ZCCM-IH

ZCCM INVESTMENTS HOLDINGS PLC

2018

ANNUAL REPORT

ZCCM Investments Holdings Plc

Annual report and financial statements for the year ended 31 March 2018

Contents

COMPANY OVERVIEW

ZCCM Investments Holdings Plc (ZCCM-IH) is an investment holdings company with significant investments in Zambia's mining industry. The shareholding structure is as follows: The Industrial Development Corporation (IDC) holds 60.3%, Government of the Republic of Zambia (GRZ) holds 17.3%, National Pension Scheme Authority (NAPSA) holds 15% and the remaining 7.4% is held by private investors. The geographical spread of the minority shareholders, who number over 4000, cover 29 countries in Europe, Africa, the Caribbean, Australia, Asia and the USA.

The Company has a primary listing on the Lusaka Securities Exchange, and secondary listings on the Euronext (Paris) and London Stock Exchanges under ISIN number ZM0000000037.

Our vision:

'To be Zambia's leading diversified investments company'

Our Mission

'To be a transformative company with an investment agenda that benefits all our stakeholders'

Our values

- ✓ Integrity
- ✓ Entrepreneurship
- ✓ Spirit of service
- ✓ Respect self, others, authority
- ✓ Innovativeness
- ✓ Accountability
- ✓ Learning & Growth

DIRECTORATE AND ADMINISTRATION

MR ERIC S SILWAMBA, SC
BOARD CHAIRPERSON (NON EXECUTIVE DIRECTOR)

MR FREDSON K YAMBA
VICE CHAIRMAN
NON EXECUTIVE DIRECTOR

MR MATEYO C KALUBA
NON EXECUTIVE DIRECTOR

MR PHILIPPE G. TAUSSAC
NON EXECUTIVE DIRECTOR

MR PAUL M CHANDA
NON EXECUTIVE DIRECTOR

MR YOLLARD KACHINDA
NON EXECUTIVE DIRECTOR

DR PIUS C KASOLO
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

EXCUTIVE MANAGEMENT TEAM

DR PIUS C KASOLO
CHIEF EXECUTIVE OFFICER

MR MABVUTO T CHIPATA
CHIEF INVESTMENTS OFFICER

MR CHABBY CHABALA
CHIEF CORPORATE SERVICES OFFICER/ COMPANY SECRETARY

MS WABEI MANGAMBWA
CHIEF RISK AND INTERNAL AUDIT OFFICER

MS YADIKA MKANDAWIRE
GENERAL COUNSEL

MS CHILANDU SAKALA
CHIEF FINANCIAL OFFICER

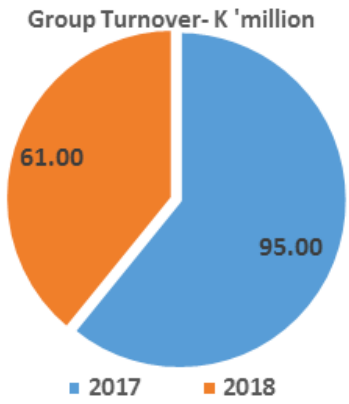
MR WILPHRED K KATOTO
CHIEF TECHNICAL OFFICER

MS LOISA M KAKOMA
PUBLIC RELATIONS MANAGER

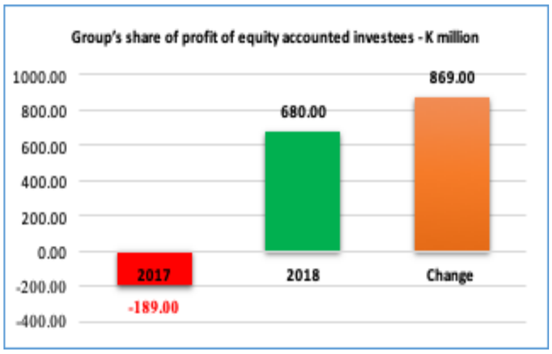
MR PATSON BANDA
HUMAN RESOURCE MANAGER

2018 PERFORMANCE OVERVIEW

Turnover: K 61m (36%)

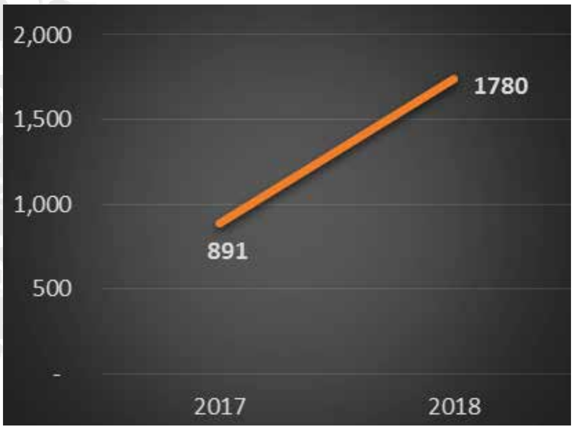


Share of Profit: K 680m + 460%



PBT- K 603m (52%), PAT- K 843m +16%

Retained Earnings: K 1,780m +100%



EPS: K 5.25 + 16%

CHAIRMAN'S STATEMENT

I am delighted to have been appointed Chairman of the ZCCM-IH Board from 6 March 2018. I am particularly happy to serve on the ZCCM-IH Board which comprises very qualified and dedicated professionals whose contribution to the Company is highly valued.

I am delighted to be of service to ZCCM-IH in my capacity as Chairman. ZCCM-IH has a rich history particularly in the development of the mining sector in Zambia and I am glad to be part of those who will contribute to the transformation of the Company for the benefit of our Shareholders and all key stakeholders.

On behalf of the Board of Directors of ZCCM-IH, 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 2018.

The year saw an improvement and stability in copper prices which in turn resulted in improved performance in some of our mining investee companies. The increase in demand for copper on the global market has resulted in positive developments in the mining sector in general. The sustained growth in copper demand is expected to continue as copper remains essential in many economic activities more so in the wake of modern technology which requires increased usage of copper.

Zambia is poised to benefit from the global upswing in demand for copper and other minerals. ZCCM-IH is now more than ever before strategically positioned to extract maximum value from its investments in mining for the benefit of its shareholders and all stakeholders. While profitability for the Company has dropped due to low turnover from the Ndola Lime Company Limited's (Ndola Lime) operation, the Group's share of profit of equity accounted investees has increased to 465% from a loss of K 189 million in 2017 to a profit of K 689 million in 2018. This movement signifies improvements in the mining operations following increases in copper prices and production.

Global economy

According to the International Monetary Fund (IMF) Report for 2018, global economic activity continued to firm up as was predicted. Global output is estimated to have grown by 3.7 percent in 2017, which is 0.1 percentage point faster than projected in the fall and ½ percentage point higher than in 2016. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. The key factors contributing to the growth include increased economic activity in most industrialised countries and stabilisation of oil prices resulting in predictability in production costs.

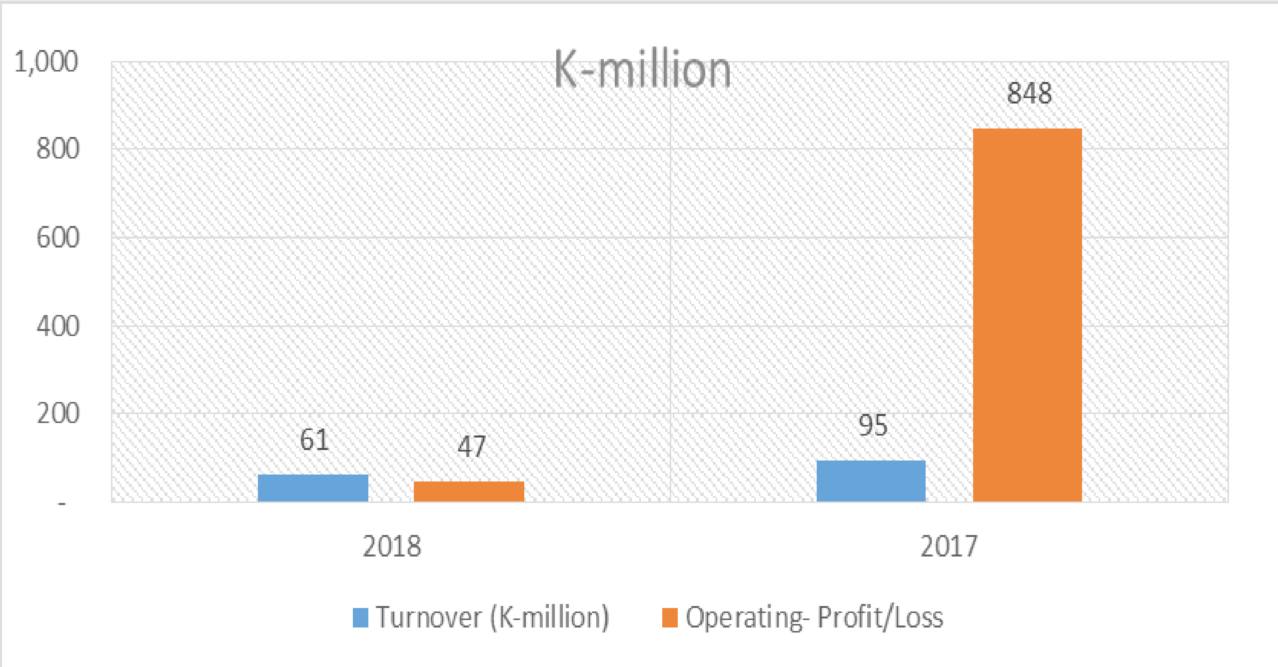
The copper price recovery that emerged from mid-2016 has started to encourage project development. The demand is mainly boosted by high consumption in China and other major copper consumers. The high demand has in turn resulted in mine developments and expansion programs in copper producing countries including Zambia and the Democratic Republic of Congo (DRC).

Global annual copper production increased marginally by about 2% to around 19.7 million tonnes as at December 2017. London Metal Exchange – 3-month copper prices increased by about 20%, from US$ 5,676 per tonne at the end of December 2016 to US$6,839 per tonne at the end of December 2017.

Zambian economy

The Zambian economy continued on a recovery path following improvements in the energy supply to key sectors of the economy as well as copper prices. The improvements in copper prices resulted in positive growth in the mining sector with the GDP expected to rise to 5% at the end of 2018 from 3.4% recorded in 2017.

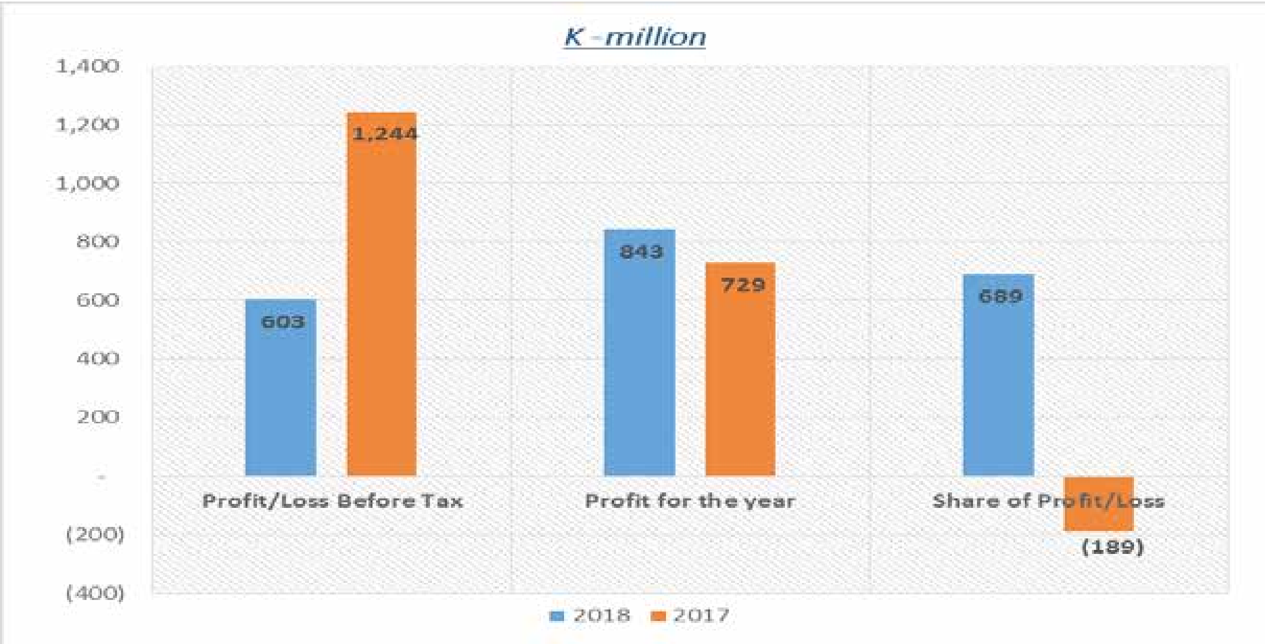
FINANCIAL PERFORMANCE



The Group recorded turnover of K61 million (2017: K95 million) and operating profit of K47 million (2017: profit: K848 million). The low turnover is attributed to low sales at Ndola Lime Company Limited due to increased competition in the lime market as well as technical challenges which negatively affected the production and sale of lime and related products. A 95 percent decline in operating profit is owing to decrease in copper price participation income from K719 million in the preceding year to K360 million for the year. Further, the continuous loss making position of Ndola Lime Company Limited and the impairment of investment in Konkola Copper Mines Plc amounting to K167 million and K42 million respectively contributed to the decrease in operating profit.

Subsequent to the year end, two (2) former employees of Ndola Lime Company Limited (NLC) instituted proceedings to the High Court of Zambia to place NLC under supervision pursuant to the Corporate Insolvency Act No. 9 of 2017. By order of the Court dated 5th October 2018, the Official Receiver was appointed as Interim Business Administrator of NLC. The application for the Business Rescue Proceedings will be heard in January 2019 at which all affected persons (including ZCCM-IH) will be heard. However, ZCCM-IH remains committed to the affairs of NLC and will continue to pursue all activities that better the Company and ZCCM-IH's investments.

CHAIRMAN'S STATEMENT *(continued)*



The Group reported a profit before tax of K603 million (2017: K 1,244 million) and a profit for the year of K843 million (2017: K729 million). The improvement in the profitability is largely attributed to improved performance in investee companies due to continued upsurge in copper prices during the year. The Group's share of profit of equity accounted investees was K689 million (2017: loss of K189 million).

The Group's retained earnings as at 31 March 2018 were positive at K1,779 million (2017: K 891 million). The increase in retained earnings is attributed to profit recorded at Group level of K843 million (2017:K729 million). The Company's retained earnings increased by 60 percent to K1,166 million (2016: K731 million) on account of profit recorded at company level.

CHAIRMAN'S STATEMENT *(continued)*

Fundamental Strategic Change

ZCCM-IH has undertaken a strategic evolution as a response to the ever changing and competitive operating environment, and has developed a new Strategic Plan (SP) for the period 2018-2023 themed 'Taking Giant Steps'. In it is a transformational agenda which permeates through all operational landmarks with a view to sustain growth and value extraction for the benefit of its shareholders.

We have chosen to transition the Company away from the traditional dependence on dividend income and have identified more forward-looking strategies which will improve revenue generation with predictability. These strategies will not only improve the Company's cash position but will also facilitate organic growth as the Company will be better able to finance its investment projects.

Energy Sector

Following the achievement of the commercial operating date in August 2017 of the first phase of the Maamba Collieries Limited (MCL) Thermal Power Plant (TPP), MCL has recorded positive growth with an impressive performance resulting in increased revenue and a profit after tax of K148.87 million following its ability to achieve a commercial operating date within a year of commissioning.

Manufacturing Sector

As part of ZCCM-IH's strategy to diversify its portfolio, the Company entered into a Joint Venture partnership with Sinoconst for purposes of setting up a cement manufacturing company. Subsequently, Central African Cement Company Limited (CAC) was incorporated. ZCCM-IH owns 49% of CAC while Sinoconst owns the remaining 51%. CACs operations will be located in Masaiti district in the Copperbelt Province of Zambia.

The planned production capacity of the Plant will be 5000 tonnes per day of Clinker with a two (2) by twenty five (25) MW Thermal Power Plant. It is expected that the Plant will take 3 years to construct and employ over 1000 people during construction. Once completed, the plant is expected to employ about 400 people.

Investment in the Financial Services Sector

Subsquent to the financial year end and following closure of the mandatory offer on 30 April 2018, ZCCM-IH now holds 71.4 % shares in Investrust Bank Plc from 45.4%. ZCCM-IH will implement a robust recapitalisation plan and identify equity partners to make the bank more competitive.

CHAIRMAN'S STATEMENT *(continued)*

Capital market

The ZCCM-IH share price on the Lusaka Securities Exchange closed the year at K38 (2017: K38). The market capitalisation as at 31 March 2018 remained unchanged at K6, 110 million (2017: K6, 110 million). The stagnation of the share price is indicative of low liquidity of the shares.

Outlook

Copper prices have moved to attractive levels which in turn will improve investment in the mining sector. With improvements in the supply of power to mining companies, there has been stability in the production. As a result of these factors, it is estimated that production will increase hitting an all-time high of 1 million tonnes from around 755,000 metric tonnes recorded in 2017.

ZCCM-IH will take advantage of these favourable performance indicators of the mining sector and strive to achieve its objectives by realigning its operations and improve its income streams through an equitable participation in top-line revenues.

Appreciation

I express sincere gratitude to my fellow Board members, Management and Staff of ZCCM-IH for their dedication and commitment during the past year. I further extend my gratitude to the shareholders and investee companies for their efforts, cooperation and contributions during the year.

Mr Eric S Silwamba, SC
Board Chairperson

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 March 2018, which disclose the state of affairs of ZCCM Investments Holdings Plc ('the Company') and its subsidiaries (together "the Group").

Shareholding

The Group had the following interests in the undernoted companies as at 31 March 2018:

1	Ndola Lime Company Limited	100.00%
2	Misenge Environmental and Technical Services Limited	100.00%
3	Nkandabwe Coal Mine Limited	100.00%
4	Kariba Minerals Limited	50.00%
5	Investrust Bank Plc	45.40%
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	CEC Africa Investments Limited	20.00%
11	Lubambe Copper Mine Plc	20.00%
12	CNMC Luanshya Copper Mines Plc	20.00%
13	NFC Africa Mining Plc	15.00%
14	Chibuluma Mines Plc	15.00%
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.

During the year, the issued share capital remained unchanged at 160,800,286 shares with a nominal value of K1, 608,003 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:

SHAREHOLDER	Class	Shareholding		Amount
		Number of Shares	%	K
Industrial Development Corporation ltd	A	96,926,669	60.3	969,267
Minister of finance	B	27,593,883	17.3	275,939
NAPSA	B	24,120,043	15.00	241,200
Other shareholders	B	12,159,691	7.4	121,597
Total	**A and B**	**160,800,286**	**100.00**	**1,608,003**

The 12,159,691 "B" ordinary shares are thinly spread and as at 31 March 2018 were held by 4,257 non-controlling shareholders, mainly based in Europe.

Directors' interests in shares

According to the register of directors' shareholdings:

- Dr P C Kasolo (Executive Director) held 2,000 shares in the Company directly in his own name.
- Mr P G Taussac (Non-Executive Director) had 160,589 shares directly and indirectly.

PRINCIPAL ACTIVITIES

ZCCM –IH (" the Company") is an investments holdings company which has a primary listing on the Lusaka Securities Exchange and secondary listings on the London and Euronext (Paris) 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 (some as stipulated in the 2018 to 2023 Strategic Plan) include:

- Developing and implementing investments strategies and aligning company operations towards maximizing of shareholder value in key economic sectors including mining, energy, financial services, real estate and agriculture;
- Monitoring investee companies to ensure they consistently declare reasonable dividends and achieve company growth ;
- Ensuring effective representation on the boards of the investee companies;
- Establishing and securing joint venture partnerships for projects assessed to be viable;
- Establishing metal streaming arrangements;
- Establishing a royalty model to maximize shareholder value; and
- Supply chain participation (including management contracts).

REPORT OF THE DIRECTORS *(continued)*

Strategic Focus Areas of the Company

In its transformed state as an investments holding company, the Company's Strategic focus areas are in the following sectors:

- Mining Value Addition;
- Agriculture;
- Power;
- Real Estate; and
- Manufacturing.

During the 2018 to 2023 Strategic Plan period, ZCCM-IH's strategic goals will focus on 18 strategic themes, 11 of which are given below:

- Extract value from current portfolio.
- Invest in portfolio supply chain and logistics.
- Portfolio diversification.
- Refocus ZCCM-IH to implement strategy and investment policies.
- Achieve financial excellence.
- Organisation development and cultural transformation .
- Improvement of the corporate image.
- Improve corporate governance practices across the portfolio.
- Improve the liquidity of ZCCM-IH shares on the primary and secondary stock exchanges to enable appropriate price discovery.
- Ensure operations are done in compliance with laws, regulations and company policies and procedures.

DIVIDENDS

The Directors proposed a final dividend of K0.61 per share relating to the financial year ended 31 March 2018 (2017: K0.84 per share).

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 except the Chief Executive Officer 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 is indicated below:

Audit Committee

Mr M Kaluba (Chairperson)

Mr Y Kachinda

Mr P G Taussac
Dr P C Kasolo

Remuneration Committee

Mr P M Chanda (Chairperson)

Mr Y Kachinda

Mr F K Yamba
Dr P Kasolo

REPORT OF THE DIRECTORS *(continued)*

Investments Committee

Mr P Taussac	Chairperson
Mr P Chanda	Member
Mr M Kaluba	Member
Dr P C Kasolo	Chief Executive Officer
Mr M T Chipata	Chief Investments Officer
Mrs C Sakala	Chief Financial Officer
Mr C Mpundu	Co-opted Member
Mr B Nundwe	Co-opted Member
Mr P Mapani	Co-opted Member

Record of Attendance of Board and Committee Meetings held during the year to 31 March 2018.

