ZCCM-IH

ZCCM INVESTMENTS HOLDINGS PLC

ANNUAL REPORT

2019

www.zccm-ih.com.zm

ZCCM-IH

ZCCM Investments Holdings Plc

Annual report and financial statements for the year ended 31 March 2019

Contents

COMPANY OVERVIEW

ZCCM Investments Holdings Plc (ZCCM-IH) is an investment holding 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 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 Access (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 BARNABY B MULENGA
NON EXECUTIVE DIRECTOR

MR YOLLARD KACHINDA
NON EXECUTIVE DIRECTOR

MR MABVUTO T CHIPATA
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

EXECUTIVE MANAGEMENT TEAM

MR MABVUTO T CHIPATA
CHIEF EXECUTIVE OFFICER

MR TAPIWA G MSUSA
ACTING CHIEF INVESTMENTS OFFICER

MR CHABBY CHABALA
CHIEF CORPORATE SERVICES OFFICER/ COMPANY SECRETARY

MR ANSLEY SYANZIBA
ACTING CHIEF RISK AND INTERNAL AUDIT OFFICER

MS YADIKA MKANDAWIRE
GENERAL COUNSEL

MS CHILANDU SAKALA
CHIEF FINANCIAL OFFICER

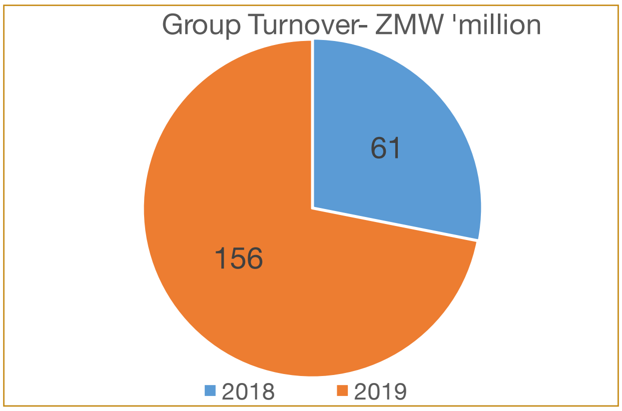
MR WILPHRED K KATOTO
CHIEF TECHNICAL OFFICER

MS LOISA M KAKOMA
PUBLIC RELATIONS MANAGER

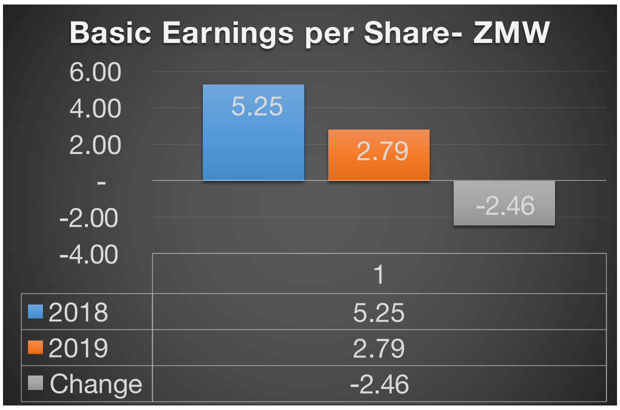
MR PATSON BANDA
HUMAN RESOURCE MANAGER

PERFORMANCE OVERVIEW

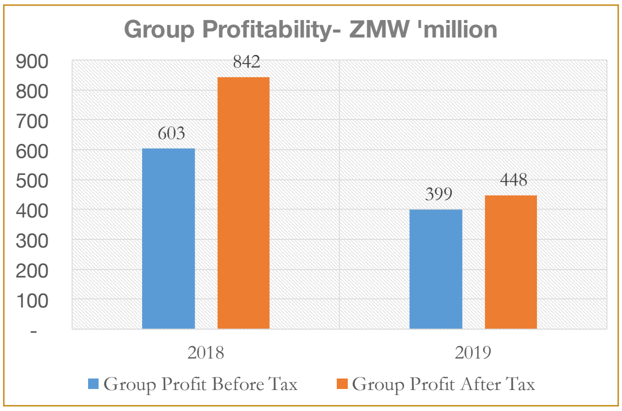
Turnover: ZMW156m (156 %)



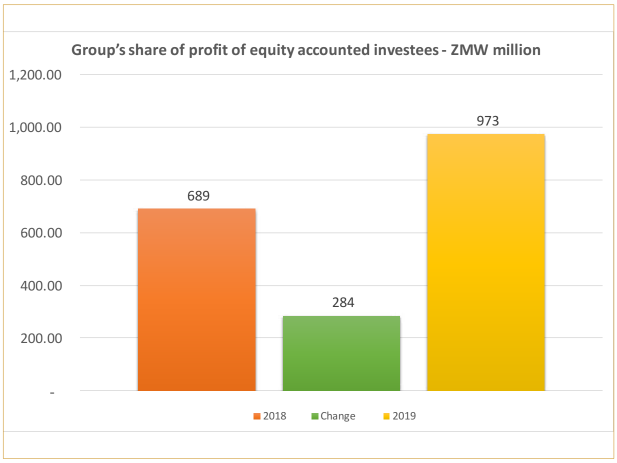
EPS: ZMW 2.79 (47 %)



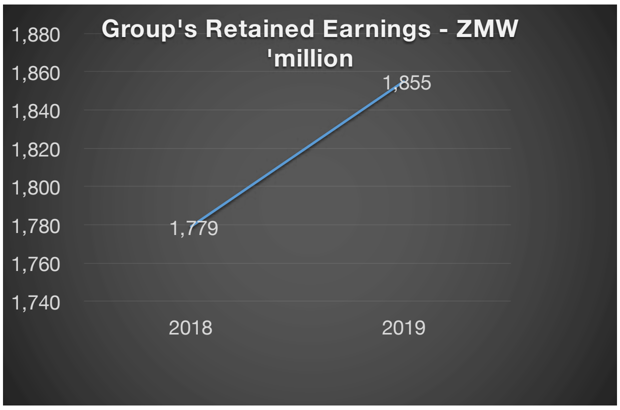
PBT- ZMW 399m (34 %)
PAT- ZMW 448m (47 %)



Share of Profit: ZMW 973m (41 %)



Retained Earnings: ZMW1, 855m (4 %)



CHAIRMAN'S STATEMENT

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 for the financial year ended 31 March 2019.

