
Capital expenditure	(5,010)	7,541	(136,813)	(134,285)	(1,662)	280	(2,449)	(3,614)	-	-	(155,625)	(178,078)

Revenue from one associate entity (Kansanshi Mining Plc) of the Group's investment business represents approximately 9% (2014: 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.
- (ii) Other liability includes tax liabilities, retirement benefits and liabilities classified as held for sale.



Notes to the financial statements (continued)

In thousands of kwacha

6 Revenue

See accounting policies in note 39 (k)

	Group		Company	
	2015	2014	2015	2014
Dividend income (note 33b(ii))	45,065	803,013	45,065	803,013
Lime sales	195,711	197,518	-	-
Services	1,213	7	-	-
	241,989	1,000,538	45,065	803,013

7 Other income

	Group		Company	
	2015	2014	2015	2014
Gain on disposal of Albidon	-	47	-	47
Gain on 10% free carried interest: Nkana Alloy	-	500	-	500
Recovery of doubtful debts provision	-	197,027	-	197,027
Management fee income	7,942	8,949	7,942	8,949
Fair value adjustment- investment property (note 17)	3,670	2,010	3,670	2,010
Rental income (note 17)	165	83	398	300
Profit on disposal of property, plant and equipment	27	1,498	-	405
Sundry income (i)	629	11,130	116	4,775
	12,433	221,244	12,126	214,013

(i) *Sundry income*

Sundry income mainly includes income such as waste paper disposed, storage of materials fees and sale of scrap.

8 Environmental expenses

Environmental expenses represent expenditures incurred in respect of meeting environmental remedial obligations arising from the operations of ZCCM-IH, before being taken over by the Company, and those of ZCCM-IH's subsidiary, Ndola Lime Company Limited.

	Group		Company	
	2015	2014	2015	2014
Environmental expenses (note 32)	50,233	8,159	49,043	8,159

9 Administration expenses

	Group		Company	
	2015	2014	2015	2014
Depreciation and amortisation (note 15,16)	21,277	17,770	1,985	1,344
Auditors' remuneration	1,314	2,063	755	1,677
Personnel expenses (note 10)	81,428	73,499	22,490	20,030
Impairment on investment in associates (note 19)	573,806	-	-	-
Impairment of receivables (note 36)	1,509,088	40,843	1,568,303	40,727
Other administration expenses	65,856	64,733	44,732	46,626
	2,252,769	198,908	1,638,265	110,404

Other administrative expenses mainly include legal expenses amounting to K34 million (2014: K10 million), rental expenses amounting to K2 million (2014: K2 million) and sundry expenses of K13 million (2014: K47 million).

Notes to the financial statements (continued)

In thousands of kwacha

10 Personnel expenses

	Group		Company	
	2015	2014	2015	2014
Salaries and wages	76,313	68,748	21,095	18,695
Retirement benefit costs:				
Defined benefit scheme (note 31)	732	734	732	734
Mukuba Pension Scheme	809	784	287	240
African Life Financial Services	600	618	-	-
National Social Security Funds	2,974	2,565	376	361
	81,428	73,449	22,490	20,030

11 Finance income and finance costs

See accounting policies in note 39 (l), (j) and (b)

	Group		Company	
	2015	2014	2015	2014
Unwinding expenses on price participation fees	-	(35,431)	-	(35,431)
Fair value adjustment financial asset at fair value through profit or loss (note 20)	(57,881)	(58,981)	(57,881)	(58,981)
Exchange differences	(55,174)	(734)	(53,782)	-
Interest expenses	(1,630)	(3,772)	(640)	(494)
Finance costs	(114,685)	(98,918)	(112,303)	(94,906)
Interest income from price participation	21,872	10,067	21,872	10,067
Interest income from related parties	87,403	30,887	130,101	69,841
Unwinding on price participation fees (note 22)	23,240	-	23,240	-
Exchange differences	372,130	-	372,131	2,171
Exchange gains on price participation (note 22)	127,261	76,933	127,261	76,933
Interest income	52,729	8,967	52,190	8,653
Finance income	684,635	126,854	726,795	167,665
Net finance income recognised in profit or loss	569,950	27,936	614,492	72,759

12 Income tax expenses

See accounting policies in note 39 (m)

	Group		Company	
	2015	2014	2015	2014
Amounts recognised in profit or loss				
Current tax expense				
Current year	(53,834)	(2,109)	(53,372)	(1,952)
Adjustment for prior years	-	(2,006)	-	-
	(53,834)	(4,115)	(53,372)	(1,952)
Deferred tax charge(note 30)	395,686	(80,600)	429,095	(76,613)
Income tax credit/(expense)	341,851	(84,715)	375,723	(78,565)

Notes to the financial statements (continued)

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	
	2015	2014	2015	2014
Profit before income tax	(1,328,968)	361,901	(1,015,624)	971,222
Less: share of post-tax profits from associates	(280,535)	537,041	-	-
	(1,609,503)	898,942	(1,015,624)	971,222
Tax calculated at rates applicable to profits @ 35%	(563,326)	314,630	(355,468)	339,728
Tax effect of:				
Non-deductible expenses	4,830	28,352	(7,234)	20,199
Income taxed at a lower rate	-	23,295	(3,695)	-
Under/(over) recognition in prior years	2,617	(507)	155	(507)
Income not subject to tax	214,028	(281,055)	(9,481)	(281,055)
	(341,851)	84,715	(375,723)	78,565

Tax movement in the statement of financial position

	Group		Company	
	2015	2014	2015	2014
Opening balance 1 April	87,838	98,131	91,780	99,621
Reversal of prior year over-provision	-	3,045	-	127
Charge for the year	53,834	2,109	53,372	1,952
Tax paid	(11,241)	(15,447)	(11,241)	(9,920)
Closing balance 31 March	130,431	87,838	133,911	91,780

13 Earnings per share

See accounting policies in note 39(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

	2015	2014
(Loss)/profit attributable to owners of the Company	(987,117)	277,186
Weighted average number of shares in issue	160,800	87,884
Basic earnings per share	(6.14)	3.08

Company

	2015	2014
(Loss)/profit attributable to owners of the Company	(639,901)	897,657
Weighted average number of shares in issue	160,800	89,884
Basic earnings per share	(3.98)	9.93



Notes to the financial statements (continued)

In thousands of kwacha

13 Earnings per share (continued)

See accounting policies in note 39 (n)

(b) Diluted earnings per share

There were no potentially dilutive shares outstanding at 31 March 2015 (2014: nil). Diluted earnings per share are therefore the same as basic earnings per share.

(c) Weighted average number of shares

	2015	2014
Opening balance at 1 April	160,800	89,296
Weighted number of shares in issue	-	588
Closing balance at 31 March 2015	160,800	89,884

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

The dividend declared during the year amounted to K1.56 per share and totalled K 251 million (2014: Nil), and was approved on the 7th of October 2014.

Notes to the financial statements (continued)

In thousands of kwacha

15 Property, plant and equipment
See accounting policies in note 39(d)

Reconciliation of carrying amount

Group	Property	Plant, equipment, furniture and vehi- cles	Vertical and rota- ry kicks	Motor vehicles plant and machinery	Work in progress	Total
Cost or revaluation						
Balance at 1 April 2013	14,321	13,167	57,234	98,676	365,242	548,640
Additions	-	7,745	-	932	168,629	177,306
Disposals	(710)	(3,285)	-	(6,210)	-	(10,205)
Impairment	-	(315)	-	(107)	(29)	(451)
Transfers	211	1,130	5,346	7,839	(14,526)	-
Balance at 31 March 2014	13,822	18,442	62,580	101,130	519,316	715,290
Balance at 1 April 2014	13,822	18,442	62,580	101,130	519,316	715,290
Additions	477	2,691	-	4,133	148,125	155,426
Disposals	-	-	-	(275)	-	(275)
Impairment	-	(21)	-	-	(987)	(1,008)
Transfers	2,055	148	10,173	9,274	(21,650)	-
Transfer to intangible assets (note 16)	-	-	-	-	(296)	(296)
Revaluation	8,772	-	-	-	-	8,772
Balance at 31 March 2015	25,126	21,260	72,753	114,262	644,493	877,909
Accumulated depreciation and impairment losses						
At 1 April 2013	1,817	6,930	14,987	43,620	-	67,354
Charge for the year	454	2,080	4,500	10,529	-	17,563
Disposals	(710)	(19)	-	(2,068)	-	(2,797)
Balance at 31 March 2014	1,561	8,991	19,487	52,081	-	82,120
Balance at 1 April 2014	1,561	8,991	19,487	52,081	-	82,120
Charge for the year	744	2,747	5,376	12,098	-	20,965
Disposals	-	-	-	(275)	-	(275)
Depreciation write-back on revaluation	(517)	-	-	-	-	(517)
Balance at 31 March 2015	1,788	11,738	24,863	63,904	-	102,293
Carrying amounts						
Balance at 31 March 2014	12,261	9,451	43,093	49,049	519,316	633,170
Balance at 31 March 2015	23,338	9,522	47,890	50,358	644,493	775,616

Notes to the financial statements (*continued*)

In thousands of kwacha

15 Property, plant and equipment (*continued*)

Revaluations

Buildings were last revalued on 31 March 2015, 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 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 K1.4 million (2014: K1.5million) had it been measured using the cost model.

Leased plant and equipment

The Group leases motor vehicles under a number of finance leases. At 31 March 2015, the net carrying amount of the leased assets was K12.65 million (2014: K13.3 million). The underlying assets are held as security for the finance lease obligations. Other assets amounting to K741.3 million have a fixed and floating charge due to the US\$ 27.6 million loan from standard Bank of South Africa, in respect of this loan advanced Ndola Lime. The leases provide the group with an option to buy the motor vehicles at a beneficial price.