Board Meetings:

	Date of meeting											
Name of Director	**4/13/17**	**5/5/17**	**5/9/17**	**5/29/17**	**7/5/17**	**7/14/17**	**7/18/17**	**9/26/17**	**10/17/17**	**12/15/17**	**3/2/18**	**3/29/18**
Mr Eric S Silwamba, SC (Chairman)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	√
Mr Fredson K Yamba (Vice Chairman)	√	√	√	√	x	√	√	√	√	√	√	x
Mr. Yollard Kachinda	√	√	√	x	√	x	x	√	√	√	x	√
Mr. Mateyo C Kaluba	√	√	√	√	√	√	√	√	√	x	√	√
Mr Philippe G Taussac	√	√	√	√	√	√	√	√	√	√	√	√
Mr Paul M Chanda	√	√	√	√	√	x	√	x	√	√	√	√
Dr Pius C Kasolo	√	√	√	√	√	√	√	√	√	√	√	√

Audit Committee Meetings:

	Date of meeting									
Name of Director	**4/6/17**	**4/11/17**	**5/4/17**	**6/28/17**	**7/18/17**	**9/28/17**	**11/23/17**	**12/13/17**	**3/23/18**	**3/26/18**
Mr Mateyo C Kaluba (Chairman)	√	√	√	√	√	√	√	√	√	√
Mr Philippe G Taussac	√	√	√	√	√	√	√	√	√	√
Mr Y Kachinda	√	√	√	x	x	x	x	√	√	x
Dr Pius C Kasolo	√	√	√	√	√	√	√	√	√	√

Key

√	In attendance/represented
x	Not in attendance
☐	Not a member on stated date of meeting

REPORT OF THE DIRECTORS *(continued)*

Investments Committee Meetings:

Name of Director	Date of meeting								
	5/3/17	5/4/17	7/5/17	7/12/17	10/3/17	10/11/17	1/19/18	2/22/18	3/2/18
Mr Philippe G Taussac (Chairman)	√	√	√	√	√	√	√	√	√
Mr Paul M Chanda	√	√	√	x	√	√	√	x	√
Mr Mateyo C Kaluba	√	√	√	√	√	√	√	√	√
Dr Pius C Kasolo	√	√	√	√	√	√	√	√	√
Mr Charles Mpundu	√	√	√	√	√	√	√	√	√
Mr Patrick Chisanga	√	x	√	√	☐	☐	☐	☐	☐
Mr Basil Nundwe	√	√	x	x	√	√	√	√	x
Mr Perry Mapani	x	x	x	x	x	x	x	x	√
Mr Mabvuto Chipata	√	√	√	√	√	√	√	√	√
Mrs C Nyalugwe (Alternate for ZDA Director General)	☐	☐	☐	☐	√	√	√	☐	☐

Remuneration Committee Meetings:

Name of Director	Date of meeting					
	4/6/17	6/27/17	10/4/17	12/12/17	12/14/17	2/26/18
Mr Paul Chanda (Chairman)	√	√	√	√	√	√
Mr Fredson Yamba	x	√	x	x	√	√
Mr Yollard Kachinda	√	x	√	√	√	√
Dr Pius C Kasolo	√	√	√	√	√	√

Key

✓ In attendance/represented

x Not in attendance

☐ Not a member on stated date of meeting

REPORT OF THE DIRECTORS *(continued)*

Average number and remuneration of employees

The total remuneration of employees during the year amounted to K93.7 million (2017: K90.6 million) for the Group and K57.1 million (2017: K54.3 million) for the Company. The average number of employees was as follows:

Month	Subsidiaries	Company	Group	Month	Company	Subsidiaries	Group
April 2017	342	74	416	October 2017	76	219	295
May 2017	339	74	413	November 2017	78	225	303
June 2017	330	74	404	December 2017	79	226	305
July 2017	329	73	402	January 2018	79	220	299
August 2017	328	73	401	February 2018	79	220	299
September 2017	313	76	389	March 2018	80	224	304

Staff expenses

	2018	2017
	K'000	K'000
Subsidiary Companies	36,538	36,298
ZCCM-IH	57,142	54,288
	93,680	90,586

Signed on their behalf by:

....
Eric S. Silwamba SC.
Director

....
Mateyo C. Kaluba
Director

OPERATIONS REPORT

(A) Subsidiary Companies

The performance of the subsidiary companies for the year ended 31 March 2018 is summarised below:

1 Ndola Lime Company Limited

Ndola Lime Company Limited (NLC) reported total revenues for the financial year ended 31st March 2018 of K60.1 million (2017: K89.6 million) and a loss after tax of K190 million (2017: K1.1 billion loss).

Major contributors to the loss were the below budget sales figures, huge finance costs; and penalties on overdue statutory obligations totalling K100 million.

On 21st September 2017, NLC's Vertical Kiln 2 (VK2) was engulfed in flames, an occurrence that damaged several components of the kiln, rendering it dysfunctional. VK1 underwent refurbishments to its refractory bricks but could not be fired up due to NLC's lack of working capital, a situation that eventually led to production at the company grounding to a halt with only limited repacking activity going on.

Subsequent to the year end, two (2) former employees of Ndola Lime Company Limited (NLC) instituted proceedings to the High Court of Zambia to place NLC under supervision pursuant to the Corporate Insolvency Act No. 9 of 2017. By order of the Court dated 5th October 2018, the Official Receiver was appointed as Interim Business Administrator of NLC. The application for the Business Rescue Proceedings will be heard in January 2019 at which all affected persons (including ZCCM-IH) will be heard. However, ZCCM-IH remains committed to the affairs of NLC and will continue to pursue all activities that better the Company and ZCCM-IH's investments.

There were no dividends declared during the year under review (2017: Nil)

2 *Misenge Environmental and Technical Services Limited (METS)*

Rehabilitated Gullies at TD 10- Mufulira

OPERATIONS REPORT *(continued)*

(A) Subsidiary Companies *(continued)*

2 Misenge Environmental and Technical Services Limited (METS) *(continued)*

Misenge Environmental and Technical Services Limited (METS) earned a total of K5.48 million (unaudited) as revenue for the year ended 31st March 2018 (2017: K8.80 million). Of the revenue, K4.6 million was realised from recurring services to ZCCM-IH (2017: K2.63 million) and K0.88 million was from non ZCCM-IH sources (2017: K6.17 million). METS recorded a net loss of K4.5 million (2017: K1.22 million loss).

During the year under review, ZCCM-IH purchased and installed the Fume and Dust extractors at the Kabwe Analytical Laboratory. The process of Accreditation of the Analytical Laboratory to the Southern African Development Community Accreditation Services (SADCAS) begun during the year under review.

There were no dividends declared during the year under review (2017: Nil).

3 Nkandabwe Coal Mine Limited.

Nkandabwe Coal Mine Limited remained inactive during the year as the company was being wound up.

(B) Associate Companies' Performance

The performance of associate companies for the year ended 31 March 2018 is summarised below:

1 Kariba Minerals Limited

Kariba Minerals Limited (KML) reported total revenue of K17.18 million for the year ended 31 March 2018 (2017: K20.64 million). KML reported a net loss of K10.22 million during the financial period under review (2017: K3.45 million loss).

For the year ended 31st March 2018, KML produced a total of 627.52 tonnes of commercial grade amethyst (2017: 712.18 tonnes) and produced 3.54 tonnes of high grade amethyst (2017: 1.86 tonnes). KML ore production was at 11,273 tonnes (2017: 10,517 tonnes). KML held an auction in February 2018 in Jaipur, India during the period under review. A total of 3.35 tonnes of high grade amethyst valued at US$270,000 was sold at the auction. Additionally, KML introduced 1.50 tonnes of a new medium grade amethyst at the auction for the first time and it sold above its reserve price. KML going forward plans to have a schedule of the new medium grade amethyst at the auction.

There were no dividends declared during the financial year under review (2017: Nil).

2 Maamba Collieries Limited

Maamba Collieries Limited (MCL) reported total revenue of K1,172.00 million (US$122.73 million) for the year ending 31st March 2018 [(2017: K100.38 (US$10.18 million)] and had profit after tax of K148.87 million (US$15.59 million) [(2017:K211.2 million (US$2.15 million)]. The increase in revenue and profits was due to the recording of all revenue and costs from the Thermal Power Plant from the commercial operating date in August 2017. The company's assets exceeded its liabilities by K1,172.1 million (US$123.50 million) as at 31st March 2018 (2017: K1,037.1 million (US$107.92 million). Additionally, the company had accumulated losses amounting to K675 million (US$70.69 million) [(2017: K842.72million (US$87.69 million)].

During the year under review, the 300MW Thermal Power Plant together with the 330kV Transmission Line and Kariba Water Pumping System were taken over from the respective Engineering, Procurement and Construction (EPC) Contractors by MCL. MCL is now operating and maintaining the facilities through its Operations and Maintenance (O&M) Contractor.

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance *(continued)*

MCL extracted 530,030 tonnes of high grade coal (2017: 355,126 tonnes) and 120,893 tonnes of low grade coal (2017: 188,325 tonnes). Coal transported to the Power Plant was at 1,076,216 tonnes (2017: 555,810 tonnes). The Coal Handling and Processing Plant throughput was at 168,934 tonnes (2017: 199,487 tonnes).

The revenue and financial position of the company is expected to improve going forward given the commissioning of the Thermal Power Plant.

There were no dividends declared during the year under review (2017: Nil).

3 Konkola Copper Mines Plc

Konkola Copper Mines (KCM) reported total revenue of K12,251.43 million (US$1,283.0 million) for the financial year ended 31st March 2018 [(2017:K8,621.47 million (US$874.3 million)]. The increase in revenue was attributed to higher metal prices and increased sales volumes. The net loss for the year was at K1,102 million (US$115.4 million) [(2017: K1,367.72 (US$138.7 million loss)].

Total finished copper production during the financial year increased by 9 percent to 195,300 tonnes for the year ending March 2018 (2017: 179 800 tonnes) compared to the previous financial year.

During the year under review, KCM mine metal production volumes remained subdued as lower feed grades and lower copper recoveries at the Tailings Leach Plant offset improvements in production output at both Nchanga and Konkola.

Moving forward, KCM's strategy continues to be underpinned by vigorously pursuing higher operating productivity levels at the Konkola underground mine, improving recoveries at the Tailings Leach Plant facility, increasing utilisation of the smelter and cost containment.

There were no dividends declared during the year under review (2017: Nil).

4 Kansanshi Mining Plc

Kansanshi Mining Plc (KMP) had sales revenue of K15.66 billion (US$1.64 billion) [(2016: K 14.51 billion US$1.5 billion)] for the financial year ended 31st December 2017. Gross profit of K6,263.65 million (US$656 million) was higher than that the K1,929.18 million (US$188 million) reported in 2016 on a combination of the increase in sales revenues and lower operating costs.

Copper production for the financial year ended 31st December 2017 was 250,801 tonnes, 1% lower than 2016 (253,272 tonnes) primarily due to lower plant recovery on the sulphide circuit, reflecting the drive to improve the concentrate quality and treatment of weathered material and lower copper recovery on the oxide circuit caused by changes in the ore mineralogy. Copper production was also impacted by reduced mixed final tails processed through the leaching circuit before and during the third quarter smelter shutdown to manage the onsite acid inventory.

Gold production was 140,595 ounces, about 5% lower than in 2016 mainly due to lower concentrate production.

AISC (All-in Sustaining Cost) of $1.54 per lb. was $0.03 per lb. lower than 2016. Higher deferred stripping and royalties, treatment and refining charges and a lower gold by-product credit were offset by a credit to site administration costs. The credit followed a review of recoverable costs and operational provisions in the second and third quarters. Higher royalty costs resulted from higher royalty rates, which range from 4% to 6% depending on the underlying copper price.

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance *(continued)*

4 Kansanshi Mining Plc *(continued)*

The Kansanshi Smelter achieved record production and throughput in 2017, having treated 1,211,740 DMT (Dry Metric Tonnes) of concentrate, a 6% increase over 2016 despite the planned third quarter shutdown. Production totalled 297,553 tonnes of copper anode and 1,128,000 tonnes of sulphuric acid, each 16% and 2% higher respectively than 2016. The quality of concentrate treated improved significantly with over 26% copper in concentrate grade compared to 23% recorded during 2016. The overall copper recovery rate achieved was 96%.

Production in 2018 is expected to be approximately 240,000 tonnes of copper, and approximately 145,000 ounces of gold.

The High Pressure Leach circuit is expected to be in operation throughout 2018, with a 70-day planned maintenance shutdown for relining expected to occur during the second and third quarter of 2018.

At the Board meeting held on 22 March 2018, the Directors proposed dividend payments of K740 million (US$78 million), split as K180 million (US$19 million) related to the year-end 31st December 2016 and K560 million (US$59 million) for the year ended 31st December 2017.

5 Copperbelt Energy Corporation Plc

During the financial year ending 31st December 2017, revenue of K 3,724 million (US$390 million) (2016: K3,503 million (US$355 million) was recorded driven mostly by the increase to the end-user mining tariff. Adjusted Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) was K964 million (US$101 million) [(2016: K923.54 million (US$90 million)].

As at 31 March 2018, the Company had cash and cash equivalents of K645 million (US$68 million) compared to total borrowings of K835 million (US$88 million) out of which K133 million (US$14 million) is payable in 2018. The Company's net current assets as at that date was K664 million (US$70 million). Based on the financial forecast, it is expected that the working capital of the business over the next 12 months will be positive and that the Company will be profit-making during the same period.

The telecoms subsidiaries (CEC Liquid Telecom and Hai Telecoms) has been expanding its market share in the wholesale and retail segments and have been profitable two years consecutively; exhibiting potential for further growth prospects. The CEC board further recognises that the Company is primarily a power business and that there is need to continuously review its strategy around its continued investment in the telecoms operations going forward.

On 23 January 2018, the Company received a firm intention by Zambian Transmission LLP to buy all the shares in the capital of CEC. The board considered the offer and appointed an Independent Committee of the Board to consider the offer. The offer was sent, through an offer document to all shareholders, with an offer period commencing 20 February 2018.

Total Dividend paid for 2017 was K209 million (US$21 million) [(2016: K161.8 (US$16.4 million)].

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance *(continued)*

6 CEC Africa Investments Ltd (CEC Africa)

Revenue for year ended 31st December 2017 largely remained relatively flat at K2,070.2 million (US$216.8 million), a 6% decrease from the previous year. This is despite the slight improvement in billing efficiency at Abuja Electricity Distribution Company Plc (AEDC) on the back of low energy supply growth.

The company incurred a net loss for the year ended 31 December 2017 of K2,578.5 million (US$270.05 million) [(2016: Loss K 942.73 million (US$91.87 million)] and, at that date the company's total liabilities exceeded total assets by K3,171.58 million (US$318.65 million) [(2016: K479.58 million (US$48.60 million)] and the current liabilities exceeded its current assets by K6,279.87million (US$631.00 million) (2016: K3,331.73 million US$337.63 million).

The Group continued to expend significant effort to further restructure the US Dollar denominated acquisition finance facility that was obtained from UBA to finance the acquisition of 60% of AEDC through KANN Utility Company Limited (KANN). Interest payments on the facility are current.

In Nigeria, the implementation of the Power Sector Recovery Program (PSRP) commenced signalling the commitment of the Federal Government to ensure commercial viability of the entire power sector value chain, including, ultimately delivering optimal benefit to the end users. In the short to medium term, it is expected that the application of the PSRP principles will turn the CEC Africa asset, the Abuja Electricity Distribution Company Plc (AEDC) into a profit making entity.

No dividends were declared and paid by the Company during the year (2016: Nil).

7 Lubambe Copper Mine Limited

Lubambe Copper Mine Limited (Lubambe) reported revenues of K517.37 million (US$54.18 million) for the year ended 31st March 2018 [(2017: K824.92 million (US$ 83.65 million)]. Operating costs were above budget at K1,021.84 million US$107.01 million compared to the K973.62 million (US$101.96 million) target due to increased engineering activity as production was being increased. The loss for the year was K350.4 million (US$36.70 million). Lubambe's financial year was changed to now run from 1st January to 31st December.

For the 9 months to 31st March 2018 Lubambe's mined volumes were 840, 376 tons of copper ore, above the target of 808,122 tons as activity was being ramped up. Total contained copper produced over the same period was 14,891 tons, above the target of 14,566 tons.

The historical losses had been caused by the initial challenges Lubambe had faced during the project's development phase which included flooding, dilution during the mining process due a thin ore body thereby increasing running costs. Dilution was further exacerbated by the wide inter-level vertical spacing which was upwards of 17 meters ramp spacing.

During the year under review, EMR Capital of Australia completed the purchase of the ARM and VALE stakes in Konnoco, thereby gaining an 80% ownership of Lubambe. After the acquisition, EMR Capital put in place various interventions at the mining and ore treatment processes to improve production.

Production had initially been capped at 80,000 tonnes of ore to contain costs but in EMR's business model this level is deemed to be unsustainable. EMR have ramped up and are targeting to reach the 200,000 tonnes of ore production level by 2019.

There were no dividends declared during the year under review (2016: Nil)

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance (continued)

8 CNMC Luanshya Copper Mines Plc

CNMC Luanshya Copper Mines Plc (CNMC) recorded a turnover of K2,559 million (US$268 million) for the year ended 31st December 2017 (2016: K1,701 million (US$172 million). The profit after tax was K 353 million (US$37 million) (2016: K3.79 million (US$ 0.397 million loss)).

CNMC planned to produce 33,000 tonnes of copper in 2017, the actual volume produced was 43,177 tonnes as a result of increased mined volumes at Muliashi mine. Baluba mine remained under care and maintenance during the year with the total care and maintenance costs being K121.26 million (US$12.9 million) in 2017. Works to bring it back into production commenced in the first quarter of 2018.

There were no dividends declared during the year under review (2016: Nil).

9 Investrust Bank Plc

Investrust Bank Plc ("Investrust") recorded a 19.9% decrease in net interest income to K48.91 million during the year ended 31st December 2017 (2016: K40.82 million). Total operating expenses increased marginally by 1% on a year-on-year basis to K149.65 million (2016: K148.23 million). During the year under review, the Bank recorded a loss of K38.00 million (2016: K47.40 million loss).

Subsequent to the year-end, ZCCM-IH increased its shareholding in Investrust from 45.4% to 71.4% through the mandatory offer that commenced on 9th April 2018 and closed on 30th April 2018.

The Bank's share price on the LuSE closed the period under review at K13.50 (2016: K13.50).There were no dividends declared during the financial year under review (2016: Nil).

(C) Other Investments

1 NFC Africa Mining Plc

NFC Africa Mining Plc (NFCA) recorded a turnover of K1,523.9 million (US$159.6 million) for the financial year ending 31st December 2017 [(2016: K1,171.87 million (US$114.2 million)] due to increased copper prices. NFCA recorded a profit after tax of K153.73 million (US$16.1 million) [(2016: K203.18 million (US$ 19.8 million loss)].

NFCA continues to work on the development of the South East Ore Body project. The company reported project expenditure of K4,408.42 million (US$461.7 million) as at 31st December 2017. Total planned project investment is 8,280.27 million (US$832 million). Once completed the project is expected to extend the life of mine by 20 years. The design and annual capacity at full production is estimated at 3.3 million tonnes of ore containing 60,000 tonnes of copper.

There were no dividends paid during the year ended 31st December 2017 (2016: Nil).

2 Chibuluma Mines Plc

Revenue for the financial year ended 31st December 2017 was K671.24 million (US$70.3 million) [(2016: K541.81 million (US$52.8 million)]. Net profit over the same period was K67.12 million (US$7.03 million) [(2016: Loss of K31.09 million (US$3.03 million)]. Chibuluma Mines Plc's (CMP) cash position reduced to K7.56 million (US$0.76 million) as at 31st December 2017 [(2016: K16.18 million (US$1.64 million)].

The Chibuluma South ore reserve continued to be depleted during the year, life of mine is now only 2 years. The development of the Chifupu ore body progressed well with Capital developments now upto 418 metre level.

OPERATIONS REPORT *(continued)*

(C) Other Investments (continued)

2 Chibuluma Mines Plc (continued)

On 27 June 2017, the Company incorporated a wholly owned Subsidiary company, Lufwanyama Mining Manufacturing and Trading Services Limited (LMMTS). This initiative is in response to the remaining short Life of Mine of the Company which is expected to cease operations in 2022. LMMTS commenced operations in August 2017 and during the year it did not trade with any external third parties. As part of the capacity building LMMTS were awarded mine development and support contracts at the Chifupu Mine on a competitive basis.

The company continued implementation of various cost saving and cost containment initiatives to ensure it achieved its set KPI's and advance from a loss to a profitable position. Management continued focusing on identifying and progressing viable initiatives which would assist in extending the footprint of the Jinchuan/ Metorex Group in Zambia beyond the current Life of Mine.

There were no dividends declared during the year under review (2016: Nil)

3 Chambishi Metals Plc

The Company had revenues of K3,470.79 million (US$363.5 million) for the year ended 31st December 2017 ahead of budgeted K2,472.04 million (US$258.9 million). EBITDA was K207.94 million (US$21.7 million) compared to budgeted K276,900 (US$29,000). Copper produced for the 12 months to 31st December 2017 was 36,153 tonnes and 2,520 tonnes of Cobalt was produced.

Chambishi Metals Plc has budgeted US$9 million for capital expenditure for 2018 which has been earmarked for the Acid Plant, Copper and Cobalt Processing and some analytical services.

The Eurasian Resources Group has confirmed its intention to continue to provide financial support to the Company to enable it to continue its operations and meet its obligations.

There were no dividends paid during the year under review (2016: Nil).

4 Mopani Copper Mines plc

During the financial year ending 31st December 2017, Mopani Copper Mines (MCM) recorded net revenue of K3,366.62 million (US$352.59) million [(2016: K5,994,62 million (US$584.18 million)]. The net loss was at K2,770.14 million (US$290.12 million) [(2016: K1,823.08 million (US$177.66 million net loss)].

MCM produced a total of 98,869 tonnes of finished copper during the period under review and this was 11,178 tonnes lower than the prior year (2016: 110,047 tonnes). Total copper production was lower than the previous year mainly due to the 45 day planned smelter shutdown in 2017. Total copper produced from own sources was at 41,738 tonnes (2016: 41,100).