The relative stability in copper prices reported in 2017 continued in 2018. Furthermore, the coming on board of new mining projects improved production during the year under review. In addition, the ramp up in production at Kalumbila, improved plant availability and utilization at the Tailings Leach Plant at Konkola Copper Mines Plc (KCM) coupled with higher grades and commissioning of the Synclinorium Shaft at Mopani Copper Mines Plc (Mopani) leading to increased volume of ore being hoisted resulted in a marginal increase in copper production by around 8% to about 862,000 tonnes at the end of 2018 (2017: 799,000 tonnes).

The prospects in the mining sector continue to be bright and ZCCM-IH will continue to focus on mining and mining related investments to maximise shareholder value.

ZCCM-IH's performance was negatively affected by the loss-making subsidiaries, namely, Ndola Lime Company Limited (NLC) and Investrust Bank Plc (Investrust). The Group profit after tax declined by 47% to ZMW448 million. The Group's share of profit of equity accounted investees increased by 41% to ZMW973 million owing to an improvement in the profitability of some investee companies in the mining sector.

Global economy

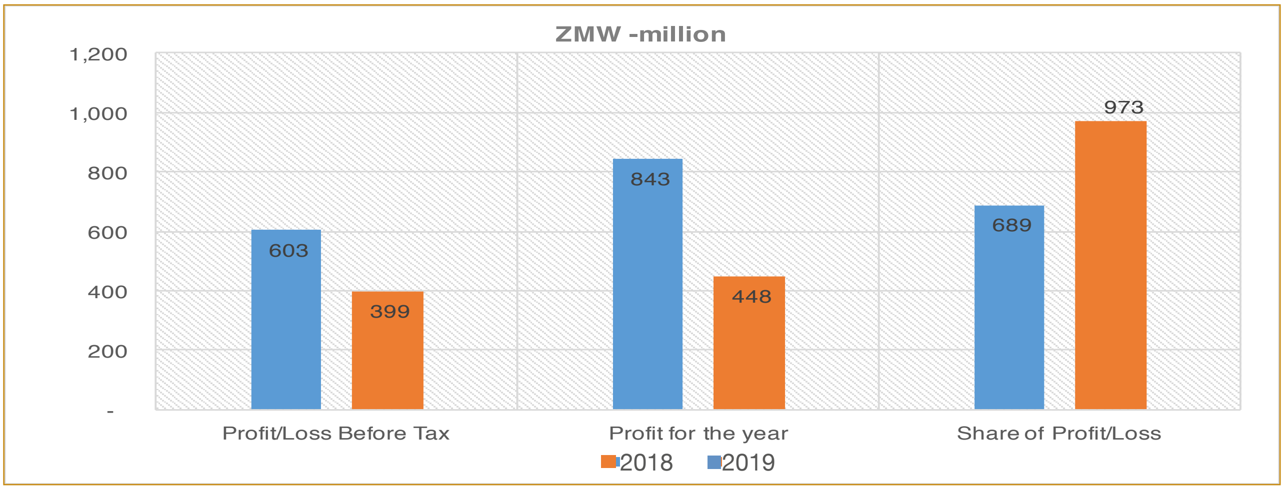
Global growth in 2018 remained sustained in the region of around 3.7% since 2017. This growth was 0.2% lower than projected. The stagnation of growth was influenced mainly by uncertainties emanating from trade policy shifts and simmering trade disputes particularly between the United States of America and China, some of the world's strongest economies.

World copper demand remained undersupplied in 2018 and increased demand is expected to continue influenced by the positive developments and demand for electric cars and power industry mainly in Europe and some parts of Asia. China will remain the major market for copper and estimated to account for over 50% of global demand by 2023.

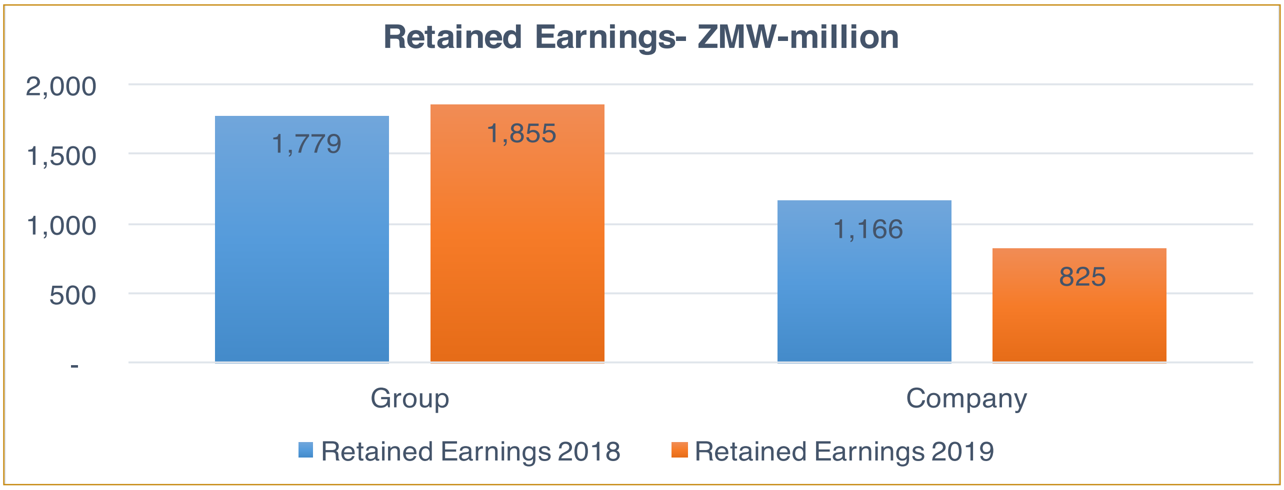
Zambian economy

While the Zambian economy continued on a recovery path, growth was clouded by severe droughts in many parts of the country. This scenario resulted in low water levels which affected key sectors including the mining, energy and agricultural sectors with ripple effects on the overall growth. The GDP growth for 2018 dropped to around 4% from the expected growth of 5%.