Borrowing costs

The group is constructing the Ndola Lime vertical Kiln (VK – 2). Borrowing costs included in property, plant and equipment during the year amounted to K51 million (2014: K41 million) in respect of the construction works.

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 the local and export markets. Work in progress is not depreciated. The new kiln is targeted to be commissioned at the end of March 2016 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 K35.6 million (2014: K32.5 million).

Impaired loss

The Group tested plant, equipment, furniture and vehicles for impairment and recognised an impairment loss of K1 million. Management considers it possible to impair the assets because these were not in use as at 31 March 2015.

Notes to the financial statements (continued)

In thousands of kwacha

15 Property, plant and equipment (continued)

Reconciliation of carrying amount

Company	Property	Equipment, furniture and fittings	Motor vehicles	Work in progress	Total
Cost or revaluation					
Balance at 1 April 2013	6,125	5,425	6,761	-	18,311
Additions	-	2,794	932	3,319	7,045
Disposal	(710)	(3,278)	(3,469)	-	(7,457)
Balance at 31 March 2014	5,415	4,941	4,224	3,319	17,899
Balance at 1 April 2014	5,415	4,941	4,224	3,319	17,899
Additions	477	273	4,133	-	4,883
Transfers	2,036	-	-	(2,036)	-
Transfer to intangible assets (note 16)	-	-	-	(296)	(296)
Revaluation	8,772	-	-	-	8,772
Impairment	-	-	-	(987)	(987)
Balance at 31 March 2015	16,700	5,214	8,357	-	30,271
Accumulated depreciation and impairment losses					
Balance at 1 April 2013	806	3,364	4,509	-	8,679
Charge for the year	62	507	652	-	1,221
Disposals	(710)	(405)	(2,068)	-	(3,183)
Balance at 31 March 2014	158	3,466	3,093	-	6,717
Balance at 1 April 2014	158	3,466	3,093	-	6,717
Charge for the year	359	559	849	-	1,767
Depreciation write back	(517)	-	-	-	(517)
Balance at 31 March 2015	-	4,025	3,942	-	7,967
Carrying amount					
Balance at 31 March 2014	5,257	1,475	1,131	3,319	11,182
Balance at 31 March 2015	16,700	1,189	4,415	-	22,304

Revaluation

Buildings were last revalued on 31 March 2015, 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 register showing the details of property, as required by section 103 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 K1.4 million (2014: K1.5 million had it been measured using the costs model).

Leased plant and equipment

The Company leased a motor vehicle under a finance lease. As at 31 March 2015, the net carrying amount of the leased motor vehicle was K0.6 million (2014: K0.82 million). The leased motor vehicles secure the lease obligations. The leases provide the group with the option to buy the motor vehicles at a beneficial price.

Fully depreciated assets

Included in cost of property, plant and equipment are fully depreciated assets amounting to K5.8 million (2014: K4.9 million).

Notes to the financial statements (continued)

In thousands of kwacha

16 Intangible assets (computer software)

See accounting policies in note 39 (f)

Reconciliation of carrying amount Cost

	Group	Company
Balance at 1 April 2013	1,069	1,069
Additions	772	496
Transfers from property, plant and equipment (note 15)	(340)	(340)
Balance at 31 March 2014	1,501	1,225
Balance at 1 April 2014	1,501	1,225
Additions	199	127
Transfer from property, plant and equipment (noted 15)	296	296
Balance at 31 March 2015	1,996	1,648
Amortisation		
Balance at 1 April 2013	570	570
Amortisation	207	123
Disposal	(123)	(123)
Balance at 31 March 2014	654	570
Balance at 1 April 2014	654	570
Amortisation	312	218
Balance at 31 March 2015	966	788
Carrying amount		
Balance at 31 March 2014	847	655
Balance at 31 March 2015	1,030	860

17 Investment property

See accounting policies in note 39 (e)

(a) Reconciliation of carrying amounts

	Group and Company	
	2015	2014
Balance at 1 April	11,330	9,320
Change in fair value (note 7)	3,670	2,010
Balance at 31 March	15,000	11,330

Leases as lessee

The Group leases out its investment 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 (2014: Nil).

Amount recognised in profit or loss

During 2015, investment property rentals of K0.398 million (2014: K0.3 million) were included in other income (see note 7). Maintenance expenses incurred during the year were K0.2 million (2014: Nil).

Notes to the financial statements (continued)

In thousands of kwacha

17 Investment property (continued)

(b) Measurement of fair value 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 provided the fair value of the Group's investment property portfolio annually.

The fair value measurement for investment property of ZMW 15 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 40 (e)).

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 2014	11,330
Gain included in 'other income'	
Changes in fair value (unrealised)	3,670
Balance at 31 March 2015	15,000

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 rental growth (2-3% weighted average 2.6%) (i) Void period (average 6 months after the end of each lease). (ii) Occupancy rate (96 – 95%). (iii) Rent free periods (3 month period on new lease). (iv) Risk adjustment discount rates (5 – 6.3% weighted average 5.8%)	The estimated fair value would increase (decrease) if: (i) Expected market rental growth were higher (lower). (ii) Void periods were shorter (longer). (iii) The occupancy rate were higher (lower). (iv) Rent – free periods were shorter (longer). (v) The risk – adjustments discount rate were lower (higher).

Notes to the financial statements (continued)

In thousands of kwacha

17 Investment property (continued)

(d) 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 39(a (iii))

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

	Country of incorporation	% Interest held	2015	Company 2014
Ndola Lime Company Limited	Zambia	100	157,120	400,725
Misenge Environmental and Technical Services	Zambia	100	225	225
Mawe Exploration and Technical Services Limited (i)	Zambia	100	5	5
Nkandabwe Coal Mines Limited (ii)	Zambia	100	5	5
Impairment loss			(235)	(235)
			157,120	400,725

The board resolved to dissolve two of its subsidiaries, Nkandabwe Coal Mine Limited and Mawe Exploration and Technical Services Limited.

(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 commenced trading on 13 February 2014, following incorporation on 2 April 2013.

On 24th March 2015, the Board resolved to dissolve Mawe as its expenses had grown significantly and ZCCM - IH's income could not sustain funding of Mawe.



Notes to the financial statements (continued)

In thousands of kwacha

18 Investment in subsidiaries (continued)

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

ZCCM-IH transferred the functions that were to be performed by Mawe into a Technical Directorate within the ZCCM-IH. This decision was aimed at making cost effective operations in this regard.

(ii) Nkandabwe Coal Mines Limited

In February 2014, 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. This was done by means of handing over the mining license to ZCCM-IH. ZCCM – IH then completed the legal formalities took taken ownership of the Coal Mine under the name Nkandabwe Coal Mines Limited.

Nkandabwe Coal Mines Limited was incorporated on 03 May 2014, 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 was under care and maintenance. In March 2015, GRZ withdrew the mining licenses from ZCCM-IH and handed them back to Collum Coal Mine.

(a) Reconciliation of carrying amounts

	Company	
	2015	2014
Balance at 1 April	400,725	398,421
Additions	474	10
Change in fair value (note 28)	(244,079)	2,294
Balance at 31 March	157,120	400,725

(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 K157.1 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 table under (a) shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

Notes to the financial statements (continued)
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	<p><i>Discounted cash flows:</i></p> <p>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.</p>	<ul style="list-style-type: none"> • <i>Target capital structure</i> Debt to total capitalisation (60%). Equity to total capitalisation (40%) • <i>Cost of debt</i> Cost of debt (5.7%) Effective tax rate (30%) After tax cost of debt (4%) • <i>Cost of Equity</i> Risk free rate (20.5%) Market risk premium (1.8%) Levered beta 2.29 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Equity to total capitalisation were higher (lower) • Cost of debt were lower (higher) • The cost of equity were higher (lower).
Nkandabwe Coal Mine Limited Mawe Exploration and Technical Services Misenge Environmental and Technical Services	No fair value has been determined for these entities. As they are loss-making, fair value deemed not to be more than net book value.	N/A	N/A

Notes to the financial statements (continued)

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						
Terminal Growth Rate Over the Life of Mine						
		4.50%	5.00%	5.50%	6.00%	6.50%
WACC	2.30%	1,615,272	1,808,918	2,024,844	2,265,779	2,534,792
	7.30%	499,675	566,427	639,828	720,627	809,660
	12.30%	99,094	126,953	157,120	189,828	225,335
	17.30%	- 75,137	- 61,263	- 46,457	- 30,637	- 13,714
	22.30%	- 164,754	- 156,752	- 148,316	- 139,415	- 130,011

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) (2014:K252.4 Million) to K720.6 million (2014:K651.4 million) with the calculated equity value being K157.1 million (2014:K400.7 million).

19 Investment in associates

See accounting policies in note 39 (a(v))

(a) Reconciliation of carrying amounts

	Group		Company	
	2015	2014	2015	2014
Balance at 1 April	5,300,536	4,747,079	5,248,535	4,809,612
Share of profit	321,093	258,404	-	-
Dividend received	(40,558)	(795,445)	-	-
Additions	281,461	77,500	281,461	77,500
Impairment	(573,806)	-	-	-
Change in fair value	-	-	(1,742,580)	361,423
Currency translation adjustment	597,689	1,012,998	-	-
Balance at 31 March	5,886,415	5,300,536	3,787,416	5,248,535

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.

The decline in the fair value of associates in the 2015 year is largely due to the economic environment in the period, where the copper price has significantly declined and a number of the associates faced financial difficulties.