MCM continues to invest heavily in infrastructure projects to increase the copper production and increase the life of the mine by twenty five years. The Mindola Deeps and Mufulira Deeps Projects progressed well during the year under review with total investment in the two projects amounting to US$578.00 million as at 31st December 2017. The forecasted completion is March 2019 for all works in Mindola Deeps and Mufulira Deeps Projects. MCM already invested over K3,884.71 million (US$406.85 million) in the Synclinorium Shaft Project and is planning another estimated K2,005.13 million (US$210.00 million) planned for a new Synclinorium Concentrator (the Concentrator). Site preparation and demolition works at Nkana site for the Concentrator commenced and were 80.00% completed.

There were no dividends declared during the year under review (2016: Nil).

OPERATIONS REPORT *(continued)*

(D) Corporate Social Responsibility and Environmental Review

(1) Corporate Social Responsibility (CSR)

During the year, the Company continued to meet its social obligations by supporting health and education programs among others. Notable among CSR activities for the year was the support to Katulumba Community School located in Siavonga district in Southern Province of Zambia. The school had rundown infrastructure and had limited materials for use by both learners and teachers which negatively affected school attendance by pupils. In order to improve pre-grade enrolment and increase school attendance particularly for pupils in lower primary grades, ZCCM-IH donated various building materials, desks and text books. The school has since been rehabilitated and stocked with key materials for both teachers and learners.

Photo 1: Pupils at Katulumba Community School receiving various education materials

In total, the Company spent K0.79 million (2017: K0.21 million) in supporting various corporate social responsibility activities.

OPERATIONS REPORT *(continued)*

(D) Corporate Social Responsibility and Environmental Review (continued)

(2) 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:

(i). Safety and security at the Radiation Waste Storage Building was improved during the year with the installation of solar panels to provide power supply to the security system during outage of power supply from ZESCO. In addition, a security guard house for surveillance and monitoring was constructed at the facility as a way of upgrading the security system.

Photo 2: Radiation Waste Security System Guard House

(ii). Routine monitoring of environmental liabilities in Mufulira and Kitwe districts on the Copperbelt Province continued throughout the year.

(iii). Monitoring and treatment of children affected by lead poisoning continued through Integrated Case Management (ICM) activities in Kabwe district. This included conducting clinics in Makululu, Kasanda and Chowa Health Centres for medical reviews and where necessary for clinical assessment and treatment. Other activities involved home visitations, distribution of nutrition food supplements and environmental assessments at homes in the lead affected areas to investigate the causes of persistently high lead levels in blood in some children.

Dr. Pius C. Kasolo
Chief Executive Officer

13 December 2018

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of ZCCM Investments Holdings Plc, comprising the statements of financial position at 31 March 2018, 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 directorate and administration, management committee, chairman's statement, report of the directors, operations report and page 144 to 145 corporate information.

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 International Financial Reporting Standards and the requirements of the Companies Act of Zambia and the securities Act of Zambia.

Following the enactment of the Securities Act of Zambia in December 2016, the Securities and Exchange Commission (SEC) issued a public notice temporarily exempting the Board of Directors and Auditors of a listed company or companies whose securities are registered with the Commission, from reporting on the effectiveness of the company's internal control system in the annual report as required by section 147.

The exemption covering periods ending on or before 31st December 2018 is to allow the Commission and stakeholders develop and implement an appropriate reporting framework to guide the form and content of compliance with the requirements of the Act.

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 13 December 2018 and signed on its behalf by:

....	....
Eric S. Silwamba SC.	**Mateyo C. Kaluba**
Director	**Director**

Grant Thornton

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF
ZCCM INVESTMENTS HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of ZCCM Investments Holdings Plc, which comprise the ("the Group and Company") statement of financial position as at 31 March 2018, and the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of ZCCM Investments Holdings Plc as of 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act and the Securities Act of Zambia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements section of our report. We are independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF

ZCCM INVESTMENTS HOLDINGS PLC

Report on the Audit of the Financial Statements *(continued)*

Key Audit Matters	How the matter was addressed in our report
As at 31 March 2018, the investments in associates and the financial assets at fair value through profit or loss of ZMW 5,030 million represented 71% of the total assets that were subject to significant estimations. The valuation of the company's investments is performed by an external valuation expert and has applied the Discounted Cash Flow (DCF) valuation methodology using the income approach. In addition, two other valuation methods (Cost approach and market approach), were used to corroborate the DCF findings. These models require significant judgements and estimation over significant unobservable inputs and assumptions.	We evaluated the competence, experience and independence of the external valuation expert. We compared the assumptions used to the preceding period and considered the reasonableness. We tested the appropriateness of the data used by the expert. We involved a specialist in evaluating the appropriateness of the valuation models used. For investments valued using the market approach we agreed the listed shares on the Lusaka Stock Exchange.
The valuation of environmental rehabilitation provision was performed by the Group's internal environmental experts and a significant degree of judgement and estimation is applied to determine the environmental rehabilitation provision A further assessment was conducted by an independent environmental expert on the environmental rehabilitation provision carried out by the Group's internal environmental expert.	We evaluated the competence, experience and independence of the Group's environmental expert. We further obtained a report on the review of the assessment of the environmental liability performed by an independent valuation expert. We evaluated the competence, experience and independence of the external valuation expert. We performed a recalculation of the provision and compared to the provision recorded in the financial statements We reviewed the assumptions of the rates used through comparison to independently sourced information that was readily available.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is 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 and the Securities Act of Zambia and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF
ZCCM-INVESTMENTS HOLDINGS PLC *(continued)*

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and/or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Grant Thornton

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF

ZCCM INVESTMENTS HOLDINGS PLC *(continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and registers have been properly kept in accordance with the Act.

In accordance with Schedule IV, Rule 18, of the Securities Act of Zambia Cap 254 of the Laws of Zambia we confirm that in our opinion:

- The Group has throughout the financial year kept proper accounting records in accordance with the requirements of the Securities and Exchange Commission Rules;
- The statement of financial position and statement of profit or loss and other comprehensive income in agreement with the Group's accounting; and
- We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit.

Chartered Accountants

Christopher Mulenga (AUD/F000178)
Name of Partner signing on behalf of the Firm
Lusaka
Date:13 December 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 K'000	2017 K'000
Assets			
Property, plant and equipment	16	143,164	144,842
Intangible assets	17	367	396
Investment property	18	64,473	61,157
Investment in associates	20	7,355,864	6,828,313
Financial assets at fair value through profit or loss	21	336,082	489,242
Trade and other receivables	23	372,601	549,837
Deferred tax assets	31	497,609	415,548
Non-current assets		8,770,160	8,489,335
Inventories	22	37,026	44,124
Trade and other receivables	23	650,279	369,055
Held-to-maturity investment securities	24	535,384	497,172
Cash and cash equivalents	25	339,386	178,931
Current assets		1,562,075	1,089,282
Total assets		10,332,235	9,578,617
Equity			
Share capital	28(i)	1,608	1,608
Share premium	28(ii)	2,089,343	2,089,343
Other reserves		5,070,352	5,032,409
Retained earnings		1,779,043	890,553
Equity attributable to shareholders		8,940,346	8,013,913
Liabilities			
Borrowings	30	80,267	135,526
Trade and other payables	26	-	25,838
Deferred tax liabilities	31	256,072	425,529
Retirement benefits	32	4,340	4,409
Provisions for environmental rehabilitation	33	118,081	145,610
Non-current liabilities		458,760	736,912
Borrowings	30	53,436	56,536
Trade and other payables	26	488,989	350,116
Provisions	27	139,785	143,548
Current tax liabilities	13	222,837	232,434
Retirement benefits	32	28,082	45,158
Current liabilities		933,129	827,792
Total liabilities		1,391,889	1,564,704
Total equity and liabilities		10,332,235	9,578,617

The financial statements were approved for issue by the Board of Directors on 13 December 2018 and signed on its behalf by:

....

Eric S. Silwamba SC. **Mateyo C. Kaluba**
Director **Director**

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

Assets	Note	2018 K'000	2017 K'000
Property, plant and equipment	16	71,089	64,044
Intangible assets	17	367	265
Investment property	18	64,473	61,157
Investment in associates	20	4,694,323	4,905,468
Financial assets at fair value through profit or loss	21	336,082	489,242
Trade and other receivables	23	372,601	549,837
Non-current assets		5,538,935	6,070,013
Trade and other receivables	23	645,326	338,796
Held-to-maturity investment securities	24	535,384	497,172
Cash and cash equivalents	25	337,942	178,271
Current assets		1,518,652	1,014,239
Total assets		7,057,587	7,084,252
Equity			
Share capital	28(i)	1,608	1,608
Share premium	28(ii)	2,089,343	2,089,343
Other reserves		2,533,195	2,669,579
Retained earnings		1,166,008	730,596
Equity attributable to shareholders		5,790,154	5,491,126
Liabilities			
Deferred tax liabilities	31	754,221	1,050,831
Retirement benefits	32	4,340	4,409
Provisions for environmental rehabilitation	33	86,566	114,967
Non-current liabilities		845,127	1,170,207
Borrowings	30	-	164
Trade and other payables	26	56,223	43,359
Provisions	27	139,785	143,548
Current tax liabilities	13	226,298	235,848
Current liabilities		422,306	422,919
Total liabilities		1,267,433	1,593,126
Total equity and liabilities		7,057,587	7,084,252

The financial statements were approved for issue by the Board of Directors on13 December 2018 and signed on its behalf by:

…………………………………… ……………………………………

Eric S. Silwamba SC.
Director

Mateyo C. Kaluba
Director

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 K'000	2017 K'000
Revenue	7	60,982	95,345
Cost of sales		(78,469)	(109,861)
Gross loss		(17,487)	(14,516)
Other income	8	380,868	1,930,520
Reversal of environmental provision	9	26,402	87,509
Administration expenses	10	(343,233)	(1,155,647)
Operating profit		46,550	847,866
Finance income	12	210,990	699,058
Finance costs	12	(343,475)	(113,412)
Net finance income	12	(132,485)	585,646
Share of profit/(loss) of equity-accounted investees, net of tax	20(a)	689,207	(189,233)
Profit before tax		603,272	1,244,279
Income tax credit/(expense)	13	241,287	(515,445)
Profit from continuing operations		844,559	728,834
Discontinued operations			
Loss from discontinued operations	6	(1,610)	-
Profit for the year		842,949	728,834
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Deferred tax on revaluation reserve	31	1,944	786
Actuarial (gain)/ loss on defined benefit pension plans	32	1,959	(465)
Deferred tax on defined benefit actuarial loss	31	(686)	163
		3,217	484
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	20	36,725	(1,122,104)
Equity-accounted investees- share of other comprehensive income	20	43,542	80,471
		80,267	(1,041,633)
Other comprehensive income/(loss), net of tax		83,484	(1,041,149)
Total comprehensive income (loss)/income		926,433	(312,315)
Loss attributable to:			
Owners of the company		508,298	439,341
Non-controlling interests		334,651	289,493
		842,949	728,834
Total comprehensive income attributable to:			
Owners of the company		558,454	(188,263)
Non-controlling interests		367,979	(124,052)
		926,433	(312,315)
Earnings per share			
Basic earnings per share (K)	14	5.25	4.53
Diluted earnings per share (K)	14	5.25	4.53

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	**2018**	2017
		K'000	K'000
Revenue	7	199,841	41,330
Other income	8	370,033	726,433
Reversal of environmental provision	9	21,801	84,444
Administration expenses	10	(247,927)	(343,213)
Operating profit		343,748	508,994
Finance income	12	204,870	701,507
Finance costs	12	(328,705)	(104,787)
Net finance (cost)/income	12	(123,835)	596,720
Profit before tax		219,913	1,105,714
Income tax credit/(expense)	13	213,500	(462,787)
Profit for the year		433,413	642,927
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Deferred tax on amortisation of revaluation reserve	31	1,586	-
Actuarial loss on defined benefit pension plans	32	1,959	(465)
Deferred tax on defined benefit actuarial loss	31	(686)	163
		2,859	(302)
Items that are or maybe reclassified to profit or loss			
Available-for-sale investments in subsidiaries – net change in fair value	19	-	(95,644)
Available-for-sale investments in associates – net change in fair value	20	(211,145)	1,030,275
Deferred tax on fair value change on subsidiaries	31	-	33,475
Deferred tax on fair value change on investments	31	73,901	(360,596)
Available-for-sale investments in subsidiaries – amounts reclassified to profit or loss	19	-	95,644
Deferred tax on fair value change on investments in subsidiaries reclassified to profit or loss	31	-	(33,475)
		(137,244)	669,679
Other comprehensive income, net of tax		(134,385)	669,377
Total comprehensive income		299,028	1,312,304
Earnings per share			
Basic earnings per share (K)	14	2.70	4.00
Diluted earnings per share (K)	14	2.70	4.00

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Share capital	Share premium	Revaluation reserve	Translation reserve	Retained earnings	Total
		K'000	K'000	K'000	K'000	K'000	K'000
Balance at 1 April 2016		1,608	2,089,343	260,015	5,828,379	146,883	8,326,228
Total comprehensive income							
Profit for the year						728,834	728,824
Other comprehensive income							
Deferred tax on revaluation reserve	31	-	-	786	-	-	786
Currency translation – equity accounted investees	20	-	-	-	(1,122,104)		(1,122,104)
Amortisation of revaluation reserve		-	-	(15,138)	-	15,138	-
Actuarial loss on defined benefit	32	-	-	-	-	(465)	(465)
Deferred tax on defined benefit actuarial gains	31	-	-	-	-	163	163
Share of associates other comprehensive income	20	-	-	106	80,365	-	80,471
Total comprehensive income		-	-	(14,246)	(1,041,739)	743,670	(312,315)
Balance at 31 March 2017		1,608	2,089,343	245,769	4,786,640	890,553	8,013,913
Total comprehensive income							
Profit for the year		-	-	-	-	842,949	842,949
Other comprehensive income							
Deferred tax on revaluation reserve	31	-	-	1,944	-	-	1,944
Currency translation – equity accounted investees	20	-	-	-	36,725	-	36,725
Amortisation of revaluation reserve		-	-	(726)	-	726	-
Actuarial loss on defined benefit	32	-	-	-	-	1,959	1,959
Deferred tax on defined benefit actuarial loses	31	-	-	-	-	(686)	(686)
Share of associates' other comprehensive income	20	-	-	-	-	43,542	43,542
Total comprehensive income		-	-	1,218	36,725	888,490	926,433
Balance at 31 March 2018		1,608	2,089,343	246,987	4,823,365	1,779,043	8,940,346

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

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Share capital	Share Premium	Revaluation reserve	Fair value reserve	Retained earnings	Total
		K'000	K'000	K000	K'000	K'000	K'000
Balance at 1 April 2016		1,608	2,089,343	10,718	1,989,908	87,245	4,178,822
Total comprehensive income							
Profit for the year		-	-	-	-	642,927	642,927
Other comprehensive income							
Amortisation of revaluation surplus		-	-	(726)	-	726	-
Loss on retirement benefits	32	-	-	-	-	(465)	(465)
Deferred tax on defined benefit actuarial loss	31	-	-	-	-	163	163
Change in fair value of available-for-sale investments in subsidiaries	20	-	-	-	1,030,275	-	1,030,275
Deferred tax fair value change on investments	31	-	-	-	(360,596)	-	(360,596)
Total comprehensive income		-	-	(726)	669,679	643,351	1,312,304
Balance at 31 March 2017		1,608	2,089,343	9,992	2,659,587	730,596	5,491,126
Total comprehensive income							
Profit for the year		-	-	-	-	433,413	433,413
Other comprehensive income							
Amortisation of revaluation surplus		-	-	(726)	-	726	-
Deferred tax on amortisation of revaluation surplus		-	-	1,586	-	-	1,586
Loss on retirement benefits	32	-	-	-	-	1,959	1,959
Deferred tax on defined benefit actuarial loss	31	-	-	-	-	(686)	(686)
Change in fair value of available-for-sale investments in associates	20	-	-	-	(211,145)	-	(211,145)
Deferred tax on fair value change on investments	31	-	-	-	73,901	-	73,901
Total comprehensive income		-	-	860	(137,244)	435,412	299,028
Balance at 31 March 2018		1,608	2,089,343	10,852	2,522,343	1,166,008	5,790,154

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

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 K'000	2017 K'000
Cash flows from operating activities			
Profit for the year		842,949	728,834
Adjustments for:			
Depreciation	16	13,095	51,898
Amortisation	17	191	331
Profit on disposal of property, plant and equipment	8	(92)	-
Loss from discontinued operations	6	1,610	-
Interest income from related parties and held to maturity investments	12	(50,693)	(52,350)
Interest expense	12	13,936	5,603
Interest expense on borrowings	30	(4,273)	(37,074)
Unrealised foreign currency (gain)/loss		-	(844)
Change in fair value on financial assets at fair value through profit or loss	21	153,160	(257,436)
Impairment of investments	20	42,082	(1,204,129)
Impairment of property, plant and equipment	16	-	861,357
Fair value change on investment property	18	(3,316)	11,464
Defined benefits expense	32	5,858	12,028
Share of loss of equity – accounted investees, net of tax	20	(689,207)	189,233
Tax expense	13	(241,287)	515,445
		84,013	824,360
Change in:			
Inventories		7,098	(8,775)
Trade and other receivables		(104,134)	(469,232)
Trade and other payables and provisions		110,425	94,033
Provision for environmental rehabilitation		(27,529)	(97,817)
Cash generated from operating activities		69,873	342,569
Interest paid	12	(13,936)	(5,603)
Tax paid	13	(18,570)	(18,103)
Benefits paid	32	(21,044)	(7,720)
Net cash from operating activities		16,323	311,143
Cash flows from investing activities			
Interest received	12	50,693	52,350
Dividend received	20	199,841	41,330
Acquisition of property and equipment	16	(14,076)	(19,665)
Acquisition of intangible assets	17	(293)	(54)
Proceeds on disposal of property, plant and equipment		265	-
Acquisition of investment property	18	-	(56)
Acquisition of investment in associates	20	-	(36,749)
Acquisition of financial assets at fair value through profit or loss	21	-	(235)
Proceeds on maturity of fixed deposits	24	497,172	355,172
Acquisition of held to maturity investments	24	(535,384)	(497,172)
Net cash used in investing activities		198,218	(105,079)
Cash flows from financing activities			
Repayment of borrowings	30	(54,086)	(63,508)
Net cash used in financing activities		(54,086)	(63,508)
Net increase/(decrease) in cash and cash equivalents		160,455	142,556
Effect of movement in exchange rates on cash held		-	844
Cash and cash equivalents at 1 April		178,931	35,531
Cash and cash equivalents at 31 March	25	339,386	178,931

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		K'000	K'000
Cash flows from operating activities			
Profit/(loss)		433,413	642,927
Adjustments for:			
Depreciation	16	6,033	3,062
Amortisation	17	191	329
Profit on disposal of property, plant and equipment	8	(92)	-
Fair value changes of financial assets at fair value through profit or loss	21	153,160	(257,436)
Impairment of investment in subsidiaries	19	5	95,644
Defined benefits expense	32	1,890	1,266
Fair value change on investment property	18	(3,316)	11,464
Interest expense on borrowings	30	38	87
Interest receivable on price participation and held to maturity investments	12	(49,160)	(57,205)
Interest expense	12	-	87
Unrealised foreign currency (gain)/loss		-	(844)
Tax credit/expense	13	(213,500)	462,787
		328,662	902,168
Change in:			
Trade and other receivables		(130,978)	(479,269)
Trade and other payables		12,864	(34,106)
Provisions		(3,763)	6,960
Provision for environmental rehabilitation		(28,401)	(103,787)
Cash generated from operating activities		178,384	291,966
Interest paid		-	(87)
Tax paid	13	(17,859)	(17,768)
Retirement paid		-	(227)
Net cash from/(used in) operating activities		160,525	273,884
Cash flows from investing activities			
Interest received	12	49,160	57,205
Acquisition of property, plant and equipment	16	(11,567)	(9,235)
Acquisition of intangible assets	17	(293)	(54)
Acquisition of investment property	18	-	(56)
Proceeds on disposal of property, plant and equipment		265	-
Proceeds on maturity of fixed deposits	24	497,172	355,172
Acquisition of held to maturity investments	24	(535,384)	(497,172)
Acquisition of investments in associates	20	-	(36,749)
Acquisition of investments in subsidiary	19	(5)	-
Acquisition of financial assets at fair value through profit or loss	21	-	(235)
Net cash flows (used in)/from investing activities		(652)	(131,124)
Cash flows from financing activities			
Repayment of borrowings		(202)	(315)
Net cash used in financing activities		(202)	(315)
Increase in cash and cash equivalents		159,671	142,445
Effect of movement in exchange rates on cash held		-	844
Cash and cash equivalents at 1 April		178,271	34,982
Cash and cash equivalents at 31 March	25	337,942	178,271

The notes on pages 39 to 143 are an integral part of these consolidated and separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

ZCCM Investments Holdings Plc (the "Company" or "ZCCM – IH") is domiciled in Zambia. The Company's registered office is at Stand No. 16806, Alick Nkhata Road, Mass Media Complex Area, P.O Box 30048, Lusaka. These consolidated financial statements comprise the Company, its subsidiaries and investments in associates (together referred to as the 'Group'). The principal activity of the Company is to manage the Zambian Government's stake in the mining sector, as the Zambian Government through the Industrial Development Corporation (IDC), is the principal shareholder of the entity.

The Company's shares are listed on the Lusaka Securities 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 and the Securities Act of Zambia.

Details of the Group's significant accounting policies, including changes during the year, are included in note 40.

3 Functional and presentation currency

These consolidated and separate 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 level. More detail is included in note 20.