FINANCIAL PERFORMANCE



The Group reported a profit before tax of ZMW 399 million (2018: ZMW 603 million) and a share of profit of equity accounted investees for the year of ZMW973 million (2018: ZMW689 million). The decline in profitability is primarily driven by the Group's loss-making subsidiaries, namely, Ndola Lime Company Limited and Investrust Bank Plc coupled with the fall in fair value of other investments such as Mopani Copper Mines Plc and NFCA Africa Mining Plc. The Group's share of profit of equity accounted investees was ZMW973 million (2018: profit of ZMW689 million).



The Group's retained earnings as at 31 March 2019 were positive at ZMW1,855 million (2018: ZMW 1,779 million). The increase in retained earnings is attributed to recorded Group profit of ZMW448 million (2018: ZMW843 million). The Company's retained earnings decreased by 29 percent to ZMW825 million (2018: ZMW1,166 million) on account of loss recorded at company level and payment of dividends during the year amounting to ZMW 233 million.

Fundamental Strategic Change and Strides

ZCCM-IH has continued to refocus its activities in line with its 2018-2023 Strategic Plan. Exploration works continued for base metals in various licence areas across the country. Following a successful exploration for manganese in the Kabundi licence area in Serenje District, Central Province of Zambia, mine developments had advanced to commercialisation. Subsquent to the year end, ZCCM-IH incorporated Kabundi Resources Limited (KRL) a wholly owned subsidiary and a mining operating company whose main activities include mining, processing and marketing of manganese and other non-ferrous metals.

Subsequent to the year end, ZCCM-IH increased its stake by acquiring a further 50% shares in Kariba Minerals Limited (KML) an amethyst mining company. ZCCM-IH has started implementing strategic activities aimed at improving the production and marketing of amethyst at KML.

Energy Sector

Operations at Maamba Collieries Limited (MCL) Thermal Power Plant (TPP), continued to improve with the company recording an increase in profits of 272% to ZMW 554.21 million as a result of increased revenues. Though profitable, MCL's liquidity challenges remained unresolved due to delayed payments for power from its main offtaker.

Manufacturing Sector

ZCCM-IH increased its stake in Central African Cement Company Limited (CAC) from the initial 35% to 49%. The construction of the cement plant has delayed on account of the necessary regulatory and financing approvals.

Investment in the Financial Services Sector

Following ZCCM-IH's increased shareholding in Investrust Bank Plc to 71.4%, the Company undertook recapitalisation efforts aimed at improving the bank's liquidity and competitiveness. Going forward, ZCCM-IH will continue to pursue strategies that will transform the bank.

Capital market

The ZCCM-IH share price on the Lusaka Stock Exchange declined by 25% to close the year at ZMW 28.49 (2018: ZMW 38). Consequently, the market capitalisation as at 31 March 2019 dropped to ZMW 4, 581 million (2018: ZMW 6, 110 million). The reduction in the price and sustained stagnation of the share price is indicative of low liquidity of the shares.

Outlook

As demand for copper continues to increase, ZCCM-IH will continue to invest in the mining sector and will diversify into other base metals as a way of maximising its returns.

Appreciation

I express sincere gratitude to my fellow Board members and Management and Staff of ZCCM-IH for their dedication and commitment during the past year. I again 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 2019, 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 2019:

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	71.40%
6	Rembrandt Properties Limited	49.00%
7	Central African Cement Company Limited	49.00%
8	Maamba Collieries Limited	35.00%
9	Konkola Copper Mines Plc	20.60%
10	Kansanshi Mining Plc	20.00%
11	Copperbelt Energy Corporation Plc	24.10%
12	CEC Africa Investments Limited	20.00%
13	Lubambe Copper Mine Plc	20.00%
14	CNMC Luanshya Copper Mines Plc	20.00%
15	NFC Africa Mining Plc	15.00%
16	Chibuluma Mines Plc	15.00%
17	Chambishi Metals Plc	10.00%
18	Mopani Copper Mines Plc	10.00%
19	Nkana Alloy Smelting Company Limited	10.00%

Share capital

The authorised share capital of the Company remained unchanged at ZMW2,000,000 divided as follows:

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

During the year, the issued share capital remained unchanged at 160,800,286 shares with a nominal value of ZMW1,608,003 as detailed below:

	Number of shares	Amount ZMW
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	%	ZMW
Industrial Development Corporation Limited	A	96,926,669	60.3	969,267
Minister of Finance	B	27,593,883	17.3	277,352
NAPSA	B	24,120,043	15.0	241,200
Other shareholders	B	12,159,691	7.4	120,184
Total	**A and B**	**160,800,286**	**100.00**	**1,608,003**

The 12,159,691 “B” Ordinary Shares are spread mainly in Europe and as at 31 March 2019 were held by 4, 258 non-controlling shareholders.

Directors’ interests in shares

As at 31 March 2019, Mr Philippe G Taussac (Non-Executive Director and Chairman of the Investments Committee of the Board) had 160,589 shares directly and indirectly while Mr Mabvuto T Chipata (Executive Director and Chief Executive Officer) held 1,900 shares directly.