Notes to the financial statements (continued)

In thousands of Kwacha

19 Investment in associates (continued)

(a) Reconciliation of carrying amounts (continued)

The addition of K281 million is due to conversion into equity of a loan due from Maamba Collieries Limited.

The group has the following associates which are equity accounted:

Name	Nature of relationship	Principal place of business	Ownership interest	Fair value of ownership interest
Konkola Copper Mines Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20.6%	N/A
Kansanshi Mining Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	N/A
Copperbelt Energy Corporation Plc	Strategic way of promoting Zambian participation in the power and energy sector	Zambia	20%	K204,750
CNMC Luanshya	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	N/A
Kariba Minerals	Strategic way of promoting Zambian participation in the mining sector	Zambia	50%	N/A
Maamba Collieries Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	35%	N/A
Lubambe Copper Mines Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	N/A

Notes to the financial statements (continued)
In thousands of Kwacha

19 Investment in associates (continued)

Investment in associates analysis

Group

Summary of financial information for material equity accounted investees.

	Accounting year end	Country of incorporation	% Interest	Assets	Liabilities	Revenues	Profit/ (loss)	Share of profit/ (loss)	Dividend received	Share of associate profit/ (loss)
2015										
Konkola Copper Mines Plc	31 March	Zambia	20.6	18,931,175	13,342,728	7,005,889	(1,243,641)	(256,190)	-	(256,190)
Kansanshi Mining Plc	31 December	Zambia	20	32,383,444	8,290,400	10,204,369	4,169,555	833,910	22,581	811,329
Copperbelt Energy Corporation Plc	31 December	Zambia	20	7,273,578	4,821,616	4,339,887	(1,283,137)	(256,627)	17,977	(274,604)
CNMC Luanshya	31 December	Zambia	20	5,249,518	5,278,177	1,741,078	72,238	-	-	-
Kariba Minerals	30 June	Zambia	50	13,838	52,951	11,067	62	-	-	-
Maamba Collieries Limited	31 March	Zambia	35	2,675,644	2,555,865	94,499	(503,036)	-	-	-
Lubambe Copper Mines Limited	30 June	Zambia	20	4,971,149	4,879,645	1,071,379	(539,228)	-	-	-
								321,093	40,558	280,535
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 December	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 Limited	31 March	Zambia	35	1,787,745	955,164	77,212	(80,835)	(28,292)	-	(28,292)
Lubambe Copper Mines Limited (Konkono)	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)

Share of profits are net of dividends received. Where the equity accounted value is zero, no further losses are recognised by ZCCM-IH as there is no obligation to settle any liabilities.

Notes to the financial statements (continued)

In thousands of Kwacha

19 Investment in associates (continued)

Company

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

		2015	2014
Copperbelt Energy Corporation Plc	b(i)	204,750	227,500
Kansanshi Mining Plc	b(ii)	2,642,952	4,077,881
Konkola Copper Mines Plc	b(iii)	577,414	605,119
Lubambe Copper Mine Limited	b(iv)	65,115	76,935
Maamba Collieries Limited	b(v)	255,598	221,726
Kariba Minerals Limited	b(vi)	-	1,297
CNMC Luanshya Copper Mines Plc	b(vii)	41,587	38,077
		3,787,416	5,248,535

(b) Measurement of fair value

Fair value hierarchy

The fair value for the Company's investment in associates was determined by Imara Finance Corporate, an 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 K3.8 billion has been categorised as a level 3 fair value based on the inputs to the valuation technique used (see Note 4(b)). For Copperbelt Energy Corporation Plc, K 0.205 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.

2015	Level 1	Level 3	Total
Balance at 1 April	227,500	5,021,035	5,248,535
Addition	-	281,461	281,461
Change in fair value	(22,750)	(1,718,830)	(1,742,580)
Balance at 31 March	204,750	3,583,666	3,787,416
2014			
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

Notes to the financial statements (continued)
for the year ended 31 March 2015
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
<ul style="list-style-type: none"> Kansanshi Mining Konkola Copper Mines CNMC Luanshya Kariba Minerals Maamba Collieries 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.	<ul style="list-style-type: none"> Target capital structure Debt to total capitalisation (20.6% - 84.8%). Equity to total capitalisation (15.2% - 79.4%) Cost of debt Cost of debt (2.6% - 31.3%) Effective tax rate (30%) After tax cost of debt (1.4% - 20.4%) Cost of equity Risk free debt (20.5%) Market risk premium (1.8%) Levered beta (0.34 - 4.72). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Equity to total capitalisation were higher (lower) Cost of debt were lower (higher) The cost of equity were higher (lower).



Notes to the financial statements (continued)

In thousands of Kwacha

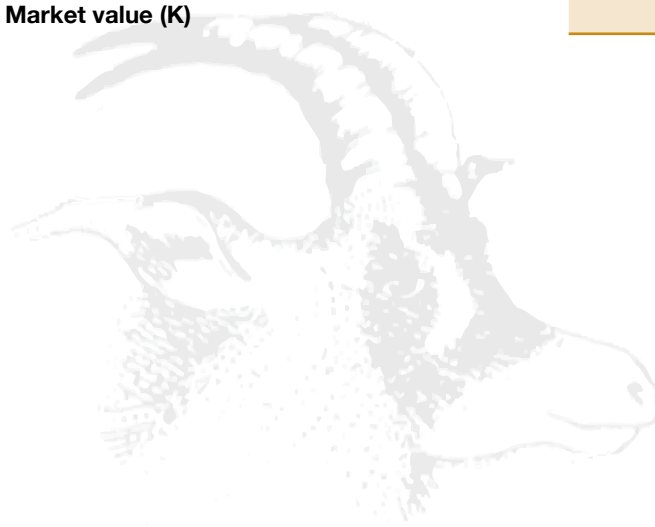
19 Investment in associates (continued)

(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:

Details	2015	2014
	Mark to market	
Spot price per share at 31 March (K)	0.63	0.7
Number of issued shares	325,000,115	325,000,115
Market value (K)	204,750	227,500



Notes to the financial statements (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:

2015

Equity Value Sensitivity Analysis						
Growth Rate Over the Remaining Life of Mine						
WACC		13.00%	14.00%	15.00%	16.00%	17.00%
	8.30%	3,273,447	3,371,538	3,473,900	3,580,710	3,692,149
	13.30%	2,842,662	2,918,316	2,997,148	3,079,284	3,164,857
	18.30%	2,521,656	2,581,102	2,642,952	2,707,299	2,774,242
	23.30%	2,277,679	2,325,194	2,374,555	2,425,834	2,479,106
	28.30%	2,088,849	2,127,427	2,167,446	2,208,959	2,252,022

2014

Equity Value Sensitivity Analysis (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 K2, 325 million (K3,704 million) to K3, 079 million (K4, 581 million) with the calculated equity value being K2, 643 million (K4, 078 million).

Notes to the financial statements (continued)

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 Copper 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:

2015

Equity Value Sensitivity Analysis						
Growth Rate Over the Remaining Life of Mine						
		4.50%	5.00%	5.50%	6.00%	6.50%
WACC	8.80%	685,510	751,120	821,279	896,343	977,168
	9.80%	572,068	629,357	690,521	755,857	825,683
	10.80%	473,623	523,862	577,414	634,526	695,468
	11.80%	387,816	432,062	479,148	529,284	582,697
	12.80%	312,706	351,836	393,409	437,605	484,614

2014

Equity Value Sensitivity Analysis (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 K432.06 million (2014: K491 million) to K755.86 million (2014: K751 million) with the calculated equity value being K577.41 million (2014: K605 million).

Notes to the financial statements (continued)

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 Mine 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:

2015

Equity Value Sensitivity Analysis						
Growth Rate Over the Remaining Life of Mine						
WACC		4.50%	5.00%	5.50%	6.00%	6.50%
	4.60%	229,249	282,051	339,594	402,349	470,836
	6.10%	98,846	139,547	183,750	231,796	284,055
	7.60%	- 1,118	30,691	65,115	102,402	142,822
	9.10%	- 78,820	- 53,621	- 26,448	2,881	34,564
	10.60%	- 140,046	- 119,818	- 98,084	- 74,707	- 49,541

2014

Equity Value Sensitivity Analysis (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 K0.00 million (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2014:K27.16 million) to K231.80 million (2014:K 145.99 million) with the calculated equity value being K65.12 million (2014: K76.94 million).

Notes to the financial statements (continued)

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:

2015

Equity Value Sensitivity Analysis						
Growth Rate Over the Remaining Life of Mine						
		4.50%	5.00%	5.50%	6.00%	6.50%
WACC	11.30%	2,100,321.01	2,302,026.58	2,538,750.04	2,820,475.62	3,161,383.12
	16.30%	744,129.85	798,200	857,295	922,147	993,645.91
	21.30%	209,789.23	231,989	255,598	280,754	307,614.09
	26.30%	- 70,099.43	- 58,974	- 47,312	- 35,075	- 22,216.82
	31.30%	- 238,814.91	- 232,543	- 226,029	- 219,258	- 212,211.57

2014

Equity Value Sensitivity Analysis (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 K0.00 million (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2014: K12.71 million) to K922.15 million (2014: K586.04 million) with the calculated equity value being K255.60 million (2014: K221.73 million).



Notes to the financial statements (continued)

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

The equity value is K0.00 million (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2014: K1.3 million).