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 are included in;

- Note 40(a) ii and iv – determination of control over investees.
- Notes 19, 20 and 21 – Valuation of investment in subsidiaries and associates and financial assets at fair value through profit or loss.
- Note 16 – impairment of property, plant and equipment.
- Note 33 – provision for environmental rehabilitation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2018 is included in the following notes:

- Note 32 - measurement of defined benefit obligations: key actuarial assumptions.
- Notes 19, 20 and 21 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions.
- Note 40(h) - impairment test: key assumptions underlying recoverable amounts; and
- Note 33 and 35 - 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 has 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 observable market 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 37- financial instruments;
- Note 18 - Investment property; and
- Note 20 – Investment in associates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

5 Operating segments

(a) Basis for segmentation

The Group has four 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*	*Total revenue*	*Revenue from Zambia*	*Revenue from foreign countries*	*Total segment assets*	*Non-current assets*	*Current assets*
ZCCM-IH Plc	Investment holding company	199,841	199,841	-	135,929	135,929	-
Ndola Lime Company Limited	Mining and manufacturing of limestone products	60,103	48,851	11,252	105,709	68,683	37,026
Nkandabwe Coal Mines Limited	Coal mining	-	-	-	-	-	-
Misenge Environmental and Technical Services Limited	Environmental and technical services	879	879	-	3,392	3,392	-
Totals		260,823	249,571	11,252	245,030	208,004	37,026

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

(b) Information about reportable segments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5 Segment reporting *(continued)*

(b) **Information about reportable segment** *(continued)*

The segment results for the Group were as follows:

2018

	ZCCM-IH	Ndola Lime Company Limited	Misenge Environmental and Technical Services Limited	Nkandabwe Coal Mine Limited	Consolidation Adjustments	Consolidated
Revenue from external customers:						
Sales	-	60,103	-	-	-	60,103
Services	-	-	879	-	-	879
Dividends	199,841	-	-	-	(199,841)	-
Other	-	-	-	-	-	-
Total revenue from external customers	199,841	60,103	879	-	(199,841)	60,982
Inter-segment revenue	199,841	-	4,601	-	(204,442)	-
Total segment revenue	199,841	60,103	5,480	-	(204,442)	60,982
Revenue						
Total revenue from reportable segments	199,841	60,103	5,480	-	-	265,424
Elimination of inter segment revenue					(204,442)	(204,442)
Consolidated revenue						60,982
Interest income	64,310	1,794	-	-	(261)	65,843
Interest expense	(38)	(25,906)	-	-	12,008	(13,936)
Depreciation and amortisation	6,224	6,814	247	-	-	13,285
Total profit or (loss) before tax for reported segments	219,913	(187,693)	(4,488)	(1,577)	(112,090)	(85,935)
Income tax credit/(expense)	213,500	(2,104)	-	-	29,891	241,287
Share of profit of equity accounted investees						689,207
Loss from discontinued operations						(1,610)
Consolidated profit for the year						842,949

Ndola lime Company's major customers are the mines and these includes KCM, Chambishi Metals, Kalumbila Mines and Mopani Copper Mines.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5 Segment reporting *(continued)*

(b) **Information about reportable segment** *(continued)*

2018

	ZCCM-IH	Ndola Lime Company Limited	Misenge Environmental and Technical Services Limited	Nkandabwe Coal Mine Limited	Consolidation Adjustments	Consolidated
Segment assets*						
Opening balance	125,466	118,715	2,037	-	-	246,218
Additions	11,860	907	1,602	-	-	14,369
Decrease in inventory	-	(7,099)	-	-	-	(7,099)
Transfer from Mawe	1,684	-	-	-	-	1,684
Disposal	(173)	-	-	-	-	(173)
Depreciation and amortisation	(6,224)	(6,814)	(247)	-	-	(13,285)
Fair value change	3,316	-	-	-	-	3,316
Closing balance	135,929	105,709	3,392	-	-	245,030
Equity accounted investees	4,694,323	-	-	-	2,661,541	7,355,864
Other assets	2,227,335	15,178	2,293	3	486,532	2,731,341
Total assets	7,057,587	120,887	5,685	3	3,148,073	10,332,235
Segment liabilities	230,691	31,515	-	-	-	262,206
Other liabilities	1,036,742	849,465	17,592	38,459	(812,575)	1,129,683
Total liabilities	1,267,433	880,980	17,592	38,459	(812,575)	1,391,889
Cashflows from operating activities	160,525	(64,027)	2,839	(1,577)	(81,437)	16,323
Cashflows from investing activities	(652)	(907)	(1,602)	-	201,379	198,218
Cashflows from financing activities	(202)	64,497	5	1,577	(119,963)	(54,086)

* Segment assets exclude financial instruments, deferred tax assets and employee benefit assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5 Segment reporting *(continued)*

(b) **Information about reportable segment** *(continued)*

2017	ZCCM-IH	Ndola Lime Company Limited	Misenge Environmental and Technical Services Limited	Mawe Exploration and Technical Services Limited	Nkandabwe Coal Mine Limited	Consolidation Adjustments	Consolidated
Revenue from external customers:							
Sales	-	89,569	-	-	-	-	89,569
Services	-	-	5,740	36	-	-	5,776
Dividends	41,330	-	-	-	-	(41,330)	-
Total revenue from external customers	-	-	-	-	-	-	-
Inter-segment revenue	41,330	89,569	5,740	36	-	(41,330)	95,345
Total revenue	41,330	-	3,065	-	-	(44,395)	-
Revenue	41,330	89,569	8,805	36	-	(44,395)	95,345
Total revenue from reportable segments	41,330	89,569	8,805	36	-	-	139,740
Elimination of inter segment revenue						(44,395)	(44,395)
Consolidated revenue							95,345
Interest income	58,707	92	-	-	-	(4,947)	53,852
Interest expense	(87)	(10,463)	-	-	-	4,947	(5,603)
Depreciation and amortisation	3,391	48,468	29	340	-	-	52,228
Total profit or loss before tax for reported segments	1,105,714	(1,163,096)	(1,250)	(444)	(1)	1,492,589	1,433,512
Income tax credit/(expense)	(462,787)	19,681	-	-	-	(72,339)	(515,445)
Share of loss of equity accounted investees							(189,233)
Consolidated loss for the year							728,834

Ndola lime Company's major customers are the mines and these include KCM, Chambishi Metals, Kalumbila Mines and Mopani Copper Mines.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5 Segment reporting *(continued)*

(b) **Information about reportable segment** *(continued)*

2017	**ZCCM-IH**	**Ndola Lime Company Limited**	**Misenge Environmental and Technical Services Limited**	**Mawe Exploration and Technical Services Limited**	**Nkandabwe Coal Mine Limited**	**Consolidation Adjustments**	**Consolidated**
Segment assets*							
Opening balance	130,976	1,152,820	2,066	4,641	-	-	1,290,503
Additions	9,345	19,205	-	-	-	-	28,550
Impairment	-	(984,777)	-	-	-	123,419	(861,358)
Depreciation and amortisation	(3,391)	(48,468)	(29)	(340)	-	-	(52,228)
Decrease in environmental asset	-	(20,065)	-	-	-	-	(20,065)
Fair value change	(11,464)	-	-	-	-	-	(11,464)
Closing balance	125,466	118,715	2,037	4,301	-	123,419	373,938
Equity accounted investees	4,905,468	-	-	-	-	1,922,845	6,828,313
Other assets	2,053,318	44,342	1,573	331	3	276,800	2,376,367
Total assets	7,084,252	163,057	3,610	4,632	3	2,323,064	9,578,618
Segment liabilities	262,924	30,643	-	-	-	-	293,567
Other liabilities	1,330,202	703,066	11,034	35,558	36,882	(845,605)	1,271,137
Total liabilities	1,593,126	733,709	11,034	35,558	36,882	(845,605)	1,564,704
Cashflows from operating activities	273,884	(8,415)	(52)	-	(1)	45,727	311,143
Cashflows from investing activities	(131,124)	(42,149)	-	-	-	68,194	(105,079)
Cashflows from financing activities	(315)	50,814	-	884	-	(114,891)	(63,508)

* Segment assets exclude financial instruments, deferred tax assets and employee benefit assets

Group reconciliation of reported assets and liabilities

(i) Other assets consist 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.

(iii) Elimination adjustments relate to intersegment transactions. The adjustment to other liabilities relates to the elimination of shareholder loans and the reclassification of deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Discontinued operations

Mawe was a wholly owned subsidiary of ZCCM - IH and was initially the former technical department of the Company. Mawe's principal activity was 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. Mawe's operations were discontinued and it was formally dissolved in April 2017.

Results of discontinued operations

	2018
Property, plant and equipment	4,170
Intangible assets	131
Trade and other receivables	126
Cash and cash equivalents	20
Trade and other payables	(1,153)
Net assets and liabilities	3,294
Assets transferred to ZCCM-IH at net book value (Note 16)	(1,684)
Loss on discontinued operation	1,610

7 Revenue

	Group		**Company**	
	2018	2017	**2018**	2017
Dividend income (note 34b(ii))	-	-	199,841	41,330
Lime sales	60,103	89,569	-	-
Services	879	5,776	-	-
	60,982	95,345	199,841	41,330

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

8 Other income

	Group		Company	
	2018	2017	**2018**	2017
Management fee income	1,580	3,153	1,580	3,153
Fair value adjustment- investment property (note18)	3,316	-	3,316	-
Rental income	3,959	2,887	3,959	3,088
Profit on disposal of property, plant and equipment	92	-	92	-
Reversal of impairment on investment in associates (note 20)	-	1,204,129	-	-
KCM price participation receivable (note 23)	360,332	719,152	360,332	719,152
(Reversal)/impairment of receivables (note 37 iii)	10,732	-	-	-
Sundry income (i)	857	1,199	754	1,040
	380,868	1,930,520	370,033	726,433

(i) Sundry income

Sundry income mainly includes income such as core shed viewing/sampling and sale of scrap.

9 Environmental expenses

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

	Group		Company	
	2018	2017	**2018**	2017
Provision charge for the year (note 33)	(26,967)	(87,509)	(26,967)	(87,509)
Environmental consultancy expenses	565	-	5,166	3,065
	(26,402)	(87,509)	(21,801)	(84,444)

10 Administration expenses

	Group		Company	
	2018	2017	**2018**	2017
Depreciation and amortisation (note 16,17)	8,925	6,654	6,224	3,391
Auditors' remuneration	1,322	2,285	696	1,439
Personnel expenses (note 11)	93,680	90,586	57,142	54,288
Impairment of investment in subsidiaries (note 19)	-	-	5	95,644
Impairment of investment in associates (note 20)	42,082	-	-	-
(Reversal)/impairment of receivables (note 37 iii)	-	22,295	114,326	133,333
Impairment of Ndola Lime plant (note 16)	-	861,357	-	-
Change in fair value of investment property (note 18)	-	11,464	-	11,464
Other administration expenses (i) below)	197,224	161,006	69,534	43,654
	343,233	1,155,647	247,927	343,213

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

10 Administration expenses *(continued)*

*In 2018, staff costs and depreciation recognised as cost of sales amounted to K 31 million (2017: K25 million) and K4 million (2017: K3 million) respectively.

(i) Other administration expenses

Other administrative expenses mainly include the subsidiary Ndola Lime's interest and penalties on overdue statutory obligations of K100 million (2017: K94 million) legal expenses amounting to K11 million (2017: K5 million), investment expenses K11 million (2017: K10 million).

11 Personnel expenses

	Group		Company	
	2018	2017	**2018**	2017
Salaries and wages	89,225	86,620	54,098	52,125
Retirement benefit costs:				
Defined benefit scheme (note 32)	1,890	1,266	1,890	1,266
Mukuba Pension Scheme	791	795	441	369
African Life Financial Services	244	391	-	-
National Social Security Funds	1,530	1,514	713	528
	93,680	90,586	57,142	54,288

12 Finance income and finance costs

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

	Group		Company	
	2018	2017	**2018**	2017
Fair value adjustment financial asset at fair value through profit or loss (note 21)	(282,278)	(73,078)	(282,278)	(73,078)
Exchange differences*	(46,389)	(33,733)	(46,389)	(31,622)
Interest expense	(13,936)	(5,603)	(38)	(87)
Unwinding of discount on site restoration	(872)	(998)	-	-
Finance costs	(343,475)	(113,412)	(328,705)	(104,787)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

12 Finance income and finance costs *(continued)*

	Group		Company	
	2018	2017	**2018**	2017
Fair value adjustment financial asset at fair value through profit or loss (note 21)	129,118	330,514	129,118	330,514
Interest income from price participation (note 23)	15,150	1,502	15,150	1,502
Interest income from related parties	16,125	17,188	16,125	22,135
Unwinding on price participation fees (note 23)	-	143,355	-	143,355
Exchange differences	16,029	156,504	11,442	154,098
Gain on derivative	-	14,833	-	14,833
Interest from held to maturity investment securities	34,568	35,162	33,035	35,070
Finance income	210,990	699,058	204,870	701,507
Net finance income recognised in profit or loss	(132,485)	585,646	(123,835)	596,720

**Exchange difference mainly arises from the revaluation of foreign currency denominated financial instruments such as loans and held-to-maturity investment securities.*

13 Income tax expenses

See accounting policies in note 40 (m)

	Group		Company	
Amounts recognised in profit or loss Current tax expense	**2018**	2017	**2018**	2017
Current year	(8,973)	(17,995)	(8,309)	(17,908)
Deferred tax charge(note 31)	250,260	(497,450)	221,809	(444,879)
Income tax credit /(expense)	241,287	(515,445)	213,500	(462,787)

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	
	2018	2017	**2018**	2017
Profit before income tax	603,272	1,244,279	219,913	1,105,714
Less: share of post-tax (profit)/loss from associates	(689,207)	189,233	-	-
	(85,935)	1,433,512	219,913	1,105,714
Tax calculated at rates applicable to profits @ 35%	-	501,729	76,970	387,000
Tax effect of:				
Non-deductible expenses*	(67,751)	22,244	(116,934)	84,315
Income taxed at a lower rate**	(63,285)	(9,039)	(63,285)	(9,039)
Under/(over) recognition in prior years	(110,251)	511	(110,251)	511
	(241,287)	515,445	(213,500)	462,787

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

13 Income tax expenses *(continued)*

See accounting policies in note 40 (m)

** Income taxes at lower rate relates to rental income and dividends taxed at 10% and 0% respectively.

Tax movement in the statement of financial position

	Group		Company	
	2018	2017	**2018**	2017
Opening balance 1 April	232,434	232,542	235,848	235,708
Charge for the year	8,973	17,995	8,309	17,908
Tax paid	(18,570)	(18,103)	(17,859)	(17,768)
Closing balance 31 March	222,837	232,434	226,298	235,848

14 Earnings per share

See accounting policies in note 40(n)

(a) Basic earnings per share

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

i) ***Profit(loss) attributable to ordinary shareholders (basic)***

Group

	2018	2017
Profit attributable to owners of the Company	842,949	728,834
Company		
Profit attributable to ordinary shareholders	433,413	642,927

ii) ***Weighted average number of shares (basic)***

	2018	2017
Opening balance at 1 April	160,800	160,800
Closing balance at 31 March	160,800	160,800

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 issue over the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Earnings per share*(continued)*

(b) Diluted earnings per share

There were no potentially dilutive shares outstanding at 31 March 2018 (2017: nil). Diluted earnings per share are therefore the same as basic earnings per share.

15 Dividends per share

The Company declared a dividend of K0.61 per share for the year ended 31 March 2018 (2017: K0.84 per share)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

16 Property, plant and equipment

See accounting policies in note 40(d)

Reconciliation of carrying amount

Group

	Land and Buildings	Plant and equipment	Vertical and rotary	Motor vehicles	Work in progress	Total
Cost or valuation						
Balance at 1 April 2016	46,074	313,170	101,742	65,026	632,892	1,158,904
Additions	4,949	4,248	-	-	10,468	19,665
Transfers	-	2,103	84,561	488	(87,152)	-
Transfer from investment property (note 18)	28,213	-	-	-	-	28,213
Balance at 31 March 2017	79,236	319,521	186,303	65,514	556,208	1,206,782
Additions	30	2,831	-	9,673	1,542	14,076
Disposal	-	-	-	(1,595)	-	(1,595)
Balance at 31 March 2018	79,266	322,352	186,303	73,592	557,750	1,219,263
Accumulated depreciation and impairment losses						
Balance at 1 April 2016	505	45,589	30,256	51,283	987	128,620
Charge for the year	2,144	35,592	7,416	6,746	-	51,898
Environmental asset (Note 32)	-	-	20,065	-	-	20,065
Impairment	-	202,761	123,378	-	535,218	861,357
Balance at 31 March 2017	2,649	283,942	181,115	58,029	536,205	1,061,940
Charge for the year	2,846	6,409	346	3,494	-	13,095
Disposal	-	-	-	(1,422)	-	(1,422)
Discontinued operation	-	1,291	-	1,195	-	2,486
Balance at 31 March 2018	5,495	291,642	181,461	61,296	536,205	1,076,099
Carrying amounts						
Balance at 31 March 2018	73,771	30,710	4,842	12,296	21,545	143,164
Balance at 31 March 2017	76,587	35,579	5,188	7,485	20,003	144,842

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

16 Property, plant and equipment *(continued)*

Buildings of the subsidiary, Ndola Lime Company Limited, were last revalued as at 31 March 2016, by Sherwood Greene Consultants, an independent registered valuations surveyor on the basis of an open market value. The valuation was in line with the Company's accounting policy to recognise its leasehold land and buildings at fair 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. The carrying values of property, plant and equipment approximates to their fair values. Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.

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.

Leased plant and equipment

The Group leases motor vehicles under a number of finance leases. At 31 March 2018, the net carrying amount of the leased assets was nil (2017: K1.7 million). The underlying assets are held as security for the finance lease obligations. The leases provide the Group with an option to buy the motor vehicles at a beneficial price.

Security

Assets amounting to K67 million (2017: K75 million) of the subsidiary, Ndola Lime Company Limited are held as security for the US$ 27.6 million loan from Standard Bank of South Africa.

Borrowing costs

The Group is constructing the Ndola Lime vertical kiln (VK – 2). There were no borrowing costs included in property, plant and equipment during the year (2017: nil) in respect of the construction works.

Fully depreciated assets

Included in cost of property, plant and equipment are fully depreciated assets amounting to K21.1 million (2017: K43.8 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

16 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 2016	23,083	5,497	11,515	987	41,082
Additions	4,949	4,248	-	38	9,235
Transfer from investment property (note 18)	28,213	-	-	-	28,213
Balance at 31 March 2017	56,245	9,745	11,515	1,025	78,530
Additions	30	2,831	8,071	635	11,567
Transfer from Mawe (Note 6)	-	916	768	-	1,684
Disposal	-	-	(1,595)	-	(1,595)
Balance at 31 March 2018	56,275	13,492	18,759	1,660	90,186
Accumulated depreciation and impairment losses					
Balance at 1 April 2016	506	4,661	5,270	987	11,424
Charge for the year	556	455	2,051	-	3,062
Balance at 31 March 2017	1,062	5,116	7,321	987	14,486
Charge for the year	1,258	1,665	3,110	-	6,033
Disposal	-	-	(1,422)	-	(1,422)
Balance at 31 March 2018	2,320	6,781	9,009	987	19,097
Carrying amount					
Balance at 31 March 2018	53,955	6,711	9,750	673	71,089
Balance at 31 March 2017	55,183	4,629	4,194	38	64,044

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. The carrying values of property, plant and equipment approximates their fair values. Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.

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

The carrying amounts of property would have been K1.1 million (2017:K1.2 million) had it been measured using the cost model.

Leased plant and equipment

The Company did not have any assets under a finance lease as at 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

16 Property, plant and equipment *(continued)*

Fully depreciated assets

Included in cost of property, plant and equipment are fully depreciated assets amounting to K8.8 million (2017: K7.6 million)

17 Intangible assets (computer software)

See accounting policies in note 40 (f)

Reconciliation of carrying amount

Cost	Group	Company
Balance at 1 April 2016	2,121	1,773
Additions	54	54
Balance at 31 March 2017	2,175	1,827
Additions	293	293
Balance at 31 March 2018	2,468	2,120
Amortisation		
Balance at 1 April 2016	1,448	1,233
Amortisation (Note 10)	331	329
Balance at 31 March 2017	1,779	1,562
Amortisation (Note 10)	191	191
Discontinued operations (Note 6)	131	-
Balance at 31 March 2018	2,101	1,753
Carrying amount		
Balance at 31 March 2018	367	367
Balance at 31 March 2017	396	265

18 Investment property

See accounting policies in note 40 (e)

(a) Reconciliation of carrying amounts

	Group and	Company
	2018	2017
Balance at 1 April	61,157	100,778
Additions	-	56
Transfer to property, plant and equipment (note 16)	-	(28,213)
Change in fair value	3,316	(11,464)
Balance at 31 March	64,473	61,157

Leases as lessor

The Group leases out its investment properties. Investment property comprises a number of commercial properties that are leased to third parties. No contingent rents are charged. The Group did not have any operating leases as a lessee on a non-cancellable period as at 31 March 2018.

Changes in fair values are recognised as gains in profit or loss and included in 'other income' or other 'administration expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

18 Investment property *(continued)*

(b) Measurement of fair value

Amount recognised in profit or loss

During 2018, investment property rentals of K3.96 million (2017: K2.9 million) at Group level were included in other income (see note 8). Maintenance expenses incurred during the year were K0.985 million (2017: K1.2 million).

Fair value hierarchy

The fair value of investment property was determined by the Sandridge Associates, who are sufficiently independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property of ZMW 64.5 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 40 (e).