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. The Company’s focus going forward will include the following:

- Developing and implementing investments strategies and aligning company operations towards maximizing of shareholder value in key economic sectors including mining, energy, financial services and real estate;
- Monitoring the performance of investee companies to ensure they consistently declare reasonable dividends and ensure Company growth;
- Ensuring effective representation on the boards of the investee companies;
- Establishing and securing joint venture partnerships for projects assessed to be viable;
- Establishing Metal Streaming arrangements;
- Establishing a Royalty model to maximize shareholder value; and
- Supply chain participation (including management contracts), where expertise in the Technical Directorate will be applied to leverage this line of business.

REPORT OF THE DIRECTORS *(continued)*

Strategic focus areas of the Company

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

- Extract value from current portfolio.
- Invest in portfolios 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 ZMW0.33 per share for the year ended 31 March 2019 (2018: ZMW 0.61 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.

During the year, Dr Pius C Kasolo separated with the Company as Chief Executive Officer. Subsequently, the Board appointed Mr Mabvuto T Chipata as Chief Executive Officer effective 11 October 2019.

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 (29 October 2019) is indicated below:

Audit Committee	Remuneration Committee
Mr Mateyo C Kaluba (Chairman)	Mr Yollard Kachinda (Chairman)
Mr Yollard Kachinda	Mr Paul M Chanda (Retired on 10 September 2019)
Mr Philippe G Taussac	Mr Fredson K Yamba
Dr Pius C Kasolo (Retired on 1 February 2019)	Mr Barnaby B Mulenga (Appointed on 11 September 2019)
Mr Mabvuto T Chipata (Appointed 21 March 2019)	Dr Pius C Kasolo (Retired on 1 February 2019)
Mr Vincent Nyambe (Co-opted Member)	Mr Mabvuto T Chipata (Appointed 21 March 2019)

REPORT OF THE DIRECTORS *(continued)*

Investments Committee

Mr Philippe G Taussac	(Chairman)
Mr Paul M Chanda	Non-executive member (Retired on 10 September 2019)
Mr. Mateyo C Kaluba	Non-executive member
Mr Barnaby B Mulenga	(Appointed on 11 September 2019)
Dr Pius C Kasolo	Chief Executive Officer (Retired on 1 February 2019)
Mr Mabvuto T Chipata	Chief Executive Officer (Appointed 21 March 2019)
Mr Tapiwa G Msusa	Acting Chief Investments Officer
Mr. Charles Mpundu	Co-opted Member
Mr Basil Nundwe	Co-opted Member
Mr Matongo Matamwandi	Co-opted Member

Record of Attendance of Board and Committee Meetings held during the year to 31 March 2019.

Board Meetings:

	Date of meeting								
Name of Director	**08/06/18**	**27/06/18**	**14/09/18**	**01/10/18**	**21/11/18**	**13/12/18**	**25/01/19**	**09/03/19**	**29/03/19**
Mr Eric S Silwamba, SC (Chairman)	√	√	√	√	√	√	√	√	√
Mr Fredson K Yamba (Vice Chairman)	X	√	X	X	X	X	X	X	√
Mr. Yollard Kachinda	√	√	√	√	√	√	√	√	√
Mr. Mateyo C Kaluba	√	√	√	√	X	√	X	√	X
Mr Philippe G Taussac	√	√	√	√	√	√	√	X	√
Mr Paul M Chanda	√	X	√	√	X	√	√	√	√
Dr Pius C Kasolo	√	√	√	√	√	√	√	□	□
Mr Mabvuto T Chipata	□	□	□	□	□	□	□	□	√

Audit Committee Meetings:

	Date of meeting			
Name of Director	**28/5/18**	**12/11/18**	**6/12/18**	**21/3/19**
Mr Mateyo C Kaluba (Chairman)	√	√	√	√
Mr Philippe G Taussac	√	√	√	√
Mr Yollard Kachinda	√	X	√	√
Dr Pius C Kasolo	√	√	□	□
Mr Vincent Nyambe	□	□	√	√
Mr Mabvuto T Chipata	□	□	□	√

Key

√ In attendance
x Not in attendance
□ Not a member on stated date of meeting

REPORT OF THE DIRECTORS *(continued)*

Investments Committee Meetings:

	Date of meeting						
Name of Director	**24/5/18**	**25/6/18**	**24/8/18**	**6/9/18**	**5/12/18**	**23/1/19**	**22/3/19**
Mr Philippe G Taussac (Chairman)	√	√	√	√	√	√	√
Mr Paul M Chanda	√	√	√	X	√	√	√
Mr Mateyo C Kaluba	□	√	√	√	√	√	√
Dr Pius C Kasolo	√	√	√	√	√	√	□
Mr Charles Mpundu	√	√	√	√	√	√	√
Mr Basil Nundwe	□	√	□	√	√	□	□
Mr Perry Mapani	□	√	√	√	√	√	√
Mr Mabvuto T Chipata	√	√	√	√	√	√	√
Mrs Chilandu J Sakala	□	□	□	□	□	√	√
Mr Tapiwa G Msusa	□	□	□	□	□	□	√

Remuneration Committee Meetings:

	Date of Meeting				
Name of Director	**22/5/18**	**4/9/18**	**21/12/18**	**27/2/19**	**25/3/19**
Mr Paul Chanda (Chairman)	√	√	√	√	√
Mr Fredson K Yamba	X	X	X	√	√
Mr Yollard Kachinda	√	√	√	√	√
Dr Pius C Kasolo	√	√	√	□	□
Mr Mabvuto T Chipata	□	□	□	□	√