2014

Equity Value Sensitivity Analysis (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

Notes to the financial statements (continued)

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 Copper Mines Plc

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

Equity Value Sensitivity Analysis						
Earnings						
		1,827	2,827	3,827	4,827	5,827
Earnings Multiple	3.965037	8,782	13,587	18,393	23,199	28,005
	6.465037	14,318	22,154	29,990	37,827	45,663
	8.965037	19,855	30,721	41,587	52,454	63,320
	11.465037	25,392	39,288	53,185	67,081	80,978
	13.965037	30,929	47,855	64,782	81,709	98,635

2014

Equity Value Sensitivity Analysis (K'000)						
Earnings After Taxation						
Earnings Multiple		2,932	3,007	3,085	3,162	3,240
	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 K22.15 million (2014:K47.65 million) to K67.08 million (2014: K28 million) with the calculated enterprise value being K41.59 million (2014: K38.08 million).

Notes to the financial statements (continued)

In thousands of Kwacha

20 Financial assets at fair value through profit or loss

See accounting policies in note 39 (c(ii))

(a) Reconciliation of carrying amounts

	Group and Company	
	2015	2014
Balance at 1 April	348,110	406,591
Addition	-	500
Changes in fair value	(57,881)	(58,981)
Balance at 31 March	290,229	348,110

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

	Group and Company	
	2015	2014
<i>Unlisted equities – at fair value</i>		
- Equity securities in Zambia	283,553	341,434
<i>Listed securities – at fair value</i>		
- Equity securities – Investrust Bank Limited	6,676	6,676
	290,229	348,110

		2015	2014
Investrust Bank Limited	b(i)	6,676	6,676
Mopani Copper Mines Plc	b(ii)	229,805	212,155
Chibuluma Mines Plc	b(iii)	24,106	20,423
Chambishi Metals Plc	b(iv)	-	3,524
NFC Africa Mines Plc	b(v)	29,642	105,332
		290,229	348,110

(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 K283.553million 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)

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.

2015	Level 1	Level 3	Total
Balance at 1 April	6,676	341,434	348,110
Change in fair value	-	(57,881)	(57,881)
Balance at 31 March	6,676	283,553	290,229
2014			
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

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:

	2015	2014
Details		
Spot price per share at 31 March (K)	13.5	13.5
Number of shares held	494,514	494,514
Market value (K 000)	6,676	6,676

Notes to the financial statements (continued)
for the year ended 31 March 2015
In thousands of Kwacha

20 Financial asset 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 unobservable inputs and fair value measurement
<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Target capital structure Debt to total capitalisation (19.5% - 60%). Equity to total capitalisation (40% - 80.5%) Cost of debt Cost of debt (2.1% - 5.6%) Tax rate (30%-45.6%). After tax cost of debt (1.5% - 3.0%). Cost of equity Risk free rate (20.5%) Market risk premium (1.8%) Levered beta (0.95 – 1.45). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> 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 2015

In thousands of Kwacha

20 Financial asset 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	<ul style="list-style-type: none"> Earnings before interest, tax, depreciation and amortisation (EBITDA) EBITDA Multiple 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> EBITDA were higher (lower) EBITDA multiple were higher (lower)

Notes to the financial statements (continued)

In thousands of Kwacha

20 Financial asset 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 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:

2015

Equity Value Sensitivity Analysis						
Growth Rate for the Remaining Life of Mine						
		4.50%	5.00%	5.50%	6.00%	6.50%
WACC	7.70%	535,549	557,112	579,552	602,905	627,210
	9.20%	352,075	368,598	385,779	403,646	422,226
	10.70%	203,834	216,572	229,805	243,556	257,845
	12.20%	82,889	92,764	103,016	113,661	124,713
	13.70%	- 16,724	- 9,024	- 1,036	7,250	15,847

2014

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 K92.76 million (2014: K94.35 million) to K403.65 million (2014: K 361.29 million) with the calculated equity value being K229.81 million (2014: K212.16 million).

Notes to the financial statements (continued)

In thousands of Kwacha

20 Financial asset 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:

2015

Equity Value Sensitivity Analysis						
Growth Rate for the Remaining Life of Mine						
		-1.00%	-0.50%	0.00%	0.50%	1.00%
WACC	15.50%	27,026	27,043	27,061	27,078	27,095
	17.00%	25,500	25,515	25,532	25,548	25,564
	18.50%	24,076	24,091	24,106	24,121	24,135
	20.00%	22,747	22,761	22,775	22,788	22,802
	21.50%	21,505	21,517	21,531	21,544	21,556

2014

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 K22.76 million (2014: K19.23 million) to K25.55million (2014: K21.69 million) with the calculated equity value being K24.11 million (2014: K20.42 million).

Notes to the financial statements (continued)

In thousands of Kwacha

20 Financial asset 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

The equity value is K0.00 million (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2014: K3.52 million)

(v) NFC Africa Mines Plc

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

2015

Equity Value Sensitivity Analysis						
Earnings						
		1,637	2,637	3,637	4,637	5,637
Earnings Multiple	3.965037	5,901	9,505	13,110	16,714	20,318
	6.465037	9,621	15,499	21,376	27,253	33,130
	8.965037	13,342	21,492	29,642	37,791	45,941
	11.465037	17,062	27,485	37,908	48,330	58,753
	13.965037	20,783	33,478	46,173	58,868	71,563

2014

		EBITDA	Equity Value (K'000)			
EBITDA						
		28,198	28,921	29,662	80,403	31,164
EBITDA	4.85	38,900	42,409	46,008	49,606	53,295
Multiple	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 K15.50 million (2014: K71.33million) to K48.33 million (2014: K129.17 million) with the calculated equity value being K29.64 million (2014: K105.33 million).

Notes to the financial statements (continued)

In thousands of Kwacha

21 Inventories

See accounting policy in note 39 (g)

	Group	
	2015	2014
Finished goods	53,097	24,220

22 Trade and other receivables

See accounting policy in note 39 (c(ii))

	Group		Company	
	2015	2014	2015	2014
Trade receivables	33,042	19,881	-	-
Dividend receivable	78,066	705,145	78,066	705,145
Other receivables *	87,293	72,658	67,534	67,189
Amounts due from related parties (note 33(iv))	917,285	724,930	1,495,122	1,084,295
Price participation receivable (see note below)	729,575	564,777	729,575	564,777
	1,845,261	2,087,391	2,370,297	2,421,406
Less: allowance for impairment (note 36 (iii))	(1,566,425)	(66,606)	(1,624,540)	(65,506)
	278,836	2,020,785	745,757	2,355,900

	Group		Company	
	2015	2014	2015	2014
Current	78,551	1,859,236	251,921	1,968,638
Non-current	200,285	161,549	493,836	387,262
	278,836	2,020,785	745,757	2,355,900

Other receivables analysis

	Group		Company	
	2015	2014	2015	2014
Government receivables	8,920	8,920	8,920	8,920
Staff receivables	2,181	6,915	2,181	1,481
Sundry debtors	76,192	56,823	56,433	56,788
	87,293	72,658	67,534	67,189

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

Price participation receivable

	Group	Company
	2015	2014
Opening balance	564,777	552,701
Adjustment	-	(4,305)
Unwinding of discount	23,240	(35,431)
Payment received	(7,575)	(35,188)
Interest on KCM price participation receivables	21,872	10,067
Exchange gains	127,261	76,933
	729,575	564,777



Notes to the financial statements (continued)

In thousands of Kwacha

22 Trade and other receivables (continued)

The price participation debt mainly relates to the KCM outstanding amount of K719 million (2014: K544.8 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 2012 and ending on 30 September 2016.

The receivable recognised at K719 million (US\$94.9 million) has been fully impaired as at 31 March 2015

23 Held to maturity investment securities

See accounting policy in note 39 (c(ii))

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

	Group and Company	
	2015	2014
Balance at 1 April	108,623	102,006
Matured during the year	(108,623)	(102,006)
Additions	514,007	108,623
Balance at 31 March	514,007	108,623

The above investments mature within one (1) year.

24 Cash and cash equivalents

See accounting policy in note 39 (c(ii))

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

	Group		Company	
	2015	2014	2015	2014
Cash and bank balances	43,782	274,363	25,920	266,950

25 Trade and other payables

See accounting policy in note 39 (c(ii))

	Group		Company	
	2015	2014	2015	2014
Trade payables	21,701	61,225	-	-
Statutory liabilities	117,216	12,081	12,081	12,081
Other payables and accrued expenses *	47,382	94,106	25,780	22,618
	186,299	167,412	37,861	34,699

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	
	2015	2014	2015	2014
Staff payables	11,634	4,418	4,881	4,418
Sundry payables	18,449	15,263	17,747	15,263
Accrued expenses	17,299	74,425	3,152	2,937
	47,382	94,106	25,780	22,618

Notes to the financial statements (continued)

In thousands of Kwacha

26 Provisions

See accounting policy in note 39 (j)

	Group		Company	
	2015	2014	2015	2014
Provisions for legal cases	95,144	73,250	95,144	73,250
Provisions – others	3,394	22,363	3,394	22,363
	98,538	95,613	98,538	95,613
Legal provision				
Opening balance	73,250	69,969	73,250	69,969
Additional provision during the year	24,741	11,774	24,741	11,774
Amounts used during the year	(2,847)	(8,493)	(2,847)	(8,493)
Closing balance	95,144	73,250	95,144	73,250

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

Provision others mainly relates to service fees of K2.4 million.