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
The valuation technique used is the Discounted Cash Flows. This valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs sum as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality	• Expected market rental growth (3 - 5%. Weighted average 4%) • Void periods (average 2 months after the end of each lease) • Occupancy rate (90-95%, weighted average 90%) • Rent-free periods (1-month period on new leases) • Risk-adjusted discount rates (8- 10%. weighted average 9%).	The estimated fair value would increase or (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower): • Rent-free periods were shorter (longer); or • The risk-adjusted discount rate were lower (higher).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

19 Investment in subsidiaries

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

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

2018

	Country of incorporation	Held % Interest	Opening carrying amount	Addition	Change in fair value	Closing carrying amount
Ndola Lime Company Limited	Zambia	**100**	-	-	-	-
Misenge Environmental and Technical Services	Zambia	**100**	-	5	(5)	-
Nkandabwe Coal Mines Limited (i)	Zambia	**100**	-	-	-	-
			-	5	(5)	-

2017

	Country of incorporation	Held % Interest	Cost	Addition	Change in fair value	Carrying amount
Ndola Lime Company Limited	Zambia	**100**	95,644	-	(95,644)	-
Misenge Environmental and Technical Services	Zambia	**100**	-	-	-	-
Nkandabwe Coal Mines Limited (i)	Zambia	**100**	-	-	-	-
			95,644	-	(95,644)	-

(i) Nkandabwe Coal Mines Limited

In February 2015, 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, through setting up a new legal vehicle to run the mine. This was done by means of handing over the mining license to ZCCM-IH. ZCCM – IH then completed the legal formalities and took ownership of the Coal Mine under the name Nkandabwe Coal Mines Limited.

Nkandabwe Coal Mines Limited was incorporated on 03 May 2015, as a 100% subsidiary. Its principal activity was the production of coal.

In March 2015, GRZ withdrew the mining licenses from ZCCM-IH and handed them back to Collum Coal Mine. As at 31 March 2018, the company was in the process of being wound up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

19 Investment in subsidiaries *(continued)*

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

(a) Reconciliation of carrying amounts

	Company	
	2018	2017
Balance at 1 April	-	95,644
Conversion of loan to equity/additions	5	-
Change in fair value	(5)	(95,644)
Balance at 31 March	-	-

(b) Measurement of fair value

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 and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Ndola Lime Company Limited The company has been categorized as a level 3 fair value based on the inputs to the valuation technique used.	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flow generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	• *Target capital structure* Debt to total capitalisation (2018:28.8%; 2017:27%). Equity to total capitalisation (2018:71.2%; 2017:73%) • *Cost of debt* Cost of debt (2018:22.6%; 2017: 14%) Effective tax rate (2018:30%; 2017:30%) After tax cost of debt (2018: 15.8%; 2017:9.8%) • *Cost of Equity* Risk free rate (2018:19%; 2017: 18.3%)* Market risk premium (2018: 6.9%; 2017:5.6%) Levered beta, 2018: 1.64; 2017:0.84 • *Stock premium: 2018: 4.3% (2017:5.6%)* • *Cash flow assumptions were as follows:* - Projected to sale 1.4 million tons of lime stone, 0.5 million tons of quicklime and hydrated lime. - Life of mine: 20 years - Growth rate 5.5%	The estimated fair value would increase/ (decrease) if: • Equity to total capitalisation were higher/ (lower) • Cost of debt were lower / (higher) • The cost of equity were higher/ (lower).

** Risk free rate is based on the Government of Zambia 10 year bond yield at the time of the valuation of 19% (2017: 18.3%) as a proxy for the risk-free rate.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

19 Investment in subsidiaries *(continued)*

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

Subsidiary	Valuation technique	Significant unobservable inputs	Inter-relationship between Key unobservable inputs and fair value measurement
Nkandabwe Coal Mine Limited Misenge Environmental and Technical Services.	No fair value has been determined for these entities. As they are loss-making, fair value has been determined to be nil.	Not applicable.	Not applicable.

Equity value and sensitivity analysis for investment in subsidiaries

Ndola Lime Company Limited

The equity value is nil (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates

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

(a) Reconciliation of carrying amounts

	Group		Company	
	2018	2017	**2018**	2017
Balance at 1 April	6,828,313	6,852,955	4,905,468	3,831,768
Share of profit/(loss)	689,207	(189,233)	-	-
Share of OCI	43,542	80,471	-	-
Dividend received	(199,841)	(41,330)	-	-
Additions* -	-	43,425	-	43,425
Impairment reversal				
investment in associates	(42,082)	1,204,129	-	-
Change in fair value	-	-	(211,145)	1,030,275
Currency translation				
adjustment	36,725	(1,122,104)	-	-
Balance at 31 March	7,355,864	6,828,313	4,694,323	4,905,468

**Additions*

	K
Reclassified from financial assets at fair value through profit or loss	6,676
Additions	36,749
	43,425

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 decrease in fair value of K211 million mainly relates to huge capex investments for most mining companies in the next five years which will only yield results in years later than the considered projection period.

Impairment of investment in associates

The K42.1 million impairment relates to Konkola Copper Mines Plc due to continued loss making position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(a) Reconciliation of carrying amounts *(continued)*

Name	Nature of relationship	Principal place of business	Ownership interest	Fair value of ownership interest	Functional currency
Konkola Copper Mines Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20.60%	N/A	USD
Kansanshi Mining Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	N/A	USD
Copperbelt Energy Corporation Plc	Strategic way of promoting Zambian participation in the power and energy sector	Zambia	20%	K650,000	USD
CEC Africa Investments Limited	Diversification of investments in energy sector	Mauritius	20%	K97,500	ZMW
Investrust Bank Plc	Diversification of investments in Financial sector	Zambia	45.4%	K27,221	ZMW
CNMC Luanshya	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	N/A	USD
Kariba Minerals	Strategic way of promoting Zambian participation in the mining sector	Zambia	50%	N/A	ZMW
Maamba Collieries Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	35%	N/A	USD
Lubambe Copper Mines Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	N/A	USD

The following are considered when determining the level of control or influence over the investee companies:

- ZCCM-IH's representation on the Board of the investee company
- Appointment of key management staff
- Number of voting rights

Currently ZCCM-IH appoints directors in line with its percentage holding on all the boards of its associates, and as such it exercise's significant influence over them. For Kariba Minerals, despite ZCCM-IH owning 50% of the mine, it only appoints two of the five Directors that sit on the Kariba Minerals board and as these are not charged with the responsibility of setting strategies to achieve objectives, ZCCM-IH is not deemed to have control of the entity.

Many of the investee companies have United States Dollars (USD) as their functional currency, due to the nature of the mining industry, although all investee companies are domiciled in Zambia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(b) Investment in associates analysis

Group

Summary of financial information for material equity accounted investees.

2018	Accounting year end	Country of incorporation	% interest held	Assets Current	Non-Current Assets	Liabilities Current	Liabilities Non-Current	Net asset value	Revenues	Profit/ loss	Share of profit /(loss)	Share of profit/ (loss) not recognised	Impairment	Share of net Assets
Konkola Copper Mines Plc	31-Mar	Zambia	20.6%	3,567,441	16,687,919	(10,310,371)	(8,883,014)	1,061,975	12,251,431	(1,101,960)	(227,004)	-	(42,082)	176,685
Kansanshi Mining Plc	31-Dec	Zambia	20.0%	11,936,076	27,508,873	(1,825,004)	(7,095,023)	30,524,922	16,083,007	3,929,577	785,915	-	-	6,104,984
Copperbelt Energy Corporation Plc	31-Dec	Zambia	20.0%	1,466,618	4,300,385	(980,985)	(1,602,340)	3,183,678	3,926,913	476,794	95,359	-	-	636,736
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.0%	1,532,058	2,723,345	(2,990,483)	(1,986,737)	(721,817)	2,216,434	444,812	-	88,962	-	-
Kariba Minerals Limited	30-Jun	Zambia	50.0%	92,996	90,738	(117,491)	(661,718)	(595,475)	17,177	(10,218)	-	(5,109)	-	-
Maamba Collieries Limited	31-Mar	Zambia	35.0%	1,321,881	6,343,881	(971,908)	(5,521,746)	1,172,108	1,172,000	148,858	52,100	-	-	410,238
Lubambe Copper Mines Limited	30-Jun	Zambia	20.0%	471,553	1,821,045	(393,453)	(7,637,333)	(5,738,188)	517,369	(36,696)	-	(7,339)	-	-
CEC Africa	31-Dec	Mauritius	20.0%	973,661	2,992,663	(7,181,292)	(93,273)	(3,308,241)	2,073,764	(3,226,216)	-	(645,243)	-	-
Investrust	31-Dec	Zambia	45.4%	960,328	-	-	(900,370)	59,958	137,106	(37,803)	(17,163)		-	27,221
				22,322,612	62,468,849	(24,770,987)	(34,381,554)	25,638,920	38,395,201	587,148	689,207	(568,729)	(42,082)	7,355,864

The Group's share of accumulated unrecognised losses from associates who are in net liability position was K3,411 million (2017: K3,254 million) at year end.

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

The equity accounted value was zero for CNMC Luanshya Copper Mine Plc, Kariba Minerals Limited, Lubambe Copper Mines Limited and CEC Africa Investments Limited as at 31 March 2018. There was no profit or loss from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(b) Investment in associates analysis *(continued)*

Group

Summary of financial information for material equity accounted investees.

2017	Accounting year end	Country of incorporation	% Interest	Assets Current	Non-Current Assets	Liabilities Current	Non-current	Net asset value	Revenues	Profit/(loss)	Share of profit/(loss)	Share of profit/(loss) not recognised	Carrying amount
Konkola Copper Mines Plc	31-Mar	Zambia	20.6	3,304,965	17,017,831	(8,441,644)	(9,694,820)	2,186,332	8,621,472	(1,367,721)	(281,751)	-	450,384
Kansanshi Mining Plc	31-Dec	Zambia	20	8,229,257	28,802,428	(2,813,881)	(7,084,676)	27,133,128	15,051,968	1,674,306	334,861	-	5,426,626
Copperbelt Energy Corporation Plc	31-Dec	Zambia	20	1,320,093	4,142,268	(850,142)	(1,912,699)	2,699,520	3,590,754	(1,122,005)	(224,401)	-	539,904
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20	1,948,752	3,401,465	(2,280,646)	(4,222,790)	(1,153,219)	1,788,085	(249,368)	-	(49,874)	
Kariba Minerals Limited	30-Jun	Zambia	50	85,944	71,020	(329,795)	(390,234)	(563,065)	20,643	(3,454)	-	(1,727)	
Maamba Collieries Limited	31-Mar	Zambia	35	1,328,938	6,479,951	(740,594)	(6,031,197)	1,037,098	100,375	21,245	7,436	-	362,984
Lubambe Copper Mines Limited	30-Jun	Zambia	20	322,810	1,870,663	(322,053)	(6,654,723)	(4,783,303)	824,917	(422,148)	-	(84,430)	
CEC Africa Investments Limited	31-Dec	Mauritius	20	1,051,304	2,837,801	(107,606)	(6,157,220)	(2,375,721)	1,705,845	(3,540,641)	-	(708,128)	-
Investrust Bank Plc	31-Dec	Zambia	45.4	1,227,855	-	-	(1,121,214)	106,641	166,335	(55,898)	(25,378)	-	48,415
				18,819,918	64,623,427	(15,886,361)	(43,269,573)	24,287,411	31,870,394	(5,065,684)	(189,233)	(844,159)	6,828,313

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

The equity accounted value was zero for CNMC Luanshya Copper Mine Plc, Kariba Minerals Limited, Lubambe Copper Mines Limited and CEC Africa Investments as at 31 March 2017. There was no profit or loss from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(b) Investments in associates analysis

Company

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

		% Interest	2018	2017
Copperbelt Energy Corporation Plc	b(i)	20.0	650,000	334,750
Investrust Bank Plc	b(ii)	45.4	50,044	50,044
CEC Africa Investments Limited	b(iii)	20.0	97,500	-
Kansanshi Mining Plc	b(iv)	20.0	2,020,713	1,979,742
Konkola Copper Mines Plc	b(v)	20.6	176,685	533,991
Lubambe Copper Mine Limited	b(vi)	20.0	-	-
Maamba Collieries Limited	b(vii)	35.0	1,699,381	1,987,289
Kariba Minerals Limited	b(viii)	50.0	-	19,652
CNMC Luanshya Copper Mines Plc	b(ix)	20.0	-	-
			4,694,323	4,905,468

(c) Measurement of fair value

Fair value hierarchy

The fair values of the Company's investment in associates were determined by Deloitte Advisory Limited, an external independent fair valuation expert, having appropriate recognised professional qualifications and experience. The independent valuers provide the fair value of the Company's associates annually. The fair value moved from K4.9 billion in 2017 to K4.7 billion in 2018.

The fair value measurement for the Company's investment in associates of K3.9 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, CEC Africa Investments Limited and Investrust Bank, K 0.65 billion, K0.097 billion and K0.05 billion respectively has been categorised as a level 2 based on the level of activity in the market which is deemed to be insufficient i.e. shares are not traded sufficiently for it to be classified as a level 1 fair value.

The following table shows a reconciliation from the opening balances to the closing balances for level 2 and 3 fair values.

2018	Level 2	Level 3	Total
Balance at 1 April	384,793	4,520,675	4,905,468
Change in fair value	412,750	(623,895)	(211,145)
Balance at 31 March	797,543	3,896,780	4,694,323
2017			
Balance at 1 April	234,000	3,597,768	3,831,768
Additions	43,425	-	43,425
Change in fair value	107,368	922,907	1,030,275
Balance at 31 March	384,793	4,520,675	4,905,468

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(c) 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 and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Kansanshi Mining	Discounted cash flows: It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flow generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	• *Target capital structure* Debt to total capitalisation (2018:28.8%, 2017:21.0%). • *Equity to total capitalisation (2018:71.2%, 2017:79.0%)* • *Cost of debt* Cost of debt (2018:10.60%, 2017: 2.75%) Effective tax rate (2018:35%, 2017:30%) After tax cost of debt (2018:6.90%, 2017:1.93%) • *Cost of equity* Risk free rate (2018:9.4%, 2017: 8%) Market risk premium (2018:7.5%, 2017:6.07%) Levered beta (2018: 1.43, 2017: 0.69). • Key assumptions considered were as follows: - Projected to continue investing in capital items in excess of US$1 billion over the next 5 years involving mainly mining fleet and development costs. - Projected significant capex injection over the projection period FY18P to FY22P. - Projected nil debt repayments from FY19P onwards. - Projected copper production of 242,981 MT in FY18P and this is expected to reduce to 214,545 MT in FY22P. Gold production, on the other hand, has been projected at 160,464 OZ in FY18P to reduce to 160,732OZ in FY22P. - Copper price was estimated at US$5.436 per tonne and Gold price at US$1,200/lb - Life of mine was estimated to be 35 years.	The estimated fair value would increase/(decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher /(lower). • If the copper price reduced/increased the fair value would be lower/higher.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates (continued)

(c) 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 and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Konkola Copper Mines 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. There has been no changes to the valuation technique applied in the prior year.	• *Target capital structure* Debt to total capitalisation (2018: 28.8%, 2017: 66.0%). • *Equity to total capitalisation (2018: 71.2%, 2017: 34.0%)* • *Cost of debt* Cost of debt (2018: 10.6%, 2017: 3.9%) Effective tax rate (2018: 35.0%, 2017: 32.0%) After tax cost of debt (2018: 6.9%, 2017: 2.7%) • *Cost of equity* Risk free rate (2018: 9.4%, 2017: 8.0%) Market risk premium (2018:7.5%, 201: 6.1%) Levered beta (2018: 1.43, 2017: 1.49). • *Key assumptions considered were as follows:* - Copper price has been projected at US$6,500/MT throughout the 10 year projection. - Projected a dividend payout of US$50million in FY22P - Projected to receive VAT refund of US$181 million over the projection period - Copper production projected at 190,197 MT in FY19P and this is expected to increase to 268,780 MT in FY28P. - Capex is projected at US$1.4 billion over the projection period - Life of mine estimated to be 49 years.	The estimated fair value would increase/(decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower). • If copper prices increase/(decrease) • If exchange rate increase/(decrease)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(c) 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
CNMC Luanshya	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. There has been no changes to the valuation technique applied in the prior year.	• *Target capital structure* Debt to total capitalisation (2018: 28.8%, 2017:60.0%). • *Equity to total capitalisation (2018: 71.2%, 2017:40.0%)* • *Cost of debt* Cost of debt (2018: 10.6%, 2017: 2.0%) Effective tax rate (2018: 35%, 2017:30%) After tax cost of debt (2018: 6.9%, 2017: 1.4%) • *Cost of equity* Risk free rate (2018: 9.4%, 2017:8.0%) Market risk premium (2018: 7.5%, 2017:6.7%) Levered beta (2018: 1.43, 2017:0.86). • *Key assumptions considered were as follows:* - London Metal Exchange was at US$5,500 for FY 17P to increase to US$6,000 in FY19P and remain the same until FY21P - Projected to grow revenues from USD187.6 million in FY18P to USD 246.3 million in FY21 - Projected 33,000 MT copper cathode production for the projection period from FY18P to FY21P. - Life of mine estimated to be 10 years.	The estimated fair value would increase (decrease) if: • Equity to total capitalisation were higher (lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower). • If copper prices increase/(decrease) • If exchange rate increase/(decrease)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(c) 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 and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Kariba Minerals Limited	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. There has been no changes to the valuation technique applied in the prior year.	• *Target capital structure* Debt to total capitalisation (2018:22.8%, 2017:84.0%) • *Equity to total capitalisation (2018: 77.2%, 2017: 16.0%)* • *Cost of debt* Cost of debt (2018: 22.6%, 2017: 22.6%) Effective tax rate (2018: 30%, 2017:35%) After tax cost of debt (2018:15.8%, 2017:15.8%) • *Cost of equity* Risk free rate (2018: 19.0%, 2017: 18.3%) Market risk premium (2018: 6.9%, 2017: 5.6%) Levered beta (2018:1.54, 2017: 0.95). • *The following assumptions were considered:* - Projected to grow revenues from ZMW27 million in FY18P to ZMW 83 million in FY28P. - Life of mine is estimated to be 23 years - EBITDA will progressively increase between FY18P and FY28P - Projected to pay off all borrowings by FY25P	The estimated fair value would increase/(decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower). • Annual growth rate increased/(decreased) • Costs (increase)/decrease

** * Risk free rate is based on the Government of Zambia 10 year bond yield at the time of the valuation of 19.0% (2017: 18.3%) as a proxy for the risk-free rate.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(c) 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 and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Maamba Collieries	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. There has been no changes to the valuation technique applied in the prior year.	• *Target capital structure* Debt to total capitalisation (2018:28.3%, 2017:48%). • *Equity to total capitalisation (2018:71.7%, 2017: 52%)* • *Cost of debt* Cost of debt (2018: 10.6%, 2017: 6.92%) Effective tax rate (2018:35%, 2017: 35%) After tax cost of debt (2018: 6.9%, 2017: 4.5%) • *Cost of equity* Risk free rate (2018: 9.4%, 2017: 8.0%) Market risk premium (2018:7.50%, 2017: 6.07%) Levered beta (2018:1.17, 2017: 0.84). • *The assumptions considered were as follow:* - Projected a growth in revenues from USD248 million in FY19P to USD 352 million in FY36P. - Projected to produce an annual average of 1.9 million MWH - Projected to mine an annual average of 392,000 Mt of high grade coal Projected to mine an annual average of 1.6 million Mt of thermal coal	The estimated fair value would increase (decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher (lower). • Coal sales prices (increase)/decrease. • Capital Expenditure (increase)/ decrease

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(c) 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 and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
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. There has been no changes to the valuation technique applied in the prior year.	• *Target capital structure* Debt to total capitalisation (2018: 28.8%, 2017: 38.0%) • *Equity to total capitalisation (2018: 71.2%, 2017: 62.0%)* • *Cost of debt* Cost of debt (2018: 10.6%, 2017: 6.1%) Effective tax rate (2018: 35%, 2017: 35%) After tax cost of debt (2018: 6.9%, 2017: 3.9%) • *Cost of equity* Risk free debt (2018: 9.4%, 2017: 8.0%) Market risk premium (2018: 7.5%, 2017: 6.1%) Levered beta (2018: 1.43, 2017: 1.28). • *The assumptions considered were as follows:* - Revenue projected at $143 million in FY18P to increase to $318 million FY21P. - Copper prices projected at $6,800/MT in FY18P to increase to $7,055/MT in FY21P. - Life of mine: 23 years	The estimated fair value would increase/ (decrease) if: • Equity to total apitalization were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/ (lower). • Copper price were higher/(lower) • Exchange rate were higher/(lower) • Capital expenditure (higher)/lower

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

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

(i) Copperbelt Energy Corporation Plc (CEC)

CEC is listed on Lusaka Securities Exchange (LuSE) and consequently the valuation was based on the spot price and has been categorised as level 2 as shown below:

	2018	2017
	Mark to market	
Details		
Spot price per share at 31 March (K)	2.00	1.03
Number of issued shares	325,000,115	325,000,115
Market value (K'000)	650,000	334,750

(ii) Investrust Bank Plc

Investrust Bank Plc is listed on Lusaka Securities Exchange (LuSE) and consequently the valuation was based on the spot price and has been categorised as level 2 as shown below:

	2018	2017
	Mark to market	
Details		
Spot price per share at 31 March (K)	13.5	13.5
Number of issued shares	3,706,963	3,706,963
Market value (K'000)	50,044	50,044

(iii) CEC Africa Investments Limited

	2018
	Mark to market
Details	
Spot price per share at 31 March (K)	0.3
Number of issued shares	325,000,115
Market value (K'000)	97,500

CEC Africa Investments Limited was quoted on the Lusaka Securities Exchange during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

(c) Measurement of fair value *(continued*

Equity value and sensitivity analysis for investment in associates

The equity values indicated below are that of the Group's interest in each associate company.