Key

✓ In attendance
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 ZMW160.1 million (2018: ZMW93.7 million) for the Group and ZMW68.7 million (2018: ZMW57.1 million) for the Company. The average number of employees was as follows:

Month	Subsidiaries	Company	Group
April 2018	626	80	706
May 2018	630	81	711
June 2018	634	81	715
July 2018	638	80	718
August 2018	629	80	709
September 2018	633	81	714

Month	Company	Subsidiaries	Group
October 2018	81	645	726
November 2018	85	631	716
December 2018	85	626	711
January 2019	85	621	706
February 2019	85	615	700
March 2019	83	608	691

Staff expenses

	2019 ZMW'000	2018 ZMW'000
Subsidiary Companies	91,341	36,538
ZCCM-IH	68,709	57,142
	160,050	93,680

Signed on their behalf by:

Eric S. Silwamba
Director

Mateyo C. Kaluba
Director

OPERATIONS REPORT

(A) Subsidiary Companies

The performance of the subsidiary companies for the year ended 31 March 2019 is summarised below:

1 Ndola Lime Company Limited (NLC)

During the year, two former employees of NLC made an application to initiate Business Rescue Plan proceedings against the Company. An Interim Business Rescue Administrator was appointed to run the affairs of NLC.

ZCCM-IH made an application in court challenging whether NLC qualifies to be put under Business Rescue Operations. The matter is still undergoing a court process.

Ndola Lime Company Limited (NLC) reported total revenues for the financial year ended 31st March 2019 of ZMW74.3 million (2018: ZMW60.1 million) and a loss after tax of ZMW234 million (2018: ZMW 187 million loss).

There were no dividends declared during the year under review (2018: Nil)

2 Misenge Environmental and Technical Services Limited (METS)

Misenge Environmental and Technical Services Limited (METS) earned a total of ZMW8.8 million (audited) as revenue for the year ended 31 March 2019 (2018: ZMW5.48 million). Of the revenue, ZMW6.4 million was realised from recurring services to ZCCM-IH (2018: ZMW4.6 million) and ZMW2.4 million was from non ZCCM-IH sources (2018: ZMW0.88 million). METS recorded a net loss of ZMW2.5 million (2018: ZMW1.9 million loss).

METS continued its drive towards increasing third party business by taking part in several bids throughout the year.

There were no dividends declared during the year under review (2018: Nil).

Rehabilitated Gullies at TD 10- Mufulira

OPERATIONS REPORT *(continued)*

3 Investrust Bank PLC

Investrust Bank Plc ("Investrust") recorded a 40.4% decrease in interest income to ZMW88.33 million during the year ended 31st December 2018 (2017: ZMW148.1 million). Total operating expenses increased by 5.2% on a year-on-year basis to ZMW157.40 million (2017: ZMW149.65 million). During the year under review, the bank recorded a loss of ZMW109.19 million (2017: ZMW38.00 million net loss).

For the period under review, ZCCM-IH successfully increased its shareholding from 45.4% to 71.4%. As a strategic investor, ZCCM-IH is currently driving a strategy to restructure and recapitalize the Bank.

The Bank's share price on the LuSE closed the period under review at ZMW12.0 (2017: ZMW13.50).

There were no dividends declared during the financial year ended 31st December 2018 (2017: Nil).

4 Nkandabwe Coal Mine Limited

Nkandabwe Coal Mine Limited remained inactive during the year as the company is winding up.

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance

The performance of associate companies for the year ended 31 March 2019 is summarised below:

1 Kariba Minerals Limited (KLM)

Kariba Minerals Limited (KML) reported total revenue of ZMW20.95 million for the year ended 31 March 2019 (2018: ZMW17.18 million). KML reported a net loss of ZMW11.77 million during the financial period under review (2018: ZMW10.22 million loss).

For the financial year ended 31st December 2018, Kariba Minerals produced a total of 804,124 Kg of rough amethyst. During the same financial year, Kariba held one auction in February 2018 in Jaipur, India. Due to regulatory changes in India's gemstone industry, no further auctions were held for the year. Revenue for the period is attributable to direct sales of Kariba's established clientele.

Subsequent to the year end, ZCCM-IH increased its stake in KML to 100% by acquiring a further 50% shares.

There were no dividends declared during the financial year under review (2018: Nil).

2 Maamba Collieries Limited (MCL)

MCL reported total revenue of ZMW2,486.60 million (US$ 222.10 million) for the financial year ended 31 March 2019 [(2018: ZMW1,172.00 (US$122.73 million)] and had profit after tax of ZMW554.21 million (US$49.50 million) [(2018: ZMW148.87 million (US$15.59 million). The increase in revenue was due to increased demand for high grade coal from customers and steady production from the thermal power plant, while profit was driven by increased revenue and a deferred tax liability.

During the period under review, Maamba experienced liquidity challenges as a result of late receipt of payments from off takers. Efforts were made to restructure the payments of outstanding receivables indicating commitment from both parties to rectify the situation. Management of Maamba were committed to cost efficiency measures and remains positive as the company looks forward to the restructuring of tariffs that would remedy systemic mismatches in the sector.

There were no dividends declared during the year under review (2018: Nil).

3 Konkola Copper Mines Plc

Konkola Copper Mines (KCM) reported total revenue of ZMW12.25 billion (US$1,084.80 million) for the financial year ended 31 March 2019 [2018: ZMW12.2 billion (US$1,283.0 million)]. The reduction in revenue was as a result of below budget custom production as well as below budget combined concentrate tonnage available for treatment in the smelter. This had an adverse impact on sulphuric acid production which in turn impacted on copper production at the Tailings Leach Plant. KCM's total mine production for the year was recorded at 177,035 tonnes (2018:144,664 tonnes). Loss after tax was ZMW3.72 billion (US$ 332.2 million) [(2018: ZMW1.102 billion loss (US$131.6 million)].