27 Share capital

See accounting policy in note 39 (c (iii))

	Group and Company					
	Class A shares		Class B shares		Total	
	2015	2014	2015	2014	2015	2014
In issue at 1 April	969	538	639	355	1,608	893
Issued for cash	-	-	-	90	-	90
Issued in debt settlement agreement	-	431	-	194	-	625
Balance	969	969	639	639	1,608	1,608

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) *Share premium*

	Class A shares		Class B shares		Total	
	2015	2014	2015	2014	2015	2014
In issue at 1 April	1,259,407	-	829,936	-	2,089,343	-
Issued for cash	-	-	-	260,670	-	260,670
Issued in debt settlement agreement	-	1,259,407	-	569,265	-	1,828,673
Balance	1,259,407	1,259,407	829,936	829,935	2,089,343	2,089,343



Notes to the financial statements (continued)

In thousands of Kwacha

27 Share capital (continued)

(iii) Number of shares

In thousands of shares

	Class A shares		Class B shares		Total shares	
	2015	2014	2015	2014	2015	2014
In issue at 1 April	96,927	53,826	63,874	35,471	160,800	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	96,927	63,874	63,874	160,800	160,800
Authorised – par value K0.01	120,000	120,000	80,000	80,000	200,000	200,000

28 Reserves

(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.

Notes to the financial statements (continued)

In thousands of Kwacha

28 Reserves (continued)

(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 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 fair value change on subsidiaries	-	(803)	(803)
Change in fair value of available-for-sale investments in associates	-	361,423	361,423
Deferred tax on fair value change of investments in equity accounted investees	-	(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
Balance at 1 April 2014	5,406	3,196,966	3,202,372
Revaluation of property, plant and equipment	9,289	-	9,289
Deferred tax on revaluation	(3,251)	-	(3,251)
Change in fair value of available-for-sale investments in subsidiaries	-	(244,079)	(244,079)
Deferred tax on fair value change on subsidiaries	-	85,428	85,428
Change in fair value of available-for-sale investments in equity accounted investees	-	(1,742,580)	(1,742,580)
Deferred tax on fair value change on investments in associates	-	609,903	609,903
Balance at 31 March 2015	11,444	1,905,638	1,917,082

(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 39 (c(ii))).

Notes to the financial statements (continued)

In thousands of Kwacha

29 Borrowings

See accounting policy in note 39 (c (i) and (ii))

	Group		Company	
	2015	2014	2015	2014
Non-current liabilities				
Bank borrowings (29 (i))	192,385	105,125	-	-
Other borrowings from related parties (note 29 (iii) and 33)	-	18,782	-	18,782
Loans interest rate swaps (29(ii))	1,076	-	-	-
Finance lease liabilities (note 29iv))	5,106	6,984	384	580
	198,567	130,891	384	19,362
Current				
Bank borrowings(29(i))	32,049	69,171	-	-
Other borrowings from related parties (note 33)	27,412	-	27,412	-
Loans interest rate swaps (29(ii))	2,424	6,274	-	-
Finance lease liabilities (note 29(v))	7,001	6,288	202	173
	68,886	81,733	27,614	173
	267,453	212,624	27,998	19,535

	Group		Company	
	2015	2014	2015	2014
Opening balance	212,624	1,352,820	19,535	1,169,692
Additions	2,900	11,161	-	1,200
Repayments	(3,674)	-	-	-
Exchange differences/interest	55,603	-	8,463	-
Borrowing of GRZ debt converted into equity(v)	-	(1,151,357)	-	(1,151,357)
Closing balance	267,453	212,624	27,998	19,535

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

(i) *Bank borrowings*

The loan of USD 29,621,591 (K224 million) is due to Standard Bank of South Africa by Ndola Lime Company Limited at a carrying interest of 4.75% per annum. It is repayable in 60 months which commenced 30 September 2014. The loan is secured under all leased assets held as security, ZCCM-IH completion guarantee, ECIC cover, debt service support agreement from ZCCM-IH, project accounts charge, mortgage debenture and security assignment. As at 31 March 2015, Ndola Lime Company Limited had not overdrawn on the bank account. The carrying amount of the bank borrowings approximates their fair value.

(ii) *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 Limited 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 K3.5 million (2014: K6.2 million) represent realisable losses owned by Ndola Lime arising from the interest rate swap contract maturing in 2012 and 2016 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.

Notes to the financial statements (continued)

In thousands of Kwacha

29 Borrowings (continued)

See accounting policy in Note 39(c (i) and (ii))

(iii) *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%.

(iv) *Finance lease liabilities*

Finance lease liabilities are payable as follow:

Group	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015	2014	2015	2014	2015	2014
Less than one year	7,698	7,038	697	750	7,001	6,288
Between one and five years	5,352	7,971	246	987	5,106	6,984
	13,050	15,009	943	1,737	12,107	13,272

Company	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015	2014	2015	2014	2015	2014
Less than one year	272	269	70	96	202	173
Between one and five years	431	697	47	117	384	580
	703	966	117	213	586	753

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

(v) *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

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

Notes to the financial statements (continued)

for the year ended 31 March 2015

In thousands of Kwacha

30 Deferred tax

See accounting policy in note 39 (m)

Group

Deferred tax was calculated using the enacted income tax rate of 35% (2014: 35%).

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Property plant and equipment	-	-	18,351	22,879	18,351	22,879
Property plant and equipment – revaluation	-	-	5,565	-	5,565	-
Unrealised exchange gains	-	-	155,477	15,298	155,477	15,298
Provisions for gratuity and leave pay	(681)	(567)	-	-	(681)	(567)
Other provisions	(601,663)	(74,757)	-	-	(601,663)	(74,757)
Employee provision	-	-	9,299	7,853	9,299	7,853
Change in investment property	-	-	1,988	703	1,988	703
Change on financial assets at fair value through profit or loss	-	-	102,140	122,398	102,140	122,398
Environmental provision	(33,837)	(17,316)	-	-	(33,837)	(17,316)
Hedging on specific capital borrowing	(1,250)	(4,135)	-	-	(1,250)	(4,135)
Unrealised exchange losses	(8,376)	(1,313)	-	-	(8,376)	(1,313)
Tax losses	(239)	(32,266)	-	-	(239)	(32,266)
	(646,046)	(130,354)	292,820	169,131	(353,226)	38,777

Notes to the financial statements (continued)
for the year ended 31 March 2015
In thousands of Kwacha

30 Deferred tax (continued)

Group	Balance at 31 Mar 2013	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 Mar 2014	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 Mar 2015
Movement in temporary differences during the year							
Property plant and equipment	28,680	(5,675)	(126)	22,879	(4,528)	-	18,351
Property plant and equipment – revaluation	-	-	-	-	1,848	3,717	5,565
Unrealised exchange gains	5,311	9,987	-	15,298	140,179	-	155,477
Provisions for gratuity and leave pay	(861)	294	-	(567)	(114)	-	(681)
Other provisions	(65,921)	(8,836)	-	(74,757)	(526,906)	-	(601,663)
Employee provision	(2,256)	10,429	(320)	7,853	1,481	(35)	9,299
Change in investment property	-	703	-	703	1,285	-	1,988
Change on financial assets at fair value through profit or loss	143,041	(20,643)	-	122,398	(20,258)	-	102,140
Environmental provision	(15,711)	(1,605)	-	(17,316)	(16,521)	-	(33,837)
Hedging on specific capital borrowing	-	(4,135)	-	(4,135)	2,885	-	(1,250)
Unrealised exchange losses	(2,723)	1,410	-	(1,313)	(7,063)	-	(8,376)
Tax losses	(130,937)	98,671	-	(32,266)	32,027	-	(239)
	(41,377)	80,600	(446)	38,777	(395,685)	3,682	(353,226)

Notes to the financial statements (continued)
for the year ended 31 March 2015

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	
	2015	2014	2015	2014	2015	2014
Recognised deferred tax assets and liabilities						
Property, plant and equipment	(1,607)	(105)	-	-	(1,607)	(105)
Property, plant and equipment – Revaluation	-	-	5,100	-	5,100	-
Unrealised exchange gains	-	-	153,711	15,466	153,711	15,466
Provisions for gratuity and leave pay	(714)	(601)	-	-	(714)	(601)
Change on financial assets at fair value through profit or loss	-	-	101,406	121,664	101,406	121,664
Change on investment property	-	-	1,988	703	1,988	703
Fair value change on equity accounted investment and subsidiaries	-	-	1,026,112	1,721,443	1,026,112	1,721,443
Other provisions	(603,080)	(56,430)	-	-	(603,080)	(56,430)
Employee provision	(816)	(804)	-	-	(816)	(804)
Environmental provision	(33,837)	(17,316)	-	-	(33,837)	(17,316)
Unrealised exchange losses	(7,148)	(85)	-	-	(7,148)	(85)
Tax losses	-	(21,610)	-	-	-	(21,610)
	(647,202)	(96,951)	1,288,317	1,859,276	641,115	1,762,325

Notes to the financial statements (continued)

for the year ended 31 March 2015

In thousands of Kwacha

30 Deferred tax (continued)

Company (continued)

	Balance 1 April 2013	Recognised in profit or loss	Recognised in equity	Balance 31 March 2014	Rec- ognised in profit or loss	Rec- ognised in equity	Balance 31 March 2015
Movement in temporary differences during the year							
Property, plant and equipment	(1,560)	(394)		(1,954)	347	-	(1,607)
Property, plant and equipment – Revaluation	1,975	-	(126)	1,849	-	3,251	5,100
Unrealised exchange gains	5,479	9,987	-	15,466	138,245	-	153,711
Provision for gratuity and leave pay	(895)	294	-	(601)	(113)	-	(714)
Change in financial assets at fair value through profit or loss	142,307	(20,643)	-	121,664	(20,258)	-	101,406
Change in investment property	-	703	-	703	1,285	-	1,988
Fair value change on investments in subsidiaries	139,023	-	803	139,826	-	(85,428)	54,398
Fair value change on investments in associates	1,455,119	-	126,498	1,581,617	-	(609,903)	971,714
Other provisions	(45,333)	(11,097)	-	(56,430)	(546,650)	-	(603,080)
Employee provision	(976)	492	(320)	(804)	23	(35)	(816)
Environmental provision	(15,711)	(1,605)	-	(17,316)	(16,521)	-	(33,837)
Unrealised exchange losses	-	(85)	-	(85)	(7,063)	-	(7,148)
Tax losses	(120,571)	98,961	-	(21,610)	21,610	-	-
	1,558,857	76,613	126,855	1,762,325	(429,095)	(692,115)	641,115