(iv) 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 indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2018

Equity Value Sensitivity Analysis						
		Growth Rate Over the Remaining Life of Mine				
		3.0%	3.5%	4.0%	4.5%	4.0%
WACC	**11.8%**	2,324,022	2,374,404	2,428,544	2,486,785	2,428,544
	13.3%	2,122,076	2,160.878	2,202,414	2,246,926	2,202,414
	14.8%	1,958,109	1,988,404	2,020,713	2,055,208	2,020,713
	16.3%	1,822,715	1,846,676	1,872,141	1,899,229	1,872,141
	17.8%	1,709,162	1,728,347	1,748,667	1,770,208	1,748,667

2017

Equity Value Sensitivity Analysis						
		Growth Rate Over the Remaining Life of Mine				
		14.00%	14.50%	15.00%	15.50%	16.00%
WACC	**10.1%**	2,471,927	2,533,749	2,597,474	2,663,161	2,730,869
	11.6%	2,156,670	2,208,774	2,262,460	2,317,777	2,374,774
	13.1%	1,890,284	1,934,353	1,979,742	2,026,491	2,074,640
	14.6%	1,664,215	1,701,617	1,740,123	1,779,767	1,820,582
	16.1%	1,471,541	1,503,392	1,536,169	1,569,901	1,604,616

The equity value ranges from K1,847 million (2017: K1,702 million) to K2,247 million (2017: K2,318 million) with the calculated equity value being K2,021 million (2017: K1,980 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

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

(v) 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 indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2018

Equity Value Sensitivity Analysis						
		Growth Rate Over the Remaining Life of Mine				
		4.50%	5.00%	5.50%	6.00%	6.50%
WACC	12.7%	745,195	815,949	893,495	978,642	1,072,304
	14.2%	381,522	429,696	482,164	539,412	601,989
	15.7%	106,855	140,386	**176,685**	216,052	258,819
	17.2%	(106,218)	(82,394)	(56,749)	(29,098)	767
	18.7%	(275,462)	(258,209)	(239,736)	(219,926)	(198,646)

2017

Equity Value Sensitivity Analysis						
		Growth Rate Over the Remaining Life of Mine				
		4.50%	5.00%	5.50%	6.00%	6.50%
WACC	5.10%	1,721,329	2,049,577	2,426,839	2,861,262	3,362,407
	6.60%	827,049	1,029,505	1,260,313	1,524,012	1,825,905
	8.10%	258,959	387,811	**533,991**	698,501	885,917
	9.60%	(114,830)	(30,219)	64,600	171,121	291,073
	11.10%	(369,300)	(312,019)	(248,379)	(177,497)	(98,354)

The equity value ranges from nil value (2017: nil value) to K539 million (2017: K1,524 million) with the calculated equity value being K177 million (2017: K534 million).

(vi) Lubambe Copper Mine Limited

The equity value is nil (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

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

(vii) Maamba Collieries Limited

A sensitivity analysis table of the equity value, which is based on the discount rate over the life of power plant indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2018

Equity Value Sensitivity Analysis		
		5.50%
WACC	**11.0%**	2 145 965
	12.5%	1 906 787
	14.0%	**1 699 381**
	15.5%	1 518 506
	17.0%	1 359 906

The equity value ranges from K1,519 million (2017: K1,652 million) to K1,907 million (2017: K2.400 million) with the calculated equity value being K1,699 million (2017: K1,987 million)

2017

Equity Value Sensitivity Analysis						
		4.50%	**5.00%**	**5.50%**	**6.00%**	**6.50%**
WACC	8.90%	2,552,401	2,637,037	2,725,312	2,817,391	2,913,450
	10.40%	2,180,749	**2,250,910**	**2,324,019**	**2,400,210**	2,479,621
	11.90%	1,867,961	**1,926,425**	**1,987,289**	**2,050,660**	2,116,649
	13.40%	1,602,937	**1,651,901**	**1,702,828**	**1,755,802**	1,810,916
	14.90%	1,376,906	1,418,117	1,460,938	1,505,441	1,551,698

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Investment in associates *(continued)*

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

(viii) Kariba Minerals Limited

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

The equity value is nil (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2017: K19.65 million).

2017

Equity Value Sensitivity Analysis						
		Growth Rate for the Remaining Life of Mine				
		4.0%	4.5%	5.0%	5.5%	6.0%
WACC	15.00%	25,205	25,768	26,358	26,976	27,622
	16.50%	21,781	22,237	22,713	23,211	23,732
	18.00%	18,881	19,252	**19,652**	20,044	20,465
	19.50%	16,405	16,708	17,025	17,355	17,698
	21.00%	14,272	14,522	14,782	15,053	15,335

(ix) CNMC Luanshya Copper Mines Plc

The equity value is nil (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

21 Financial assets at fair value through profit or loss

See accounting policies in note 40 (c (ii))

(a) Reconciliation of carrying amounts

	Group and Company	
	2018	2017
Balance at 1 April	489,242	238,247
Changes in fair value	(153,160)	257,436
Additions	-	235
Transfer to associates	-	(6,676)
Balance at 31 March	336,082	489,242

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

	Group and Company	
	2018	2017
Unlisted equities – at fair value		
- Equity securities in Zambia	336,082	489,242

Equity securities in Zambia

		2018	2017
Mopani Copper Mines Plc	b(i)	-	223,518
Chibuluma Mines Plc	b(ii)	16,033	62,893
Chambishi Metals Plc	b(iii)	-	11,900
NFC Africa Mines Plc	b(iv)	320,049	190,931
		336,082	489,242

(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 Deloitte Advisory Limited, an external independent valuer, having appropriate recognised professional qualifications and recent experience of the financial investments being valued. The independent valuers detaimine the fair value of these investments annually.

The fair value changed from K489.2 million in 2017 to K336.1 million in 2018. The decrease is attributable to reduced production and performance for Chibuluma Mine Plc whose life of mine is coming to an end in two years' time coupled with huge debt financed capex investments for Mopani Copper Mines in recent years, which will only yield positive results in the period beyond the cash flow projection period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

The fair value measurement for the Company's investments of K336 million (2017: K489 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Level 2 and 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 2 and 3 fair values.

2018	**Level 2**	**Level 3**	**Total**
Balance at 1 April	-	489,242	489,242
Net change in fair value**	-	(153,160)	(153,160)
Balance at 31 March	-	336,082	336,082
2017			
Balance at 1 April	6,676	231,571	238,247
Transfer to associates (see note 20(a))	(6,676)	-	(6,676)
Addition	-	235	235
Net change in fair value**	-	257,436	257,436
Balance at 31 March	-	489,242	489,242

*Net fair value change***		**2018**	2017
Fair value gain (note 12)	-	129,118	330,514
Fair value loss (note 12)	-	(282,278)	(73,078)
Net change in fair value	-	(153,160)	257,436

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

Valuation technique and significant unobservable inputs
Level 3 fair value

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

Investee name	Valuation technique	Significant unobservable inputs and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Mopani Copper Mines 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. There has been no changes to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2018: 28.80%, 2017:60%). Equity to total capitalisation (2018:71.2%, 2017: 40%). • *Cost of debt* Cost of debt (2018: 10.60%, 2017: 3.81%) Tax rate (2018:35%, 2017:30%). After tax cost of debt (2018: 6.9%, 2017: 2.66%). • *Cost of equity* Risk free rate (2018: 9.4%, 2017:8.0%) Market risk premium (2018:7.50%, 2017:6.07) Levered beta (2018:1.43, 2017:0.99). • *The assumptions considered are as follows:* - Copper price projected at US$6,070 per tonne in FY18P increasing to US$7,687 per tonne in FY27P. - Capital expenditure projected to reduce from US$350 million in FY18P to US$65 million in FY27P per annum - Production projected at 179,809 MT in FY18P increasing to 189,389 MT in FY27P - Projected to pay off the working capital facility from US$2.8billion in FY18P to US$650 million by FY 27P. - Life of mine: 25 years	The estimated fair value would increase/(decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower) • Target capital structure of debt to total capitalisation. • Copper price higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

Valuation technique and significant unobservable inputs *(continued)*

Investee name	Valuation technique	Significant unobservable inputs and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Chibuluma Mines 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. There has been no changes to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2018:28.8.0%, 2017: 3.0%). Equity to total capitalisation (2018:71.2%, 2017: 97%) • *Cost of debt* Cost of debt (2018:10.60%, 2017: 2.23%) Tax rate (2018:35%, 2017:30%). After tax cost of debt (2018: 6.9%, 2017: 1.56). • *Cost of equity* Risk free rate (2018:9.4%, 2017: 8.0%) Market risk premium (2018: 7.5%, 2017: 6.1%) Levered beta (2018: 1.43, 2017:1.05). • *The assumptions considered are as follows:* - Revenue expected to decrease from USD68.9million in FY18P to USD 40.08 million in FY20P. - Copper price of USD/Tonne 6,500 has been projected for FY18P and FY20P. - Production projected to reduce from 9,786 MT in FY18P to 5,403 MT in FY20P as the mine life comes to an end. - Life of mine: 2 years	The estimated fair value would increase/(decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower (higher) • The cost of equity were higher/(lower) • Target capital structure of debt to total capitalisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

Valuation technique and significant unobservable inputs *(continued)*

Investee name	**Valuation technique**	**Significant unobservable inputs and assumptions**	**Inter-relationship between Key unobservable inputs and fair value measurement**
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. There has been no changes to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2018:28.8%, 2017:46%). Equity to total capitalisation (2018: 71.2%, 2017: 54%) • *Cost of debt* Cost of debt (2018 10.60%, 2017: 9.0%) Tax rate (2018: 35%, 2017: 35%). After tax cost of debt (2018: 6.90%, 2017: 5.85%). • *Cost of equity* Risk free rate (2018:9.4%, 2017: 8.0%) Market risk premium (2018: 7.50%, 2017: 6.07%) Levered beta (2018: 0.89, 2017: 0.6). • *The assumptions considered were as follows:* - Projects copper prices to be at USD/tonne 6,840 for the period FY18P increasing to 7,000 in FY22P, while cobalt prices are expected to steadily decrease from US$/lb32.6 in FY18P to 20.0 in FY22 - Projects growth in revenues from USD457.2 million in FY18P to USD 500.8 million in FY22P. - Cobalt production is projected at 3,082MT in FY18P increasing to 6,786MT in FY22P. - Copper production is projected at 39,425MT in FY18P decreasing to 33,286MT in FY22P.	The estimated fair value would increase/ (decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower) • Target capital structure of debt to total capitalisation. • Copper prices higher/(lower) • Capital expenditure (higher)/lower • Copper prices higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

Valuation technique and significant unobservable inputs *(continued)*

Investee name	Valuation technique	Significant unobservable inputs and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
NFC Africa Mines 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. There has been no changes to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2018:28.8%). Equity to total capitalisation (2018: 71.2%) • *Cost of debt* Cost of debt (2018 10.60%) Tax rate (2018: 35%). After tax cost of debt (2018: 6.90%). • *Cost of equity* Risk free rate (2018:9.4%) Market risk premium (2018: 7.50%) Levered beta (2018: 1.43). • *The assumptions considered were as follows:* - Projects copper prices to be at USD/tonne 5,500 for the period FY18P and 6,000 for the rest of the projection period - Net income is projected to increase from negative US$98.8 million in FY18P to a positive US$51.5 million in FY22P. - Projects to repay the long term loan over the projection period - Projects to produce 33,000MT of copper cathodes per annum over the projection period.	The estimated fair value would increase/(decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower) • Target capital structure of debt to total capitalisation. • Copper prices higher/(lower) • Capital expenditure (higher)/lower • Copper prices higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

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

The equity values indicated below are that of the Group's interest in each investee company.

(i) 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 the mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2018

The equity value is nil (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2017: K223.52 million).

2017

Equity Value Sensitivity Analysis						
		Growth Rate for the Remaining Life of Mine				
		4.50%	5.00%	5.50%	6.00%	6.50%
WACC	4.90%	814,222	838,824	863,898	889,455	915,502
	6.40%	472,792	492,752	513,092	533,820	554,940
	7.90%	190,623	206,917	**223,518**	240,431	257,662
	9.40%	-52,598	-39,320	**-25,795**	-12,018	2,015
	10.90%	-255,221	-244,336	-233,251	-221,962	-210,466

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

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

(ii) 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 the mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2018

	Equity Value Sensitivity Analysis	
		Growth rate
WACC		**0.50%**
	14.00%	16,645
	15.50%	16,334
	17.00%	16,033
	18.50%	15,741
	20.00%	15,458

2017

	Equity Value Sensitivity Analysis	
	No growth rate is assumed	
WACC	**16.40%**	66,131
	17.90%	64,459
	19.40%	62,893
	20.90%	61,300
	22.40%	59,806

The equity value ranges from K15.74 million (2017: K61.3 million) to K16.33 million (2017: K64.46 million) with the calculated equity value being K16.03 million (2017: K62.89 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

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

(iii) Chambishi Metals Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of the mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

The equity value is nil (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2017: K11.90 million).

2017

		Equity Value Sensitivity Analysis				
		Growth Rate for the Remaining Life of Mine				
		2.50%	**3.00%**	**3.50%**	**4.00%**	**4.50%**
WACC	**9.00%**	147,760	182,878	95,495	274,184	335,055
	10.50%	48,936	70,664	95,495	124,148	157,575
	12.00%	-18,834	-4,320	**11,900**	-30,148	50,828
	13.50%	-67,992	-57,746	-46,475	-34,018	-20,176
	15.00%	-105,460	-97,936	-89,756	-80,837	-71,065

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

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

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

(iv) NFC Africa Mines Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of the mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2018

Equity Value Sensitivity Analysis						
		Growth rate				
		4.50%	**5.00%**	**5.50%**	**6.00%**	**5.50%**
	15.00%	495,772	527,420	561,365	597,817	561,365
WACC	**16.50%**	376,488	401,107	427,405	455,531	427,405
	18.00%	279,970	299,387	320,049	342,060	320,049
	19.50%	200,685	216,200	232,648	250,105	232,648
	21.00%	134,650	147,197	160,453	174,472	160,453

2017

	Equity Value Sensitivity Analysis					
		NAV				
		-172,331.00	**-788,694.00**	**1,749,719.00**	**2,710,744.00**	**3,671,769.00**
P/BV	**1.00**	-16,800	77,253	171,385	265,517	359,650
	1.10	-18,568	84,978	190,931	292,069	395,615
	2.10	-35,488	162,230	359,908	557,586	755,265
	3.10	-52,327	239,483	531,293	823,104	1,114,914

The equity value ranges from K216.20 million (2017: K162.23 million) to K455.53 million (2017: K265.52 million) with the calculated equity value being K320.05 million (2017: K190.93 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

22 Inventories

See accounting policy in note 40 (g)

	Group	
	2018	2017
Consumable stores	15,218	15,666
Production stock	16,654	17,296
Stock piles	5,154	11,162
	37,026	44,124

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to K26.0 million (2017: K39.4 million). There were no inventory write-offs and no inventories placed as security during the year (2017: nil).

23 Trade and other receivables

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

Group
2018

Current	**Gross**	**Impairment**	**Net**
Trade receivables	11,233	(1,857)	9,376
Dividend receivable	226,116	(78,066)	148,050
Other receivables *	92,296	(61,416)	30,880
Amounts due from related parties (note 34b(iv))	713,912	(713,912)	-
Price participation receivable (see note below)	471,017	(9,044)	461,973
	1,514,574	(864,295)	650,279
Non-current			
Amounts due from related parties (note 34b(iv))	291,273	-	291,273
Price participation receivable (note 34b(iv))	81,328	-	81,328
	372,601	-	372,601
Total balance	1,887,175	(864,295)	1,022,880

2017

Current	Gross	Impairment	Net
Trade receivables	32,429	(2,109)	30,320
Dividend receivable	78,066	(78,066)	-
Other receivables *	111,383	(68,819)	42,564
Amounts due from related parties (note 34b(iv))	716,989	(716,989)	-
Price participation receivable (see note below)	305,215	(9,044)	296,171
	1,244,082	(875,027)	369,055
Non-current			
Amounts due from related parties (note 34b(iv))	279,708	-	279,708
Price participation receivable	270,129	-	270,129
	549,837	-	549,837
Total balance	1,793,919	(875,027)	918,892

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Trade and other receivables *(continued)*

Company
2018

Current	**Gross**	**Impairment**	**Net**
Dividend receivable	226,116	(78,066)	148,050
Other receivables *	89,769	(61,416)	28,353
Amounts due from related parties (note 34(iii))	1,012,464	(1,005,514)	6,950
Price participation receivable (see note below)	471,017	(9,044)	461,973
	1,799,366	(1,154,040)	645,326
Non-current			
Amounts due from related parties (note 34(iii))	291,273	-	291,273
Price participation receivable	81,328	-	81,328
	372,601	-	372,601
Total balance	2,171,967	(1,154,040)	1,017,927

Company
2017

Current	Gross	Impairment	Net
Dividend receivable	78,066	(78,066)	-
Other receivables *	102,387	(63,821)	38,566
Amounts due from related parties (note 34(iii))	927,246	(923,187)	4,059
Price participation receivable (see note below)	305,215	(9,044)	296,171
	1,412,914	(1,074,118)	338,796
Non-current			
Amounts due from related parties (note 34b(iv))	279,708	-	279,708
Price participation receivable	270,129	-	270,129
	549,837	-	549,837
Total balance	1,962,751	(1,074,118)	888,633

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Trade and other receivables *(continued)*

Other receivables analysis

Group

	2018			2017		
	Gross	**Impairment**	**Net**	Gross	Impairment	Net
Government receivables	10,364	(7,223)	3,141	10,364	(7,223)	3,141
Staff receivables	7,749	(55)	7,694	5,254	(55)	5,199
Management fees receivable	12,104	(8,713)	3,391	13,733	(13,733)	-
Sundry debtors	62,079	(45,425)	16,654	82,032	(47,808)	34,224
	92,296	(61,416)	30,880	111,383	(68,819)	42,564

Company

	2018			2017		
	Gross	**Impairment**	**Net**	Gross	Impairment	Net
Government receivables	10,364	(7,223)	3,141	10,364	(7,223)	3,141
Staff receivables	6,603	(55)	6,548	5,251	(55)	5,196
Management fees receivable	12,104	(8,713)	3,391	13,733	(13,733)	-
Sundry debtors	60,698	(45,425)	15,273	73,039	(42,810)	30,229
	89,769	(61,416)	28,353	102,387	(63,821)	38,566

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

Price participation receivable (Gross amount)

	Group and Company	
	2018	2017
Opening balance	575,344	729,575
Addition	360,332	-
Unwinding of discount	-	143,355
Payment received	(375,839)	(489,948)
Interest on Konkala Copper Mine Plc price participation receivables	15,150	1,502
Write off of Chibuluma Mine Plc price participation	-	(1,380)
Exchange (loss)/gain	(22,642)	192,240
	552,345	575,344

The price participation debt of K552.35 million mostly relates to Konkola Copper Mines Plc outstanding amount of K543.31 million (2017: K566.3 million).

The balance of K543.31 million due from Konkola Copper Mine Plc includes K267 million and K277 million payable to ZCCM-IH in 11 and 17 equal monthly instalments respectively at an annual interest rate of 3%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Trade and other receivables *(continued)*

Price participation impairment analysis

	Group and Company	
	2018	2017
Opening balance	9,044	729,575
Reversal (KCM)	-	(719,151)
Write off	-	(1,380)
Impaired balance	9,044	9,044

24 Held-to-maturity investment securities

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

Held to maturity investment securities relate to fixed deposits placed in various banks and they mature within one (1) year.

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

	Group and Company	
	2018	2017
Balance at 1 April	497,172	355,172
Matured during the year	(497,172)	(355,172)
Additions	535,384	497,172
Balance at 31 March	535,384	497,172

25 Cash and cash equivalents

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

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

	Group		Company	
	2018	2017	**2018**	2017
Cash and bank balances	339,236	178,916	337,863	178,268
Cash in hand	150	15	79	3
Cash and cash equivalents in the statement of financial position	339,386	178,931	337,942	178,271
Cash and cash equivalents in the statement of cash flows	339,386	178,931	337,942	178,271

Cash and cash equivalents includes K83 million marginal deposit in respect of a letter of credit held with Standard Chartered Bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

26 Trade and other payables

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

Current	Group		Company	
	2018	2017	**2018**	2017
Trade payables	29,186	39,924	-	-
Statutory liabilities	383,714	251,060	12,082	12,082
Other payables and accrued expenses	76,089	59,132	44,141	31,277
	488,989	350,116	56,223	43,359
Non- current				
Statutory liabilities	-	25,838	-	-
Total	488,989	375,954	56,223	43,359

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

(ii) The non-current payables are statutory liabilities with an agreed repayment plan of more than one (1) year. Statutory obligations relate to Pay As You Earn, NAPSA, Mineral Royalty Tax and VAT.

(iii) Other payables and accrued expenses analysis*

	Group		Company	
	2018	2017	**2018**	2017
Staff payables	16,902	989	2,918	989
Dividends received in advance	10,724	10,724	10,724	10,724
GRZ payable	14,023	13,950	14,023	13,950
Treasury security deposits	6,914	-	6,914	-
Accrued expenses	7,024	1,869	3,026	1,869
Sundry payables	20,502	31,600	6,536	3,745
	76,089	59,132	44,141	31,277

27 Provisions

See accounting policy in note 40 (j)

	Group		Company	
	2018	2017	**2018**	2017
Provisions for legal cases	122,012	127,767	122,012	127,767
Provisions – others	17,773	15,781	17,773	15,781
	139,785	143,548	139,785	143,548
Legal provision				
Opening balance	127,767	130,567	127,767	130,567
Additional provision during the year	-	-	-	-
Amounts used during the year	(5,755)	(2,800)	(5,755)	(2,800)
Closing balance	122,012	127,767	122,012	127,767

Legal provision arises mainly from a number of legal cases involving the Group. These cases relate to various legacy matters of the old ZCCM Limited, mostly relating to employee cases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

28 Share capital

See accounting policy in note 40 (q)

(i) Ordinary shares

	Group and Company					
	Class A shares		Class B shares		Total	
	2018	2017	**2018**	2017	**2018**	2017
Balance at 31 March	969	969	639	639	1,608	1,608

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

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

The Company has authorised class A and B shares of 96,976,669 and 63,873,617 respectively of K0.01 each. Both 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	
	2018	2017	**2018**	2017	**2018**	2017
Balance at 31 March	1,259,407	1,259,407	829,936	829,936	2,089,343	2,089,343

(iii) Number of shares

In thousands of shares	Class A shares		Class B shares		Total shares	
	2018	2017	**2018**	2017	**2018**	2017
In issue at 31 March – fully paid	96,927	96,927	63,873	63,873	160,800	160,800
Authorised – par value K0.01	120,000	120,000	80,000	80,000	200,000	200,000

29 Other 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.

(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.