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance

3 Konkola Copper Mines Plc (continued)

Operational challenges continued to impede production, however, management remains committed to providing resolutions to these issues. A study had been initiated to review operations at the Konkola operations with a view to upgrading production both at No. 3 shaft and No. 4 shaft in the medium term. Work at the No. 3 shaft is centred on upgrading pumping operations on the 985-metre level so that development work can be enhanced. This work ideally should result in an upgraded level of ore production over the next two and half years.

There were no dividends declared during the year under review (2018: Nil).

Subsequent to the year end, ZCCM-IH filed a petition in the High Court of Zambia for the winding up of KCM. ZCCM-IH has filed the said petition pursuant to Section 56(1) (c) of the Corporate Insolvency Act No. 9 of 2017. By Order of the Court, Mr. Milingo Lungu of Messrs Simwanza & Company has been appointed as provisional liquidator.

There were no dividends declared during the year under review (2018: Nil).

4 Kansanshi Mining Plc

Kansanshi Mining Plc (KMP) had sales revenue of ZMW18.36 billion (US$1.64 billion) for the financial year ended 31 March 2019 [2018: (ZMW16.08 billion) (US$ 1.68 billion)]. This was lower by 3% from 2018 reflecting lower copper sales volumes partially offset by higher realized metal prices. Net profit after tax of ZMW3.12 billion (US$278.87 million) was lower than the ZMW3.93 billion (US$411.52 million) reported in 2018 reflecting lower sales revenues.

Copper production for the financial year ended 31st December 2018 was 251,522 tonnes, slightly higher than 2017 (250,801 tonnes) primarily due to higher throughput and grade on the sulphide and mixed ore circuits, as well as higher recoveries on the oxide circuit due to higher acid availability from the smelter compared to 2017. No concentrate was processed through the high-pressure leach due to the processing of tarnished sulphide material.

Gold production was 130,019 ounces, about 8% lower than in 2017 mainly due to lower gold feed grades. Gold plant improvements commenced during the fourth quarter and will continue during the first quarter of 2019.

Cash costs were reduced due to acid sales and there being no major smelter shutdown in 2018, partially offset by higher fuel costs. AISC (All-in Sustaining Cost) of $1.55 per lb. was $0.07 per lb. lower than 2017 reflecting lower C1 cash cost and deferred stripping, partially offset by higher sustaining capital expenditures and royalty costs.

The Kansanshi Smelter achieved record production and throughput in 2018, having treated 1,381,637 DMT (Dry Metric Tonnes) of concentrate, a 14% increase over 2017 exceeding design capacity of 1.2 million DMT. The overall copper recovery rate achieved was 97%. During the year, the smelter processed 11,682 DMT of concentrate purchased from third parties to ensure smelter maintains maximum feed rate and acid production levels during the wet season.

A dividend of ZMW223.8 million (US$ 20 million) was declared for year ended 31 March 2019 [(2018: ZMW745.68 million) (US$78 million)]

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance

5 Copperbelt Energy Corporation Plc

For the financial year ended 31 March 2019, Copperbelt Energy Corporation Plc ("CEC") reported a total revenue of ZMW 4.72 billion (US$ 421.920 million) (2018: ZMW3.93 billion (US$ 411.24 million) and profit after tax of ZMW642.32 million (US$57.37million) (2018: ZMW476.79 million (US$ 49.93 million)).

The increase in revenue and profit after tax was driven by the increase in end-user mining tariffs and minor improvement in power consumption. With local power supply constituting the company's core revenue, CEC delivered 3,673GWh to its mine customers in 2018 compared to 3,513GWh sold in 2017. The 5% growth in energy sales was supported by a 3% growth in capacity sales over the same period. Local power sales contribution to revenue increased from 73% in 2017 to 82% in 2018.

Key major developments in 2018 for the company include the successful divestment of its 50% shareholding in the CEC Liquid Telecommunication joint venture for a total consideration of US$ 30.50 million.

The company continues to drive its strategy which includes optimising asset management, strengthening power sourcing and pricing, exploring business growth and enhancing its relationships and partnerships with key stakeholders.

The CEC share price averaged ZMW1.73 for the period under review; reaching a 12-month high of ZMW2.10, a low of ZMW1.30 and closing the year at ZMW1.45.

In 2018, the Company paid out a cash dividend of US Cents 1.29 per ordinary share, totalling USD26 million, compared to US Cents 1.01 (total US$21 million in 2017). Total Dividend paid for 2018 was ZMW378 million (US$31 million) (2017: ZMW209 (US$21million).

6 CEC Africa Investments Ltd (CEC Africa)

During the financial year ended 31 March 2019 CEC Africa's revenue was ZMW1.35 billion (US$120.86 million) (2018: ZMW2.07 billion (US$217.17million). The net loss was at ZMW3.35billion (US$298.95 million) (2018: Loss ZMW 3.23billion (US$337.86 million).

CEC Africa associate company, North South Power Company Limited (NSP), contributed a profit of US$8.10 million (2017: US$4.60 million) and declared a dividend of NGN10.00 bn (US$27.00 million) in 2018. However, the Group continues to make a gross loss mainly due to tariff shortfalls in the electricity pricing regime and the increasing cost of energy arising from the Power Purchase Agreements signed between the Nigeria Bulk Electricity Company (NBET) and the generation companies. The cost of purchased energy increased by 19.00% to US$293.00 million between 2017 and 2018. The net loss, which increased by 1.00% to US$316 million between 2017 and 2018 continued to erode the shareholders' equity.

No dividends were declared and paid by the Company during the year (2018: Nil).