Notes to the financial statements (continued)

In thousands of Kwacha

31 Retirement benefits

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

	Group		Company	
	2015	2014	2015	2014
Present value of unfunded obligations	50,330	55,153	2,334	2,297

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

	Group		Company	
	2015	2014	2015	2014
Balance at 1 April	55,153	61,820	2,297	2,790
Charge for the period	833	1,647	833	1,647
Payments during the period	(5,656)	(8,314)	(796)	(2,140)
Balance at 31 March	50,330	55,153	2,334	2,297
Non-current liability	2,334	2,297	2,334	2,297
Current liability	47,996	52,856	-	-
	50,330	55,153	2,334	2,297

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

	Group		Company	
	2015	2014	2015	2014
Current service cost	389	414	389	414
Interest cost	343	320	343	320
Total employee benefit expense	732	734	732	734

	Group		Company	
	2015	2014	2015	2014
Charge to profit or loss (note 10)	732	734	732	734
Charge to other comprehensive income	101	913	101	913
Total, included in employee benefit expense	833	1,647	833	1,647

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 there 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:

	2015	2014
▪ Discount rate	21.5%	17.9%
▪ Future salary increases	17.3%	14.1%

Notes to the financial statements (continued)

In thousands of Kwacha

31 Retirement benefits (continued)

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 March 2015.

Historical information

	2015	2014	2013	2012
Group				
Present value of defined benefit obligation	50,330	55,153	61,820	47,873
Company				
Present value of defined benefit obligation	2,334	2,297	2,790	4,670

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)	2,334	2,173

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 2015 was approximately 6.5 years .

Notes to the financial statements (continued)

In thousands of Kwacha

32 Provisions for environmental rehabilitation

See accounting policy in Note 39 (j)

	Group		Company	
	2015	2014	2015	2014
Balance at 1 April	59,835	61,713	49,473	44,853
Over/ under provision in prior years	-	(6,498)	-	-
Charge for the year	50,233	8,159	49,043	8,159
Amount paid	(1,840)	(3,539)	(1,840)	(3,539)
Balance at 31 March	108,228	59,835	96,676	49,473
Current liability	62,430	15,482	62,430	15,482
Non-current liability	45,798	44,353	34,246	33,991
	108,228	59,835	96,676	49,473

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 is expected to make contributions to the Environmental Protection Fund, controlled by the Department of Mines and Mineral Development. No payment has been made into the Environmental Protection Fund for the years ended 31 March 2015 and 31 March 2014 respectively.

The valuation for the environmental restoration provision at 31 March 2015 was performed by the directors using their professional judgment and the assumptions applied by the independent expert in calculating the provision for the year ended 31 March 2015.

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 2.31 % (2014:3.4%) and an inflation rate of -0.10% (2014:1.5%) being the US Dollar inflation rate. The liability for restoration, rehabilitation and environmental obligations for Group and Company on undiscounted basis before inflation is estimated to be US\$17.1 million (approximately K129.7 million) (2014:US\$11.8 million (approximately K61.7million) and US\$14.2 million(approximately K107.6 million) (2014:US\$9.3 million approximately K48.9 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)

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

Salaries and other short-term employment benefits
Directors' emoluments

2015	2014
21,129	18,214
3,456	2,661
24,585	20,875

Post-employment benefit

2015	2014
760	952

Key management compensation relates to directors and the management committee.

(ii) Dividend income from related parties

	Relationship
Kansanshi Mines	Associate
Copperbelt Energy Corporation	Associate
Chibuluma Mines	Other equity investment
Total dividends (note 6)	

2015	2014
22,581	795,445
17,977	-
4,507	7,568
45,065	803,013

(iii) Borrowings from related parties

Other borrowings (amounts due to associated companies (note 29))

2015	2014
27,412	18,782
27,412	18,782

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

(iv) Amounts due from related parties

	Relationship	Group		Company	
		2015	2014	2015	2014
Maamba Collieries Limited (i)	Associate	200,296	278,427	200,296	278,427
Lubambe Copper Mine Limited (ii)	Associate	704,570	439,500	704,570	439,500
Ndola Lime Company Limited (iii)	Subsidiary	-	-	515,576	335,180
Kariba Minerals Limited (iv)	Associate	12,419	7,003	12,419	7,003
Nkandabwe Coal Mine (v)	Subsidiary	-	-	32,127	15,605
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	-	-	3,041	2,520
Mawe Exploration and Technical Services Limited (vii)	Subsidiary	-	-	27,093	6,060
Sub total		917,285	724,930	1,495,122	1,084,295
Price participation receivable	Associate	729,575	564,777	729,575	564,777
Total amounts due from related party		1,646,860	1,289,707	2,224,697	1,649,073

Notes to the financial statements (continued)

In thousands of Kwacha

33 Related party transactions (continued)
Shareholder loans

(i) Maamba Collieries Limited

On 17 June 2014, ZCCM –IH entered into an intercompany loan agreement for a cash advance of US\$23.53 million as part of its contribution towards the implementation of the Integrated Mining Project and the establishment of the 300MW Thermal Power plant project. The loan attracts an interest rate of 6 % per annum. The principal and interest accrued is repayable in 5 annual instalments commencing a year after the Commercial Operations Date.

(ii) Lubambe Copper Mines Limited

On 15 September 2012, ZCCM – IH entered into an intercompany loan agreement with Lubambe Copper Mines Limited, for cash call loan amounting to \$76 million. The loans attracts an interest rate of Libor plus 5% and is not secured. As at 31 March 2015, no repayment has commenced.

(iii) Ndola Lime Company Limited

During the year, ZCCM-IH provided an additional shareholder loan of K125 million (US\$16.5 million) for the Ndola Lime Recapitalisation Project. As at 31 March 2015, total loans advance to NCL amounted to K508 million (2014: K335 million) and accrue interest at 14% per annum. The tenor of the loan agreements is 84 months and commenced on 30 September 2011 and 31 January 2014 respectively. These shareholder loans are not secured over any Ndola Lime Company assets. However, subsequent to the year end a resolution was made by the Board of directors to convert the loan into equity. Refer to note 37 for details.

(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\$1.47 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 2015, no repayments had commenced.

(v) Nkandabwe Coal Mine Limited

During the year, ZCCM – IH advanced a loan to Nkandabwe Coal Mine of K32 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 K3 million have no repayment terms and are interest free and are not secured.

(vii) Mawe Exploration and Technical Services Limited

The loans totalling K27 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)

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 2015 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:

	2015	2014
Group		
Property, plant and equipment	22,700	31,400
Company		
Property, plant and equipment	7,831	18,240

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.



Notes to the financial statements (continued)

In thousands of Kwacha

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

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.

(ii) Market risk (continued)

Group

	K equivalent of US\$	K	Total
2015			
Financial assets at fair value through profit or loss	283,553	6,676	290,229
Investments in associates	5,886,415	-	5,886,415
Cash and cash equivalents	24,093	19,689	43,782
Trade and other receivables	12,968	732,789	745,757
Held to maturity investment securities	226,507	287,500	514,007
Borrowings	(266,867)	(586)	(267,453)
Trade and other payables	-	(180,299)	(180,299)
Net exposure	6,166,669	865,769	7,032,438
	K equivalent of US\$	K	Total
2014			
Financial instruments at fair value through profit or loss	341,434	6,676	348,110
Investments in associates	5,009,133	291,403	5,300,536
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)
Trade and other payables	-	(167,412)	(167,412)
Net exposure	6,872,031	800,350	7,672,381

Company

	K equivalent of US\$	K	Total
2015			
Financial assets at fair value through profit or loss	323,930	6,676	330,606
Cash and cash equivalents	20,626	5,294	25,920
Available for sale investment in associate	4,131,819	217,258	4,349,077
Available for sale investment in subsidiaries	-	174,578	174,578
Trade and other receivables	12,968	265,868	278,836
Held to maturity investment securities	226,507	287,500	514,007
Borrowings	(19,308)	(586)	(19,894)
Trade and other payables	-	(37,861)	(37,861)
Net exposure	4,696,542	918,727	5,615,269

Notes to the financial statements (continued)

In thousands of Kwacha

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

(ii) Market risk (continued)

Currency risk (continued)

	K equivalent of US\$	K	Total
2014			
Financial instruments 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 associates	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

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

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
Kwacha				
US\$ 1	6.5044	5.5388	7.5755	6.2495

Sensitivity analysis

A 10 percent strengthening of the Kwacha against the US Dollar at 31 March 2015 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 2014.

	Equity and profit or loss	
	Group	Company
31 March 2015		
K	616,667	469,654
31 March 2014		
K	687,203	688,692

A 10 percent weakening of the Kwacha against the US Dollar at 31 March 2015 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)

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.