(iii) Fair value reserve

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

30 Borrowings

See accounting policy in note 40 (c (i) and (ii))

	Group		Company	
Non-current liabilities	**2018**	2017	**2018**	2017
Bank borrowings (30 (i))	80,267	135,472	-	-
Interest rate swaps (30(ii))	-	54	-	-
Finance lease liabilities (note 30(iii))	-	-	-	-
	80,267	135,526	-	-
Current				
Bank borrowings(30(i))	53,436	54,144	-	-
Interest rate swaps (30(ii))	-	502	-	-
Finance lease liabilities (note 30(iii))	-	1,890	-	164
	53,436	56,536	-	164
	133,703	192,062	-	164

	Group		Company	
Non-current liabilities	**2018**	2017	**2018**	2017
Opening balance	192,062	292,644	164	392
Repayments	(54,086)	(63,508)	(202)	(315)
Exchange differences & interest	(4,273)	(37,074)	38	87
Closing balance	133,703	192,062	-	164

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

(i) *Bank borrowings*

The loan of K133.7 million (USD 14.1 million) is due to Standard Bank of South Africa by Ndola Lime Company Limited at a carrying interest of 3.5% margin plus 3 months Libor per annum. It is repayable over 30 months with interest and principal payable quarterly. The loan is secured under all leased assets held as security, ZCCM-IH loan repayment guarantee, Export Credit Insurance Corporation (of South Africa) cover, project accounts charge, mortgage debenture and security assignment.

(ii) *Interest rate swap*

The interest rate swaps relate 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 phases of the recapitalization project.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

30 Borrowings *(continued)*

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

The movement in the fair value of the interest rate swap are tabulated below.

(ii) Interest rate swap (continued)

	2018	2017
Balance at 1 April	556	2,888
Payments	(464)	(1,741)
Valuation movement	(130)	(591)
Balance at year end	(38)	556

(iii) Finance lease liabilities

Finance lease liabilities are payable as follow:

Group	**Future minimum lease payments**		**Interest**		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017	**2018**	2017
Less than one year	-	2,147	-	257	-	1,890
	-	2,147	-	257	-	1,890

Company	**Future minimum lease payments**		**Interest**		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017	**2018**	2017
Less than one year	-	179	-	15	-	164
	-	179	-	15	-	164

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

31 Deferred tax

See accounting policy in note 40 (m)

Group

Deferred tax assets are recognised for provisions to the extent that the future related tax benefits will be realised. There were no unrecognised deferred tax assets during the period. The deferred tax asset is considered to be recoverable, as it arises largely to the impairment provision on the debts owed to ZCCM-IH, which is expected to reverse in future due to the outcome of a court case brought by ZCCM-IH in which a judgement was awarded in ZCCM-IH's favour.

Deferred tax was calculated using the enacted income tax rate of 35% (2017: 35%).

	Assets		**Liabilities**		**Net**	
Recognised deferred tax assets and liabilities	**2018**	2017	**2018**	2017	**2018**	2017
Property plant and equipment	(5,380)	(7,123)	-	-	(5,380)	(7,123)
Property plant and equipment – revaluation	-	-	2,621	9,241	2,621	9,241
Exchange difference	-	-	116,726	232,816	116,726	232,816
Provisions for gratuity and leave pay	(1,464)	(2,195)	-	-	(1,464)	(2,195)
Other provisions	(17,676)	(15,554)	-	-	(17,676)	(15,554)
Bad debt provision	(361,730)	(303,785)	-	-	(361,730)	(303,785)
Legal provision	(42,704)	(44,798)	-	-	(42,704)	(44,798)
Employee provision	-	-	16,091	9,424	16,091	9,424
Change in investment property	(691)	(1,852)	-	-	(691)	(1,852)
Change on financial assets at fair value through profit or loss	-	-	120,442	174,048	120,442	174,048
Environmental provision	(30,298)	(40,238)	-	-	(30,298)	(40,238)
On losses from derivatives	-	(3)	192	-	192	(3)
Tax losses	(37,666)	-	-	-	(37,666)	-
	(497,609)	(415,548)	256,072	425,529	(241,537)	9,981

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

31 Deferred tax *(continued)*

Group	Balance 1 April 2016	Recognised in profit or loss	Recognised OCI	Balance 31 March 2017	**Recognised in profit or loss**	**Recognised OCI**	**Balance 31 March 2018**
Movement in temporary differences during the year							
Property, plant and equipment	30,398	(37,521)	-	(7,123)	1,743	-	(5,380)
Property, plant and equipment – (Revaluation)	10,027	-	(786)	9,241	(4,676)	(1,944)	2,621
Unrealised exchange gains	76,049	167,958	-	244,007	(118,828)	-	125,179
Provision for gratuity and leave pay	(797)	(1,398)	-	(2,195)	731	-	(1,464)
Other provisions	(30,911)	15,357	-	(15,554)	(2,122)	-	(17,676)
Bad debt Provision	(548,168)	244,383	-	(303,785)	(57,945)	-	(361,730)
Legal Provision	(45,698)	900	-	(44,798)	2,094	-	(42,704)
Employee provision	10,932	(1,345)	(163)	9,424	5,981	686	16,091
Change in investment property	2,160	(4,012)	-	(1,852)	1,161	-	(691)
Change in financial assets at fair value through profit or loss	83,946	90,102	-	174,048	(53,606)	-	120,442
Environmental provision	(58,411)	18,173	-	(40,238)	9,940	-	(30,298)
On losses from derivatives	(14,319)	14,316		(3)	(195)		192
Unrealised exchange losses	(1,726)	(9,465)	-	(11,191)	2,738	-	(8,453)
Tax losses	-	-	-	-	(37,666)	-	(37,666)
	486,518	497,448	(949)	9,981	(250,260)	(1,258)	(241,537)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

31 Deferred tax *(continued)*

Company

Deferred tax assets are recognised for provisions to the extent that the future related tax benefits will be realised. There were no unrecognised deferred tax assets during the period.

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

	Assets		Liabilities		Net	
Recognised deferred tax assets and liabilities	**2018**	2017	**2018**	2017	**2018**	2017
Property, plant and equipment	(1,285)	(3,028)	-	-	(1,285)	(3,028)
Property, plant and equipment – (Revaluation)	-	-	3,243	4,829	3,243	4,829
Provisions for gratuity and leave pay	(1,497)	(2,228)			(1,497)	(2,228)
Change on financial assets at fair value through profit or loss	-	-	119,708	173,314	119,708	173,314
Change on investment property	(691)	(1,852)	-	-	(691)	(1,852)
Fair value change on equity accounted investment and subsidiaries	-	-	1,038,033	1,111,934	1,038,033	1,111,934
Other provisions	(4,154)	(2,032)	-	-	(4,154)	(2,032)
Bad debt provision	(403,914)	(375,941)	-	-	(403,914)	(375,941)
Legal provision	(42,704)	(44,718)	-	-	(42,704)	(44,718)
Employee provision	(1,519)	(1,543)	-	-	(1,519)	(1,543)
Environmental provision	(30,298)	(40,238)	-	-	(30,298)	(40,238)
Exchange difference	-	-	116,965	232,334	116,965	232,334
Tax losses	(37,666)	-	-	-	(37,666)	-
	(523,728)	(471,580)	1,277,949	1,522,411	754,221	1,050,831

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

31 Deferred tax *(continued)*

Company *(continued)*

	Balance 1 April 2016	Recognised in profit or loss	Recognised OCI	Balance 31 March 2017	**Recognised in profit or loss**	**Recognised OCI**	**Balance 31 March 2018**
Movement in temporary differences during the year							
Property, plant and equipment	(3,414)	386	-	(3,028)	1,743	-	(1,285)
Property, plant and equipment – (Revaluation)	4,829	-	-	4,829	-	(1,586)	3,243
Unrealised exchange gains	75,888	166,170	-	242,058	(118,107)	-	123,951
Provision for gratuity and leave pay	(830)	(1,398)	-	(2,228)	731	-	(1,497)
Change in financial assets at fair value through profit or loss	83,212	90,102	-	173,314	(53,606)	-	119,708
Change in investment property	2,160	(4,012)	-	(1,852)	1,161	-	(691)
Fair value change on investments in subsidiaries	(197,834)	(33,475)	-	(231,309)	-	-	(231,309)
Fair value change on investments in associates	982,647	-	360,596	1,343,243	-	(73,901)	1,269,342
Other provisions	(874)	(1,158)	-	(2,032)	(2,122)	-	(4,154)
Bad debt Provision	(581,461)	205,520	-	(375,941)	(27,973)	-	(403,914)
Legal Provision	(45,618)	900	-	(44,718)	2,014	-	(42,704)
Employee provision	(1,016)	(364)	(163)	(1,543)	(662)	686	(1,519)
Environmental provision	(58,411)	18,173	-	(40,238)	9,940	-	(30,298)
Unrealised exchange Losses	(259)	(9,465)		(9,724)	2,738		(6,986)
On losses from derivatives	(13,500)	13,500	-	-	-	-	-
Tax losses	-	-	-	-	(37,666)	-	(37,666)
	245,519	444,879	360,433	1,050,831	(221,809)	(74,801)	754,221

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

32 Retirement benefits

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

	Group		Company	
	2018	2017	**2018**	2017
Present value of unfunded obligations	32,422	49,567	4,340	4,409

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

	Group		Company	
	2018	2017	**2018**	2017
Balance at 1 April	49,567	44,794	4,409	2,905
Charge for the period – Expense	5,858	12,028	1,890	1,266
Charge for the period – Other comprehensive income	(1,959)	465	(1,959)	465
Benefit paid during the period	(21,044)	(7,720)	-	(227)
Balance at 31 March	32,422	49,567	4,340	4,409
Non-current liability	4,340	4,409	4,340	4,409
Current liability*	28,082	45,158	-	-
	32,422	49,567	4,340	4,409

* Ndola Lime ceased operating the defined benefit plan after all employees were transferred to the defined contribution scheme in April 2012. Upon transfer the benefits crystallised and became payable.

Included in profit or loss for the year as follows:

	Group		Company	
	2018	2017	**2018**	2017
Current service cost	1,103	575	1,103	575
Interest cost	787	691	787	691
Personnel expenses (note 11)	1,890	1,266	1,890	1,266
Interest expense	3,968	10,762	-	-
Total employees benefit expensed	5,858	12,028	1,890	1,266

Included in OCI for the year as follows:	Group		Company	
	2018	2017	**2018**	2017
Experience adjustment	(299)	877	(299)	877
Demographic assumptions	-	(380)	-	(380)
Financial assumptions	(1,660)	(32)	(1,660)	(32)
Total	(1,959)	465	(1,959)	465

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of kwacha

32 Retirement benefits *(continued)*

The Group contributes to a 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 60 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:

	2018	2017
▪ Discount rate	18.50%	22.50%
▪ Future salary increases	12.5.00%	20.00%

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 March 2018.

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:

	2018	2017
	Present value of obligation	Present value of obligation
1% increase in discount rate	(297)	(493)
1% decrease in discount rate	337	579

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 Company.

Maturity analysis of the liability
The average duration of the liability as at 31 March 2018 was approximately 16.92 years (2017:17.92 years).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

33

Provisions for environmental rehabilitation

See accounting policy in Note 40 (j)

	Group		Company	
	2018	2017	**2018**	2017
Balance at 1 April	145,610	263,491	114,967	218,754
Charge for the year	(26,967)	(87,509)	(26,967)	(87,509)
Additions	-	7,047	-	2,074
Decrease in environmental provision (note 5)	-	(20,065)	-	-
Exchange movement	(1,434)	(18,352)	(1,434)	(18,352)
Unwinding of discount	872	998	-	-
Balance at 31 March	118,081	145,610	86,566	114,967
Non-current liability	118,081	145,610	86,556	114,967

The year-end provision represents restoration, rehabilitation and environmental provisions for the Company and its subsidiary Ndola Lime Company Limited. The Company's provision is as a result of inherited environmental obligations from the old ZCCM Limited. At privatisation of ZCCM Limited, the new investors, taking up the relevant mining licenses, were not willing to assume certain environmental liabilities.

The provision have been assessed to cost K 118.1million as at 31st March 2018 as compared to K145.6 as at 31st March 2017. This gives a decrease of 19% in the cost of ZCCM-IH environmental liabilities. The decrease is on account of change in scope of works and specifications as a result of continuous changes in site conditions overtime.

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. Contributions made towards the fund reduces the environmental provision obligation. No payment has been made into the Environmental Protection Fund for the years ended 31 March 2018 and 2017. At the end of useful life of the mine, Ndola Lime is obligated to rehabilitate the damage to the environment and all payments made to the Environmental Protection Fund will be reimbursed towards this rehabilitation.

The valuation for the environmental restoration provision at 31 March 2018 was performed by Misenge Environmental and Technical Services Limited and was independently reviewed by Knight Piésold Zambia an independent environmental expert.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

33 Provisions for environmental rehabilitation *(continued)*

See accounting policy in Note 40 (j)

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 2.56 % (2017:1.93%) and an inflation rate of 2.4% (2017: 2.4%) 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$12.70 million (approximately K120.53 million) (2017:US$16.6 million (approximately K159.7 million) and US$9.19 million (approximately K87.22 million) (2017:US$11.96 million) approximately K114.96 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.

34 Related party transactions

a) Parent and ultimate controlling party

The Group is controlled by the Government of the Republic of Zambia through the Industrial Development Corporation (60.3%) and Ministry of Finance (17.2%) which owns a total of 77.5% of the Company's shares. There were no transaction with the parent company during the year under review. 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

Group

	2018	2017
Salaries and other short-term employment benefits	20,864	18,519
Directors' fees	4,145	4,209
	25,009	22,728
Post-employment benefit	2,028	1,643

Key management compensation relates to directors and the management committee.

(ii) Dividend income from related parties

Company

Relationship	**2018**	2017
Kansanshi Mines – Associate	149,136	-
Copperbelt Energy Corporation – Associate	50,705	41,330
Total dividends (note 7)	199,841	41,330

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Related party transactions *(Continued)*

(iii) Amounts due from related parties

Group 2018

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	291,273	-	291,273
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Kariba Minerals Limited (iv)	Associate	12,419	(12,419)	-
Sub total		1,005,185	(713,912)	291,273
Price participation receivable	Associate	552,345	(9,044)	543,301
Dividends receivable:	Associate	226,116	(78,066)	148,050
Sub total		778,461	(87,110)	691,351
Total amounts due from related party		1,783,646	(801,022)	982,624

Group 2017

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	279,708		279,708
Lubambe Copper Mine Limited (ii)	Associate	704,570	(704,570)	-
Kariba Minerals Limited (iv)	Associate	12,419	(12,419)	-
Sub total		996,697	(716,989)	279,708
Price participation receivable	Associate	575,344	(9,044)	566,300
Total amounts due from related party		1,572,041	(726,033)	846,008

Company
2018

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	291,273	-	291,273
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Ndola Lime Company Limited (iii)	Subsidiary	257,141	(257,141)	-
Kariba Minerals Limited (iv)	Associate	12,419	(12,419)	-
Nkandabwe Coal Mine (v)	Subsidiary	34,461	(34,461)	-
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	6,950	-	6,950
Sub total		1,303,737	(1,005,514)	298,223
Price participation receivable	Associate	552,345	(9,044)	543,301
Dividends receivable:	Associate	226,116	(78,066)	148,050
		778,461	(87,110)	691,351
Total amounts due from related party		2,082,198	(1,092,624)	989,574

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Related party transactions *(continued)*

Company
2017

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	279,708	-	279,708
Lubambe Copper Mine Limited (ii)	Associate	704,570	(704,570)	-
Ndola Lime Company Limited (iii)	Subsidiary	138,859	(138,859)	-
Kariba Minerals Limited (iv)	Associate	12,419	(12,419)	-
Nkandabwe Coal Mine (v)	Subsidiary	32,934	(32,934)	-
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	4,059	-	4,059
Mawe Exploration and Technical Services Limited (vii)	Subsidiary	34,405	(34,405)	-
Sub total		1,206,954	(923,187)	283,767
Price participation receivable	Associate	575,344	(9,044)	566,300
Total amounts due from related party		1,782,298	(932,231)	850,067

Shareholder loans

(i) *Maamba Collieries Limited*

On 17 June 2015, ZCCM –IH entered into an intercompany loan agreement for a cash advance of K254.45 million (US$26.345 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 in one year after the commercial operational date of 31 December 2016.

(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 K730 million (US$76 million). The loan attracts an interest rate of Libor plus 5% and is not secured. The loan was to be repaid in twelve equal quarterly instalments, none of which were made. This loan is fully impaired.

(iii) *Ndola Lime Company Limited*

The total loans and advances due from Ndola Lime Company Limited, including interest amounts was K257 million (2017: K139 million) which is fully impaired. The advances are not secured over any Ndola Lime Company Limited's assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Related party transactions *(Continued)*

(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 K12.42 million (US$1.4 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 2018, no repayments had commenced. This loan is fully impaired.

(v) Nkandabwe Coal Mine Limited

ZCCM – IH advanced a loan to Nkandabwe Coal Mine of K34.5 million. There are no repayment terms and it is interest free and is not secured. This loan is fully impaired.

(vi) Misenge Environmental and Technical Services Limited

The loans totalling K6.9million includes K4million with no repayment terms and is interest free. The other balance of K2.9million comprises K1.7million and K1.2million at interest rate of 17.5% and 12.5% respectively.

(vii) Mawe Exploration and Technical Services Limited

The loan totalling K 34 million have no repayment terms and are interest free and are not secured. The loan is fully impaired.

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. Mawe's operations were discontinued and it was formally dissolved in April 2017. (*See note 6)*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 Contingent liabilities

(i) 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 by Ndola Lime Company Limited in the mode of calculation used to arrive at the contribution. The total claim by NAPSA is K27 million and only K17 million has been included as a liability. A remaining amount of K10 million has not been included as a liability because Ndola Lime Company Limited obtained a legal opinion from its 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 for the assessment from 31 March 2014 to the date of the financial statements.

(ii) A Value Added Tax (VAT) amount per the subsidiary Ndola Lime Company Limited was less by K8 million, compared to the VAT amount per the Zambia Revenue Authority (ZRA) statement. The differences noted have not been agreed or reconciled with the Zambia Revenue Authority.

(iii) Chambishi Metals rights issue

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. The loan carries interest at LIBOR + 3%.

During the 10 years period to May 2015 no dividends were paid by Chambishi Metals Plc in order to enable ZCCM-IH service the loan in accordance with the resolution. ZCCM-IH has determined that in the absence of dividends from the Company it has no present obligation to settle the loan. Further, based on profit and cash flow forecasts made available to the directors of ZCCM-IH, it is unlikely that Chambishi Metals will have sufficient distributable profits from which to pay dividends for the foreseeable future. Therefore the total amount of US$ 3.7 million made up of principal US$2.5million plus interest of US$1.2million has not been recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 Contingent liabilities *(continued)*

(iv) ZCCM-IH, being a co-owner of Maamba Collieries Limited (MCL) with Nava Bharat (Singapore) PTE Ltd (NBS), was in 2017 required to contribute US$9.75 million in form of a shareholder loan towards Maamba's Base Project Equity according to its shareholding ratio of 35%. However, NBS contributed the whole amount including the US$9.75million share for ZCCM-IH.

As a result, it was resolved that ZCCM-IH refunds NBS, interest free, the excess contribution through offset of US$1.23 million interest payment which was due to ZCCM-IH from Maamba on the initial outstanding shareholder loan of 31 May 2015. The balance of US$8.52 million was to be paid by Maamba to NBS from future dividends of Maamba, payable to ZCCM-IH.

US$1.23 million was paid to NBS in 2017, however, no dividends have been received from Maamba since 2017 to settle the balance. ZCCM-IH has determined that in the absence of dividends from Maamba it has no present obligation to settle the outstanding balance. For this reason, US$8.52 million due to NBS has not been recognised in these financial statements.

(v) Guarantees

i) Ndola Lime Company Limited - SBSA loans

The loan of US$14.1 million (K134 million) due to Standard Bank of South Africa (SBSA) by the subsidiary Ndola Lime Company Limited is guaranteed by ZCCM-IH. The loan has a carrying interest of 3.5% margin plus 3 months Libor per annum and is repayable in 30 months with interest and principal payable quarterly. In case of loan recall by SBSA or failure by Ndola Lime Company Limited to meet the obligation, ZCCM-IH will be obligated to settle the loan.

ii) Letter of credit

ZCCH-IH has US$8.5 million letter of credit placed with Standard Chartered Bank on behalf of Maamba Collieries Limited (MCL) as collateral for the obligations of ZCCM-IH under the Sponsor Support Agreement (SSA) in case of MCL Project Cost overrun or MCL is unable to meet operational costs prior to the Financial Completion Date, then ZCCM-IH will be obligated to meet these costs subject to the cap of US$25 million in the ratio of the shareholding.

36 Commitments

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

	2018	2017
Group		
Property, plant and equipment	30,950	6,577
Company		
Property, plant and equipment	30,950	6,577

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

37 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

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the audit and risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the board of directors on its activities. 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.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities

The group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(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. The group is affected by foreign exchange movements because it has assets and income which are denominated in currencies other than the Group's functional currency, which is the Zambian Kwacha.

Management's policy to manage foreign currency risk is to hold foreign currency fixed deposits with various banks which act as a natural hedge for foreign currency obligations. Hedging techniques such as currency swap are also used to manage currency risk.