OPERATIONS REPORT *(continued)*

(B) Associate Companies' Performance

7 Lubambe Copper Mine Limited

Lubambe Copper Mine Limited (Lubambe) reported total revenues of ZMW1.24 billion (US$110.79 million) for the year ending 31 March 2019 (2018: ZMW517.37 million (US$54.18 million), falling below the budget of US$155 million but increasing from US$98.72 million in 2017. Operating costs were US$129 million, nearly at par with the budget of just below US$130 million. Costs in 2017 were US$107.01 million. The year on year rise in costs was due to increased production volumes as well as mine redesign activities.

The loss for the year was ZMW 556.92million (US$49.74 million) (2018: loss ZMW 350.34 million (US$36.7 million))

In 2018 Lubambe had made substantial leaps in changing its mining and processing systems in a bid to raise production. Total copper ore mined was 1,316,109 tonnes, up from 840, 376 tonnes in 2017. Total contained copper produced was 23,689 tonnes, below the targeted 25,941 tonnes but significantly higher than the 14,891 tonnes produced in 2017.

Lubambe has continued to implement changes to the existing mine that should translate into the mine becoming profitable for the first time in 2020. In 2019, works on completing the Concept Study on the Extension Project will be accelerated so as to increase the certainty of the resource and prepare it for a Pre-Feasibility Study

There were no dividends declared during the year under review (2018: Nil)

8 CNMC Luanshya Copper Mines Plc

CNMC Luanshya Copper Mines Plc (CNMC) recorded a turnover of ZMW3.39billion (US$303.19 million) for the year ended 31st March 2019 (2018: ZMW2.22 billion (US$232.1 million) .The profit after tax was ZMW366.04 million (US$32.69 million), (2018: ZMW444.81million (US$ 46.58 million)). The increase in revenue and profitability was as a result of increased production during the year as output at Baluba and the slag reclamation project complimented production from Muliashi open pit mine.

Total 2018 copper production increased to 47,256 tonnes from 43,177 in 2017. Focus has been placed on managing the high production costs at Baluba by balancing it out with production from slag reclamation.

There were no dividends declared during the year ended 31 December 2018 (2017: Nil)

OPERATIONS REPORT *(continued)*

(C) Other Investments

1 NFC Africa Mining Plc

NFCA recorded a net revenue of ZMW 1.78 billion (US$159.3 million) for the financial year ending 31st December 2018 (2017: ZMW 1.52 billion (US$159.6)). Profit after tax was ZMW89.57 million (US$ 8.0 million), (2017: ZMW153.74 million US$16.1million). Despite the decline in profitability, the financial performance remained positive and marginally exceeded targets that were set for the 2018 financial year. The production target in 2018 was 1.5 million tonnes of processed ore against the actual completion of 1.504 million tonnes while Copper in concentrate 2018 target was 27,000 tonnes against Copper actual figures closing at 27,600 tonnes.

The production did not include significant amounts of copper that came from the South East Ore Body as was initially anticipated. Despite management having projected significant Copper production from the South East Ore Body Plant by the end of the year, this was not the case. However, significant progress was made and management continues to focus on bringing this project to completion to ensure increased production for the mine.

There were no dividends paid during the year ended 31st December 2018 (2017: Nil).

2 Chibuluma Mines Plc

Revenue for the financial year ended 31st December 2018 was US$65.8 million (2017: US$70.3 million). Net loss over the period under review was US$17.95 million (2017: profit of US$7.03 million).

The decrease in revenue is attributed to factors including lower payable contained Copper produced, finalisation of invoices at lower Copper prices than provisionally invoiced, lower grade of Copper mined through the crown pillar ores and limited third party ore for production. The decrease in Net profit for the period was attributable to the asset impairment of US$24.5 million following the completion of the 2018 statutory financial audit and an impairment review of mine assets completed by Jinchuan Head Office and Deloitte.

The Chibuluma South ore reserve continued to be depleted during the year with life of mine now only 2 years. In 2018, the company continued its survival plan through higher recoveries from crown pillar mining. The company continues to stockpile this ore with the aim for further tests on how best it should be processed. Through Lufwanyama Mining Manufacturing and Trading Services Limited (LMMTS), a subsidiary of CMP, exploratory work is being carried out in North Western in line with the company's survival plan.

No dividends were paid for the financial year ended 31st December 2018 (2017: nil).

OPERATIONS REPORT *(continued)*

(C) Other Investments (continued)

3 Chambishi Metals Plc

The Company recorded EBITDA of ZMW169.06 million (US$15.1 million) for the year ended 31st December 2018 compared to ZMW242.95 million (US$21.7 million) in 2017. Copper produced for the 12 months to 31st December 2018 was 37,006 tonnes compared to 36,153 tonnes in 2017 and 1,614 tonnes of cobalt was produced vs 2,520 tonnes in 2017.

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

4 Mopani Copper Mines plc

During the financial year ending 31st December 2018, Mopani Copper Mines (MCM) recorded net revenue of ZMW9.43billion (US$842.04 million) (2017: ZMW3.95 billion US$352.60 million). The net loss for the period under review was at ZMW8.09 billion (US$ 722.85 million) (2017: ZMW2.77 billion US$ 290.12 million net loss).

During the year ending 31st December 2018, MCM produced a total of 59,302 tonnes of copper from own sources and 60,188 tonnes of copper from external third-party concentrates (2017: 41,738 tonnes from own sources and 57,131 tonnes of copper from third party concentrates). The significant growth in revenue is attributable to the scheduled increase in production at the recently developed mine sites.

Through gearing, MCM initiated heavy capital expenditure projects in efforts of developing the Mufulira Deeps and the Synclinorium Shaft over the last financial years. This has resulted in finance costs reducing net profits for the period under review amongst other factors. The value of shareholder loans as at 31st December 2018 was ZMW39.53 billion (US$ 3,242.66 million).