31 March 2014	2015				2014	
	Total	Zero rate instruments	Floating rate instruments	Total	Zero rate instruments	Floating rate instruments
Assets						
Financial assets at fair value through profit or loss	290,229	-	290,229	348,110	-	348,110
Cash and cash equivalents	43,782	-	43,782	274,363	-	274,363
Trade and other receivables	278,836	66,471	212,365	2,020,785	1,456,008	564,777
Held to maturity investment securities	514,007	-	514,007	108,623	-	108,623
Total assets	1,126,854	66,471	1,060,383	2,751,881	1,456,008	1,295,873
Liabilities						
Borrowings	(267,453)	-	(267,453)	(212,624)	-	(212,624)
Trade and other payables	(186,299)	(186,299)	-	(167,412)	(167,412)	-
Total liabilities	(453,752)	(186,299)	(267,453)	(380,036)	(167,412)	(212,624)
Gap	673,102	(119,828)	792,930	2,371,845	1,288,596	1,083,249

Notes to the financial statements (continued)

for the year ended 31 March 2015

In thousands of Kwacha

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

(ii) Market risk (continued)

Company

Interest rate risk

31 March 2015	2015			2014		
	Total	Zero rate instruments	Floating rate instruments	Total	Zero rate instruments	Floating rate instruments
Assets						
Financial assets at fair value through profit or loss	290,229	-	290,229	348,110	-	348,110
Cash and cash equivalents	25,920	-	25,920	266,950	-	266,950
Available for sale investment in associate	3,787,416	-	3,787,416	5,248,535	-	5,248,535
Available for sale investment in subsidiaries	157,120	-	157,120	400,725	-	400,725
Trade and other receivables	745,757	426,197	319,560	2,355,900	1,833,199	522,701
Held to maturity investment securities	514,007	-	514,007	108,623	-	108,623
Total assets	5,520,449	426,197	5,094,252	8,728,843	1,833,199	6,895,644
Liabilities						
Borrowings	(27,998)	-	(27,998)	(19,535)	-	(19,535)
Trade and other payables	(37,861)	(37,861)	-	(34,699)	(34,699)	-
Total liabilities	(65,859)	(37,861)	(27,998)	(54,234)	(34,699)	(19,535)
Gap	5,454,590	388,336	5,066,254	8,674,609	1,798,500	6,876,109

Notes to the financial statements (continued)

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 at K28 million compared to K19 million in 2014.

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
2015		
Variable rate instruments	<u>(793)</u>	<u>793</u>
2014		
Variable rate instruments	<u>(1,083)</u>	<u>1,083</u>

Company

2015

Variable rate instruments	<u>(5,066)</u>	<u>5,066</u>
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2014

Variable rate instruments	<u>(6,876)</u>	<u>6,876</u>
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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 2015, 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 K0.8 million (2014: K1 million).

Notes to the financial statements (continued)

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 2015, 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 (2014:K334 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)

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 2015 is made up as follows:

	Group		Company	
	2015	2014	2015	2014
Cash and cash equivalents	43,782	274,363	25,920	266,950
Trade and other receivables	278,836	2,020,785	745,757	2,355,900
Held to maturity investment securities	514,007	108,623	514,007	108,623
	836,625	2,403,771	1,285,684	2,731,473

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

2015

	Gross	Impairment	Net
Neither due or impaired	264,248	-	264,248
Past due 30 - 60 days	14,085	-	14,085
Past due 61 - 90 days	37,675	(37,666)	9
Past due 91 - 120 days	2,676	(2,676)	-
Over 121 days	1,526,577	(1,526,083)	494
	1,845,261	(1,566,425)	278,836

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

Notes to the financial statements (continued)

In thousands of Kwacha

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

(iii) Credit risk (continued)

Past due but not impaired	2015	2014
Past due 61 – 90 days	-	270,408
Past due 91 - 120 days	9	-
Over 121 days	494	32,764
	503	303,172

Company

2015	Gross	Impairment	Net
Neither due or impaired	743,763	-	743,763
Past due 30 - 60 days	1,616	-	1,616
Past due 61 – 90 days	37,498	(37,498)	-
Past due 91 - 120 days	1,744	(1,744)	-
Over 121 days	1,585,676	(1,585,298)	378
	2,370,297	(1,624,540)	745,757

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 121 days	137,984	(58,940)	79,044
	2,421,406	(65,506)	2,355,900

Past due but not impaired

	2015	2014
Past 61 - 90 days	-	270,252
Past 91 - 120 days	-	290,000
Over 121 days	378	79,044
	378	639,296

Notes to the financial statements (continued)

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 K0.4 million (2014: K639 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

	2015	2014
Balance at 1 April	66,606	227,095
Impairment recognised	1,509,088	40,843
Recovery	(9,269)	(197,027)
Amounts written off	-	(4,305)
Balance at 31 March	1,566,425	66,606

Company

	2015	2014
Balance at 1 April	65,506	226,111
Impairment recognised	1,568,303	40,727
Recovery	(9,269)	(197,027)
Amounts written off	-	(4,305)
Balance at 31 March	1,624,540	65,506

As at 31 March 2015 an impairment loss of K1,566 million mainly relates to the receivables from Konkola Copper Mines and Lubambe Copper Mines of K797 million and K705 million respectively. These amounts have been written off as no repayments have been made on the balances in the year and there is objective evidence of impairment. ZCCM-IH will still pursue repayments of these amounts going forward.

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)

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 difficulty 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 2 and 5 years	Over 5 years
(a) Group				
At 31 March 2015:				
Financial liabilities				
Borrowings	267,453	68,886	198,567	-
Trade and other payables	186,299	186,299	-	-
	453,752	255,185	198,567	-
	Total	Less than 1 year	Between 2 and 5 years	Over 5 years
At 31 March 2014				
Financial liabilities				
Borrowings	231,675	76,628	155,047	-
Subordinated loan				
Trade and other payables	167,412	167,412	-	-
	399,087	244,040	155,047	-

Notes to the financial statements (continued)

In thousands of Kwacha

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

	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
(b) Company					
At 31 March 2015:					
Financial liabilities					
Borrowings	27,994	27,614	384	-	-
Trade and other payables	37,861	37,861	-	-	-
	65,855	65,475	384	-	-
	Total	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	-	-

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 sound financial 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 2015 and 2014 were as follows:

	Group		Company	
	2015	2014	2015	2014
Borrowings	267,454	212,624	27,998	19,535
Less: cash and cash equivalents	(43,782)	(274,363)	(25,920)	(266,950)
Net debt	223,672	(61,739)	2,078	(247,415)
Total equity	7,369,959	8,004,732	4,520,180	6,696,288
Total capital	7,593,631	7,942,993	4,522,258	6,448,873
Gearing ratio	2.95%	(0.78%)	0.05%	(3.84%)

Notes to the financial statements (continued)

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:

	2015	2014
Loans and borrowings	7.6%	8.9%

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:

2015	Level 1	Level 2	Level 3	Total
Assets				
Financial investments at fair value through profit or loss (note 20)	6,676	-	283,553	290,229
Available for sale investments in equity accounted investees (note 19)	204,750	-	3,582,666	3,787,416
Available for sale investments on subsidiaries (note 18)	-	-	157,120	157,120
2014	211,426	-	4,023,339	4,234,765
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	228,797	-	5,019,738	5,248,535
Available for sale investments in subsidiaries	-	-	400,725	400,725
	235,473	-	5,761,897	5,997,370

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:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss	290,229	290,229	348,110	348,110
Cash and cash equivalents	43,782	43,782	274,363	274,363
Trade and other receivables	278,836	278,836	2,121,192	2,020,785
Held to maturity investment securities	514,007	514,007	108,623	108,623
	1,126,854	1,126,854	2,852,288	2,751,881
Financial liabilities				
Borrowings	(267,454)	(267,454)	(231,675)	(212,624)
Trade and other payables	(186,299)	(186,299)	(167,412)	(167,412)
	(453,753)	(453,753)	(399,087)	(380,036)
Net position	673,101	673,101	2,453,201	2,371,845

Notes to the financial statements (continued)

In thousands of Kwacha

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

Company

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial investments at fair value through profit or loss	290,229	290,229	348,110	348,110
Cash and cash equivalents	25,920	25,920	266,950	266,950
Available for sale investments in associates	3,787,416	3,787,416	5,248,535	5,248,535
Available for sale investments in subsidiaries	157,120	157,120	400,725	400,725
Trade and other receivables	745,757	745,757	2,456,307	2,355,900
Held to maturity investment securities	514,007	514,007	108,623	108,623
	5,520,449	5,520,449	8,829,250	8,728,843
Financial liabilities				
Borrowings	(27,998)	(27,998)	(21,012)	(19,535)
Trade and other payables	(37,861)	(37,861)	(34,699)	(34,699)
Total	(65,859)	(65,859)	(55,711)	(54,234)
Net position	5,454,590	5,454,590	8,773,539	8,674,609

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

Notes to the financial statements (continued)

In thousands of Kwacha

36 Financial instrument by category

31 March 2015

Assets as per statement of financial position

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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)	2,352,994	2,622,850	108,623	348,110	5,649,260
									8,673,132
									(55,711)

Notes to the financial statements (continued)

In thousands of Kwacha

37 Subsequent events

Sale down of 27% GRZ shares in ZCCM-IH

During the presentation of the 2015 Zambian National Budget, the Minister of Finance directed the Securities and Exchange Commission (SEC) to ensure that all listed companies on the Lusaka Stock Exchange (LuSE) complied with the minimum LuSE minimum free (public) float requirement of 25% of the shares. In this regard the Minister of Finance announced that the Government of the Republic of Zambia (GRZ) would reduce its shareholding in ZCCM-IH from 87.5% to 60.3% via the sale of its shares proportionate to the required reduction.