Exposure to currency risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(ii) Market risk *(continued)*

Exposure to currency risk *(continued)*

Group

2018	**K equivalent of US$**	**US$ Amounts**
Financial assets at fair value through profit or loss	336,082	35,413
Investments in associates	7,328,643	772,216
Cash and cash equivalents	320,017	33,720
Trade and other receivables	835,425	88,028
Held to maturity investment securities	293,284	30,903
Borrowings	(133,741)	(14,092)
Trade and other payables	(6,846)	(721)
Net exposure	8,972,864	945,467

2017	**K equivalent of US$**	**US$ Amounts**
Financial instruments at fair value through profit or loss	489,242	50,908
Investments in associates	6,779,898	705,486
Cash and cash equivalents	162,714	16,931
Trade and other receivables	847,185	88,154
Held to maturity investment securities	328,672	34,200
Borrowings	(191,655)	(19,943)
Trade and other payables	(6,703)	(697)
Net exposure	8,409,353	875,039

Company

2018	**K equivalent of US$**	**US$ Amounts**
Financial assets at fair value through profit or loss	336,082	35,413
Cash and cash equivalents	319,796	33,697
Available for sale investment in associate	4,546,779	479,092
Trade and other receivables	834,574	87,939
Held to maturity investment securities	293,284	30,903
Trade and other payables	(1,468)	(155)
Net exposure	6,329,047	666,889

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(ii) Market risk *(continued)*

Currency risk (continued)

2017	K equivalent of US$	US$ Amount
Financial assets at fair value through profit or loss	489,242	50,908
Cash and cash equivalents	162,388	16,897
Available for sale investment in associate	4,835,772	503,189
Trade and other receivables	846,008	88,032
Held to maturity investment securities	328,672	34,200
Trade and other payables	(1,325)	(138)
Net exposure	6,660,757	693,088

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

	Average rate		Reporting date spot rate	
	2018	2017	**2018**	2017
Kwacha				
US$ 1	9.5491	9.8610	9.4904	9.6103

Sensitivity analysis

A 10 percent strengthening of the Kwacha against the US Dollar at 31 March 2018 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 2017.

	Equity and profit or loss	
	Group	**Company**
31 March 2018		
K	897,286	632,905
31 March 2017		
K	840,935	666,076

A 10 percent weakening of the Kwacha against the US Dollar at 31 March 2018 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

37 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 by management of the Group is as follows:

Interest rate risk

The Group's operations are subject to cash flow variability due 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 cash flow variability attributable to interest rate changes.

Group	**2018**				2017			
31 March	**Total**	**Zero rate instruments**	**Floating rate instruments**	**Fixed rate instruments**	Total	Zero rate instruments	Floating rate instruments	Floating rate instruments
Assets								
Financial assets at fair value through profit or loss	336,082	-	-	336,082	489,242	-	-	489,242
Cash and cash equivalents	339,386	-	-	339,386	178,931	-	-	178,931
Trade and other receivables	1,022,880	34,914	-	987,966	918,892	68,068	-	850,824
Held to maturity investment securities	535,384	-	-	535,384	497,172	-	-	497,172
Investments in associates	7,355,864	-	-	7,355,864	6,828,313	-	-	6,828,313
Total assets	9,589,596	34,914	-	9,554,682	8,912,550	68,068	-	8,844,482
Liabilities								
Borrowings	(133,703)	-	(133,703)	-	(192,062)	-	(192,062)	-
Trade and other payables	(488,989)	(488,989)	-	-	(375,954)	(375,954)	-	-
Total liabilities	(622,692)	(488,989)	(133,703)	-	(568,016)	(375,954)	(192,062)	-
Gap	8,966,904	(454,075)	(133,703)	9,554,682	8,344,534	(307,886)	(192,062)	8,844,482

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(ii) **Market risk** *(continued)*

Company

Interest rate risk

	2018				2017			
31 March	**Total**	**Zero rate instruments**	**Floating rate instruments**	**Fixed rate instruments**	Total	Zero rate instruments	Floating rate instruments	Floating rate instruments
Assets								
Financial assets at fair value through profit or loss	336,082	-	-	336,082	489,242	-	-	489,242
Cash and cash equivalents	337,942	-	-	337,942	178,271	-	-	178,271
Available for sale investments	4,694,323	-		4,694,323	4,905,468	-		4,905,468
Trade and other receivables	1,017,927	22,382	-	995,545	888,633	34,390	-	854,243
Held to maturity investment securities	535,384	-	-	535,384	497,172	-	-	497,172
Total assets	6,921,658	22,382	-	6,899,276	6,958,786	34,390	-	6,924,396
Liabilities								
Borrowings	-	-	-	-	(164)	-	(164)	-
Trade and other payables	(56,223)	(56,223)	-	-	(43,359)	(43,359)	-	-
Total liabilities	(56,223)	(56,223)	-	-	(43,523)	43,359)	(164)	-
Gap	6,865,435	(33,841)	-	6,899,276	6,915,263	(8,969)	(164)	6,924,396

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(ii) Market risk *(continued)*

Interest rate risk

The Group's interest rate risk arises primarily from the interest received on short term deposits and interest paid on floating rate borrowings. This exposes the Group to cash flow interest risk.

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
2018		
Variable rate instruments	(133.70)	133.70
2017		
Variable rate instruments	(192.06)	192.06
Company		
2018		
Variable rate instruments	-	-
2017		
Variable rate instruments	(0.16)	0.16

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 2018, an increase/decrease of 100 basis points would have resulted in a decrease/increase in the Consolidated and separate post tax profit and equity of K0.54million (2017: K0.5 million)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

37 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 Securities Exchange.

At 31 March 2018, if the LUSE 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 and profit or loss would have been K38.74 thousand (2017:K19.24 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

37 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 2018 is made up as follows:

	Group		Company	
	2018	2017	**2018**	2017
Cash and cash equivalents	339,386	178,931	337,942	178,271
Trade and other receivables	1,022,880	918,892	1,017,927	888,633
Held to maturity investment securities	535,384	497,172	535,384	497,172
Investments in associates	7,355,864	6,828,313	4,694,323	4,905,468
	9,253,514	8,423,308	6,585,576	6,469,544

K168 million (2017: K122 million) of the held-to-maturity investments securities, collateral is held in the form of treasury bills. 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

2018

	Gross	**Impairment**	**Net**
Neither due or impaired	993,634	-	993,634
Past due 30 - 60 days	2,012	-	2,012
Past due 61 – 90 days	2,291	-	2,291
Past due 91 - 120 days	11,616	-	11,616
Over 121 days	877,622	(864,295)	13,327
	1,887,175	(864,295)	1,022,880

2017

	Gross	Impairment	Net
Neither due or impaired	863,797	-	863,797
Past due 30 - 60 days	12,152	(327)	11,825
Past due 61 – 90 days	6,535	(150)	6,385
Past due 91 - 120 days	11,437	(174)	11,263
Over 121 days	899,998	(874,376)	25,622
	1,793,919	(875,027)	918,892

The amounts past due are still considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iii) Credit risk *(continued)*

Past due but not impaired	**2018**	2017
Past due 30 - 60 days	2,012	11,825
Past due 61 – 90 days	2,291	6,385
Past due 91 - 120 days	11,616	11,211
Over 121 days	13,327	23,616
	29,246	53,037

Company

2018

	Gross	**Impairment**	**Net**
Neither due or impaired	993,634	-	993,634
Past due 30 - 60 days	500	-	500
Past due 61 - 90 days	809	-	809
Past due 91 - 120 days	184	-	184
Over 121days	1,176,840	(1,154,040)	22,800
	2,171,967	(1,154,040)	1,017,927

2017

	Gross	Impairment	Net
Neither due or impaired	855,312	-	855,312
Past due 30 - 60 days	4,947	(2,594)	2,353
Past due 61 - 90 days	1,212	(1,024)	188
Past due 91 - 120 days	931	(822)	109
Over 121 days	1,100,349	(1,069,678)	30,671
	1,962,751	(1,074,118)	888,633

Past due but not impaired

	2018	2017
Past due 30 - 60 days	500	2,353
Past 61 - 90 days	809	188
Past 91 - 120 days	184	109
Over 121 days	22,800	30,671
	24,293	33,321

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

37 Financial risk management *(continued)*

(iii) Credit risk *(continued)*

The Group believes that unimpaired amounts that are past due more than 60 days but not impaired 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 but not impaired arising from the Company was K24.3 million (2017: K33.3 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 movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Group

	2018	2017
Balance at 1 April	875,027	1,566,195
Impairment recognised	-	22,295
Reversal/recovery of impairment loss	(10,732)	(713,463)
Balance at 31 March	864,295	875,027

Company

	2018	2017
Balance at 1 April	1,074,118	1,659,733
Impairment recognised	121,431	133,333
Recovery	(41,509)	(718,948)
Balance at 31 March	1,154,040	1,074,118

As at 31 March 2018 an impairment loss of K121 million mainly relates to the receivables from Ndola Lime Company , Nkandabwe and rental receivable of K118.3 million, K1.53 million and K1.24 million respectively. These amounts have been impaired as no repayments have been made on the balances in the year and there is objective evidence of impairment.

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

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

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties 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 maintains 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 through cash flow forecasts.

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.

(a) Group

	Carrying amount	Contractual amount	Within 1 year	2 -5 years
At 31 March 2018				
Financial liabilities				
Borrowings	133,703	135,655	54,239	81,416
Trade and other payables	488,989	488,989	488,989	-
	622,692	624,644	543,228	81,416
At 31 March 2017				
Financial liabilities				
Borrowings	192,062	220,013	62,409	157,604
Trade and other payables	375,954	379,553	350,116	29,437
	568,016	599,566	412,525	187,041

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iv) Liquidity risk *(continued)*

(b) Company

	Carrying amount	Contractual amount	Within 1 year	2 - 5 years
At 31 March 2018:				
Financial liabilities				
Trade and other payables	56,223	56,223	56,223	-
	56,223	56,223	56,223	-
At 31 March 2017:				
Financial liabilities				
Borrowings	164	179	179	-
Trade and other payables	43,359	43,359	43,359	-
	43,523	43,538	43,538	-

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 independence 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 average gearing ratio for the mining industry in Zambia which currently stands at 72% equity. 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 2018 and 2017 were as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iv) Liquidity risk *(continued)*

Capital management *(continued)*

	Group		Company	
	2018	2017	**2018**	2017
Borrowings	133,703	192,062	-	164
Less: cash and cash equivalents	(339,386)	(178,931)	(337,942)	(178,271)
Net debt	(205,683)	13,131	(337,942)	(178,107)
Total equity	8,940,346	8,013,913	5,790,154	5,491,126
Total capital	8,734,663	8,027,044	5,452,212	5,313,019
Gearing ratio	-2.35%	0.16%	-6.20%	-3.35%

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:

	2018	2017
Loans and borrowings	7.50%	9.25%

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:

2018	**Level 2**	**Level 3**	**Total**
Assets			
Financial investments at fair value through profit or loss (note 21)	-	336,082	336,082
Available for sale investments in equity accounted investees (note 20)	677,221	3,994,279	4,694,323
	677,221	4,330,361	5,030,405
2017			
Assets			
Financial investments at fair value through profit or loss (note 21)	-	489,242	489,242
Available for sale investments in equity accounted investees	384,794	4,520,674	4,905,468
	384,794	5,009,916	5,394,710

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

Fair value estimation *(continued)*

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:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss	336,082	336,082	489,242	489,242
Cash and cash equivalents	339,386	339,386	178,931	178,931
Trade and other receivables	1,022,880	949,085	918,892	828,220
Held to maturity investment securities	535,384	535,384	497,172	497,172
Investment in associates	7,355,864	7,355,864	6,828,313	6,828,313
	9,589,596	9,515,801	8,912,550	8,821,878
Financial liabilities				
Borrowings	(133,703)	(133,703)	(192,062)	(192,062)
Trade and other payables	(488,989)	(488,989)	(375,954)	(375,954)
	(622,692)	(622,692)	(568,016)	(568,016)
Net position	8,966,904	8,893,109	8,344,534	8,253,862

Company

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Financial assets at fair value through profit or loss	336,082	336,082	489,242	489,242
Cash and cash equivalents	337,942	337,942	178,271	178,271
Available for sale investments in associates	4,694,323	4,694,323	4,905,468	4,905,468
Trade and other receivables	1,017,927	944,132	888,633	797,961
Held to maturity investment securities	535,384	535,384	497,172	497,172
	6,921,658	6,847,863	6,958,786	6,868,114
Financial liabilities				
Borrowings	-	-	(164)	(164)
Trade and other payables	(56,223)	(56,223)	(43,359)	(43,359)
Total	(56,223)	(56,223)	(43,523)	(43,523)
Net position	6,865,435	6,791,640	6,915,263	6,824,591

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

Fair value estimation *(continued)*

Fair values versus carrying amounts *(continued)*

The fair value of the financial assets and liabilities carried at amortised cost including cash and cash equivalents, trade and other receivables, 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 exception is the loan receivables from Maamba Collieries Limited and Price Participation receivable from KCM as this is long term and as such the fair value was determined using discounted cash flows method (a level 3 valuation technique).

Valuation technique	Significant unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
The valuation technique used to determine the fair value of the loan receivable is the discounted cash flow method	Unobservable input is the discount rate used to discount the expected cash flows of the loan. - The discount rate used comprised the USD 5 year treasury bill rate of 2.56% as debt is denominated in USD; and - The Zambian country risk rate	The estimated fair value would increase or (decrease) if: • The discount rate is (higher) or lower

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

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

Financial instrument by category

	Group					Company					
	Loans and receivables	**Held to maturity investment securities**	**Financial assets at fair value through profit or loss**	**Other financial liabilities**	**Total**	**Loans and receivables**	**Held to maturity investment securities**	**Financial assets at fair value through profit or loss**	**Available for sale financial asset**	**Other financial liabilities**	**Total**
ZCCM Investments Holdings PLC											
Assets as per statement of financial position											
Financial investments at fair value through profit or loss	-	-	336,082	-	336,082	-	-	336,082	-	-	336,082
Available for sale investment in associates	-	-	-	-	-	-	-	-	4,694,323	-	4,694,323
Trade and other receivables	1,022,880	-	-	-	1,022,880	1,017,927	-	-	-	-	1,017,927
Held to maturity investment securities	-	535,384	-	-	535,384	-	535,384	-	-	-	535,384
Cash and cash equivalents	339,386	-	-	-	339,386	337,942	-	-	-	-	337,942
Borrowings		-	-	(133,703)	(133,703)	-	-	-	-	-	-
Trade and other payables	-	-	-	(488,989)	(488,989)	-	-	-	-	(56,223)	(56,223)
	1,362,266	535,384	336,082	(622,692)	1,611,040	1,355,869	535,384	336,082	4,694,323	(56,223)	6,865,435

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

Financial instrument by category *(continued)*

	Group					Company					
	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss	Other financial liabilities	Total	Loans and receivables	Held to maturity investment securities	Financial assets at fair value through profit or loss	Available for sale financial asset	Other financial liabilities	Total
31 March 2017											
Assets as per statement of financial position											
Financial investments at fair value through profit or loss	-	-	489,242	-	489,242	-	-	489,242	-	-	489,242
Available for sale investment in associates	-	-	-	-	-	-	-	-	4,905,468	-	4,905,468
Available for sale investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	918,892	-	-	-	918,892	888,633	-	-	-	-	888,633
Held to maturity investment securities	-	497,172	-	-	497,172	-	497,172	-	-	-	497,172
Cash and cash equivalents	178,931	-	-	-	178,931	178,271	-	-	-	-	178,271
Borrowings		-	-	(192,062)	(192,062)	-	-	-	-	(164)	(164)
Trade and other payables	-	-	-	(375,954)	(375,954)	-	-	-	-	(43,359)	(43,359)
	1,097,823	497,172	489,242	(568,016)		1,066,904	497,172	489,242	4,905,468	(43,523)	6,915,263

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Subsequent events

(i) Investrust Bank Plc

Subsequent to the year-end, ZCCM-IH concluded a Mandatory Offer to minority shareholders that took place from 9th April 2018 to 30th April 2018. ZCCM-IH acquired a further 2,125,890 shares, representing a 26.0% shareholding in Investrust Bank Plc. ZCCM-IH now holds a total shareholding of 71.40% in the Bank.

ZCCM-IH as the majority shareholder has embarked on recapitalisation and restructuring plans to make the Bank more competitive and better positioned to maximise returns for its shareholders.

(ii) Ndola Lime Company Limited

Subsequent to the year end, two (2) former employees of Ndola Lime Company Limited (NLC) instituted proceedings to the High Court of Zambia to place NLC under supervision pursuant to the Corporate Insolvency Act No. 9 of 2017. By order of the Court dated 5th October 2018, the Official Receiver was appointed as Interim Business Administrator of NLC.

The application for the Business Rescue Proceedings will be heard in January 2019 at which all affected persons (including ZCCM-IH) will be heard.

However, ZCCM-IH remains committed to the affairs of NLC and will continue to pursue all activities that better the Company and ZCCM-IH's investments.

(iii) Disposal of ARM & Vale's indirect interest in Lubambe Copper Mine Ltd (Lubambe)

African Rainbow Minerals (ARM) and Vale International SA (Vale) concluded an agreement to dispose of ARM and Vale's combined 80% beneficial interest in Lubambe to EMR Capital Limited (EMR). The 80% beneficial interest in Lubambe, which was held in equal shares by ARM and Vale, includes the equity holding in Lubambe as well as loans to Lubambe. ZCCM-IH has and will continue to maintain a 20% shareholding in Lubambe.

The purchase consideration for the disposal was US$97.10 million and will be settled in cash. The final amount receivable is subject to, amongst others, the following adjustments which will be finalised on completion of the Disposal:

- Settlement of Lubambe general banking facility; and
- Additional funding provided to Lubambe by ARM and Vale between 1 May 2017 and the completion date.

Completion of the disposal is subject to the fulfilment of agreed conditions precedent. EMR is a specialist resources private equity management firm with a proven investment track record spanning over 20 years. It manages investments of more than US$2 billion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 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	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

40 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

40 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(i) ***Business combinations*** *(continued)*

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

(ii) ***Subsidiaries***

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

In the separate financial statements, investments in subsidiaries are classified as available for sale financial assets.

(iii) ***Loss of control***

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interests (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.

In the separate financial statements investments in associates is subsequently measured at fair value. These are classified as available for sale financial assets.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iv) ***Interest in equity accounted investees*** *(continued)*

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.

(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. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

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).

Foreign currency differences which arise on the translation of investee companies (which have a different functional currency) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(c) Financial instruments

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

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

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

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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.

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 on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

(ii) ***Non-derivative financial assets - measurement***

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

Loans and receivables 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

These assets are initially measured 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, are recognised in OCI 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 Company's investments in subsidiaries and associates are classified as available for sale financial assets.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

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.

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

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 regularly to ensure that the carrying amount does not differ materially from the fair value. The revaluation differences are recognised in other comprehensive income and accumulated in equity "revaluation reserve" unless the revaluation difference represents the reversal of a revaluation decrease previously recognised as an expense, in which case the revaluation difference is recognised in profit or loss. 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 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 charge based on the revalued carrying amount of the assets and the depreciation charge 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

40 Significant accounting policies *(continued)*

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

(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.

(iii) **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 20 years
- Vehicles 4 years
- Plant, equipment and furniture 5 years
- Vertical kiln 15 years
- Rotary kiln 12 years

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

(iv) ***Reclassification to investment property***

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(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.

(f) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

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

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

(i) Derecognition

Intangible assets are derecognised when an asset is sold, exchanged or abandoned and therefore, removed from the statement of financial position.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(h) Impairment

(i) Non-derivative financial assets

Financial assets not carried at fair value through profit or loss including 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.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(h) Impairment *(continued)*

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(h) Impairment *(continued)*

(ii) Non-financial assets *(continued)*

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 benefits 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. Amounts recognised as an expense during the year were K3.4 million (2017: K 4.4 million)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(i) Employee benefits *(continued)*

(iii) Defined benefit plans (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(k) Revenue

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

- Dividends are recognised as revenue in the period in which the right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.
- 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.
- Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to surveys of work performed. The Group is involved in provision of environmental consultancy services, analytical services, surveying services and radiation safety. When services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

(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; and
- Borrowing costs.

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

Borrowing costs attributable to fixed assets during construction are capitalised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(m) Income tax

(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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. 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.

(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 them 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(m) Income tax *(continued)*

(ii) Deferred tax (continued)

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 Group 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.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group 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 Group 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 Significant accounting policies *(continued)*

(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 but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018; however, the Group has not applied the following new or amended standards in preparing these financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments. The Group will adopt IFRS 9 effective 1 April 2018.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics. The three principal classification categories for financial assets are: measured at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI).

Based on the Group's preliminary assessment, the Group believes that the new classification, if applied at 31 March 2018, would not have a significant impact on its accounting for financial assets.

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. The Group will apply the practical expedient within IFRS 9 to calculate the ECL on trade receivables using a provision matrix. The Group is finalising their new impairment models that will be applied to financial assets measured at amortised cost (i.e. primarily trade receivables).

IFRS 15 Revenue from Contracts with Customers

IFRS 15 introduces a new revenue recognition model for contracts with customers and establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 also includes extensive new disclosure requirements. It replaces existing revenue recognition guidance, including IAS 8 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 effective 1 January 2018.

The Group is in the process of performing a gap analysis to determine the impact of adopting IFRS 15 as compared to its current accounting for revenue under IAS 18. The nature of the Group's revenue includes listing fees, annual fees, trade commissions, depository income and information sales.

Contracts within each revenue stream will be analysed against the five step revenue recognition model in IFRS 15.

The Group is still in the process of making a decision on the transition method to be applied, as well as the practical expedients to be used if elected, and is currently finalising the impact that the above findings will have on the Group's financial statements.

41 New standards and interpretations issued but not yet effective

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exceptions for short-term leases and leases of low-value items. Lessor accounting remains similar to current practice i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces IAS 17 Lease, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 operating Leases - Incentives and SIC 27 evaluating the substance of Transactions Involving the Legal Form of a Lease. It includes more disclosures for both lessees and lessors.

The Group has decided to adopt this standard when it becomes effective. Management is still assessing the potential impact of this new standard and still needs to make a decision on the transition method to be applied as well as the practical expedients to be used, if elected.

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