Subsequent to year end, and pursuant to the above, on 08 June 2015 GRZ sold 15,850,631 of its 43,811,861 Class B shares in ZCCM-IH to the National Pension Scheme Authority (NAPSA) of Zambia (As Tranche 1 of the sale down). As a result of the sale, GRZ's shareholding in ZCCM-IH reduced from 87.5% to 77.5%. Tranche 2 of the sale down relates to the sale of the balance of 27,961,237 Class B shares and was launched on 30 July 2015. Tranche 2 involves a preferential secondary market offer of the shares to preferred applicants (Zambian persons) which closed in November 2015. Thereafter the offer was open to general applicants (Foreign persons).

Maamba Collieries Thermal Power Plant Project Attains Financial close

Subsequent to year end, on 28 July 2015 Maamba Collieries Limited's fully integrated coal and power project reached financial closure. The project, which has already achieved about 80 percent completion, consists of the redevelopment of the existing coal mine and the construction of a 300 Megawatt coal fired thermal power station and related infrastructure near the town of Maamba. The 300-megawatt coal-fired power project, fully integrated with captive coal mining, is estimated to cost about USD 830 million.

The project is being funded on a debt-equity ratio of 70:30. The long-term loans are being advanced by a consortium of lenders comprising large international commercial banks together with development financial institutions on a limited recourse project finance basis. Development financial institutions include the Development Bank of Southern Africa and the Industrial Development Corporation of South Africa while commercial banks include Bank of China, Industrial and Commercial Bank of China, Standard Chartered Bank and Barclays Africa Limited. This is the first private power project in the Sub-Saharan region to receive export credit agency insurance cover from China Export and Credit Insurance Corporation (Sinasure). This combination makes it a unique collaborative project in Africa, incorporating sponsors from Singapore and Zambia, principal contractors from China and funding by financial institutions across the globe.

Given the shortage of, and necessity for electricity in Zambia, as well as the wider region, the project is to provide a much needed dependable and sustainable base load power, which is crucial for the country's economic growth and energy security. The power plant has the required infrastructure to scale up in line with the growing demand up to 600MW.

Maamba Collieries Limited signed a 20-year power purchase agreement to supply 100% of the power plant's output to Zambia Electricity Supply Corporation. The project is scheduled for commissioning by mid-2016. Nava Bharat will be responsible for the operation & maintenance.

GRZ Transfers shares to Industrial Development Corporation (IDC)

On 21 January 2014, the Government of the Republic of Zambia ("GRZ") incorporated the Industrial Development Corporation Zambia Limited ("IDC"). IDC is wholly owned by the GRZ, via the Minister of Finance (Incorporation) Act, Cap 349 of the Laws of Zambia ("Minister of Finance").

The primary role and objective of IDC is to stimulate economic development and growth, via industrialisation, job and wealth creation in Zambia, and do so for the benefit of the Zambian citizens. Simultaneously, IDC has been tasked by the GRZ to superintend the operations of state owned enterprises and its shareholding in companies incorporated under the Companies Act, Cap 388 of the Laws of Zambia as well those regulated under the Banking and Financial Services Act, Cap 387 of the Laws of Zambia.

Accordingly, on 24th August 2015, GRZ completed the transfer of its shares from the Minister of Finance to IDC in 29 companies including ZCCM-IH.

Notes to the financial statements (continued)

In thousands of Kwacha

37 Subsequent events (continued)

As at close of business on 23 August 2015, the GRZ held 77.7% shareholding in ZCCM-IH, via the Minister of Finance, made up of 96,926,669 as Class “A” shares and 27,961,237 as Class “B” shares.

On 24 August 2015, GRZ transferred to IDC all the 96,926,669 Class “A” shares, representing 60.3% shareholding in ZCCM-IH. The 27,961,237 Class “B” shares, representing 17.4% shareholding in ZCCM-IH have not been transferred to IDC and are currently being sold to the Zambian public under a Preferential Secondary Market Offer.

The table below shows the shareholding in ZCCM-IH after the transfer of all the Class A shares to IDC on 24 August 2015.

GRZ Transfers shares to Industrial Development Corporation (IDC)

SHAREHOLDER	Class	Shareholding in ZCCM-IH before 24 th August 2015		Shareholding in ZCCM-IH on and after 24 th August 2015	
		Number of Shares	%	Number of Shares	%
GRZ - Directly held through Minister of Finance	A	96,926,669	60.3	-	-
GRZ - Directly held through Minister of Finance	B	27,961,237	17.4	27,961,237	17.4
IDC	A	-	-	96,926,669	60.3
NAPSA	B	24,120,043	15.0	24,120,043	15.0
Other Shareholders	B	11,792,337	7.3	11,792,337	7.3
Total	A and B	160,800,286	100	160,800,286	100

CNMC Luanshya Copper Mines Plc

On 7 September 2015 CNMC Luanshya Copper Mines Plc announced that Baluba Mine and its attendant departments were to be placed on care and maintenance effective 8 September 2015. As at the date of this report the financial impact of this decision was yet to be determined.

Mopani Copper Mine Plc

On 07 September 2015 Glencore announced that Mopani Copper Mines would commence a review of its operations, which review would include the suspension of production for 18 months up until the completion of the expansionary and upgrade projects including the new shafts and concentrator at Mopani. The expansionary and upgrade programs would provide a material reduction in overall costs. Once completed the programs would reduce Costs to US\$ 1.70lb from the current US \$2.50lb

A review of the operations of Mopani Copper Mine Plc indicates that operations had continued with upgrade programs on the Synclinorium Project, Mindolo Deep and Mufulira Deep shafts.

It is envisaged that by 2020 Mopani Copper Mines’ refined copper production will increase from the current 91,000mt to 150,000mt per annum. The status of these projects is that Nkana Synclinorium shaft is undergoing hot commissioning, Mindolo Deep and Mufulira Deep are targeting December 2016.

Debt equity conversion of Ndola Lime Limited’s loan receivable

On 2 November 2015, ZCCM-IH’s board approved the conversion of the entire shareholders loan to equity. This was on the condition that the conversion should be done only when the restructuring of NLC is completed under new management team. As at 31 March 2015 the outstanding loan receivable due to ZCCM – IH was K508 million (2014: K335 million).



Notes to the financial statements (continued)

In thousands of Kwacha

38 Basis of measurement

The consolidated and separate 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)

In thousands of Kwacha

39 Significant accounting policies

The Group has consistently applied the following accounting policies to all policies to all periods presented in these financial statements.

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
- (b) Foreign currency
- (c) Financial instruments
- (d) Property, plant and equipment
- (e) Investment property
- (f) Intangible assets
- (g) Inventory
- (h) Impairment
- (i) Employee benefits
- (j) Provisions
- (k) Revenue
- (l) Finance income and costs
- (m) Income tax
- (n) Earnings per share
- (o) Segment reporting
- (p) Leases
- (q) Share capital

- (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)

In thousands of Kwacha

39 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.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influences ceases.

In the separate financial statements investments in associated is subsequently measured at fair value.

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)*In thousands of Kwacha***39 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 currency 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).

(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 expire.

Notes to the financial statements (continued)

In thousands of Kwacha

39 Significant accounting policies (continued)

(c) Financial instruments (continued)

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

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.

(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)

In thousands of Kwacha

39 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.

(d) Property, plant and equipment

(i) Recognition and measurement

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

If significant 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.

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.

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 retained 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)

In thousands of Kwacha

39 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.

There has been no reclassification of investment property to property, plant and equipment during the year

(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 are 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.

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.

Notes to the financial statements (continued)

In thousands of Kwacha

39 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.

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.

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, are 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)

In thousands of Kwacha

39 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 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.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, 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 smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use 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)

In thousands of Kwacha

39 Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

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 rata basis.

An impairment loss in 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

(i) 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.

(ii) Defined contribution plans

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.

(iii) 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)

In thousands of Kwacha

39 Significant accounting policies (continued)

(i) Employee benefits (continued)

(iii) 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.

(iv) 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.

(j) Provisions

Provisions are determined by discounting the expected future cash flows 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:

Notes to the financial statements (continued)

In thousands of Kwacha

39 Significant accounting policies (continued)

(k) Revenue (continued)

- 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.
- 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.

Current tax assets and liabilities are offset only if certain criteria are met.

Notes to the financial statements (continued)

In thousands of Kwacha

39 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; such reductions are reversed when probability of future taxable profit improves.

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)*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 and for which discrete financial information is available. 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,

(p) Leases**(i) 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.

(ii) 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.

(q) 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.

Notes to the financial statements (continued)

In thousands of Kwacha

41 New standards and interpretations issued butt not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, 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
1 January 2015	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 2015 with early adoption permitted.
1 January 2015	IAS 36 Impairment of assets: Recoverable Amount Disclosures for Non- Financial Assets (Amendments to IAS 36)	<p>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 2015 with early adoption permitted.</p> <p>The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.</p>
1 January 2015	2015 IFRIC 21 Levies	<p>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 2015 with retrospective application.</p> <p>The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.</p>

Notes to the financial statements (continued)

In thousands of Kwacha

41 New standards and interpretations not yet adopted (continued)

Effective	Standard, amendment or interpretation	Summary of requirements
1 January 2018	IFRS 9 (2014): Financial Instruments	<p>On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.</p> <p>This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.</p>
1 July 2015	IAS 19 Defined Benefit Plan: Employee Contribution	<p>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:</p> <ul style="list-style-type: none"> • Set out in the formal terms of the plan; • Linked to service; and • Independent of the number of years of service. <p>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 2015 with early adoption permitted.</p> <p>The impact on the financial statements for the Group has not yet been quantified.</p>



Notes to the financial statements (continued)

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	<p>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.</p> <p>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.</p> <p>The impact on the financial statements for the Group has not yet been quantified</p>
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CORPORATE INFORMATION

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CORPORATE INFORMATION *(continued)*

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