With working capital balances excluding VAT at a 5-year low of ZMW 792.35 million (US$ 65.00 million) as at 31st December 2018, cash constraints have affected the ability to scale production at the newly commissioned mine sites to optimal levels.

There were no dividends paid during the financial year ended 31st December 2018 (2017: Nil).

OPERATIONS REPORT *(continued)*

(D) Corporate Social Responsibility and Environmental Review

(A) Corporate Social Responsibility (CSR)

Through its Corporate Social Responsibility (CSR) programmes, ZCCM-IH continued to meet its social obligations by supporting access to clean water to enhance sanitation and supported health and education programmes among others. Notable among the CSR activities for the year was the support to Ndola Teaching Hospital where ZCCM-IH sunk two commercial water boreholes, and set-up a complete water reticulation system to supply water to critical areas of the hospital including the operating theatres and wards, which had been experiencing severe water shortages. Furthermore, ZCCM-IH in partnership with Health Hope Zambia donated assorted medical equipment and furniture sourced from Perth, Australia, to the Hospital to help improve access to quality health services and facilities.

In total, the Company spent ZMW1.52 million (2018: ZMW0.79 million) in supporting various corporate social responsibility activities.

OPERATIONS REPORT *(continued)*

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

(B) Environmental Review

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

(i) Routine radiation surveillance of the Radiation Waste Storage Building and the Uranium Tailings Engineered Disposal Cell continued throughout the year. Maintenance works were carried out on the Radiation Waste Storage facility in Kalulushi during the financial year under review.

(ii) Routine monitoring of environmental liabilities in Mufulira and Kitwe districts on the Copperbelt Province and Kabwe district in Central 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.

Photo: Radiation Waste Storage Building

Mr. Mabvuto T Chipata
Chief Executive Officer

Lusaka
29 October 2019

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 2019, 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 and the Securities Act. 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 153 to 154 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 and the Securities Act of Zambia.

Approval of the financial statements

The consolidated and separate financial statements of ZCCM Investments Holdings Plc, as identified in the first paragraph, were approved by the board of directors on 29 October 2019 and signed on its behalf by:

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZCCM INVESTMENTS HOLDINGS PLC

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ZCCM Investments Holdings Plc, (the 'Company') and its subsidiaries (the 'Group') which comprise the consolidated and separate statement of financial position as at 31 March 2019, and the consolidated and separate statements of comprehensive income, consolidated and separate statement of changes in equity and consolidated s and separate statements 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 accompanying financial statements give a true and fair view of the consolidated and Company financial position of ZCCM Investments Holdings Plc as at 31 March 2019, and of the consolidated and Company financial performance and 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 Financial Statements' section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZCCM INVESTMENTS HOLDINGS PLC

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

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.

Key audit matters		How the matter was addressed in our audit
Classification, measurement and impairment of financial assets ZCCM-Investments Holdings PLC applied IFRS 9 "financial instruments" for the first time in the financial period under review. The directors are required to review the classifications of assets and align the classifications to the requirements of the financial reporting standards. The directors also reviewed the fair valuations and impairment model. Due to the complex and subjective judgements required in estimating the timing and valuation of impairment and in estimating the fair value of assets, this was considered a key audit matter.		We checked the classification of the financial assets to ensure compliance with the reporting standards. We checked the valuation and verified the calculation of the fair values. We also verified the inputs used in the valuations. In considering the reasonableness of the impairment provision, we reviewed the assumptions used in impairment calculations. Based on the procedures performed, we are satisfied that the impairment provision is reasonable and the financial assets were properly classified and valued.
Valuation and Measurement of Investments in associates As at 31 March 2019, the investments in associates and the financial assets at fair value through profit or loss of ZMW 10,276 million represented 76% of the total assets that were subject to significant estimations. The valuation of the Group'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 prices of the listed shares to the Lusaka Stock Exchange lists.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZCCM INVESTMENTS HOLDINGS PLC

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

Key Audit Matters *(continued)*

Key audit matters		How the matter was addressed in our audit
Completeness and Accuracy of Environmental rehabilitation provision 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.		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. We performed a recalculation of the provision and compared to the provision recorded in the financial statements. We challenged the assumptions of the rates used through comparison to independently sourced information that was readily available and found these to be reasonable.

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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's 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's and the Company's financial reporting process.

Grant Thornton

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
ZCCM INVESTMENTS HOLDINGS PLC**

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/or 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
ZCCM INVESTMENTS HOLDINGS PLC

Auditor's Responsibilities for the Audit of the Financial Statements (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 246 of the Companies Act of Zambia of 2017, 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 records; 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.

Grant Thornton

Chartered Accountants

Christopher Mulenga (AUD/F000178)
Name of Partner signing on behalf of the Firm

Lusaka

Date: 29 October 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 ZMW'000	2018 ZMW'000
Assets			
Property, plant and equipment	17	187,268	143,164
Intangible assets	18	8,532	367
Investment property	19	251,230	64,473
Investment in associates	21	10,276,405	7,355,864
Financial assets at fair value through profit or loss	22	584	336,082
Trade and other receivables	24	562,502	372,601
Term deposits	25	14,089	-
Deferred tax assets	32	601,589	497,609
Non-current assets		11,902,199	8,770,160
Inventories	23	104,681	37,026
Trade and other receivables	24	590,734	650,279
Term deposit	25	740,349	535,384
Cash and cash equivalents	26	74,480	339,386
Current assets		1,510,244	1,562,075
Total assets		13,412,443	10,332,235
Equity			
Share capital	29(i)	1,608	1,608
Preference share capital	29(iii)	20	-
Share premium	29(iv)	2,188,991	2,089,343
Other reserves	30	7,079,010	5,070,352
Retained earnings		1,855,155	1,779,043
Equity attributable to shareholders		11,124,784	8,940,346
Liabilities			
Borrowings	31	-	80,267
Trade and other payables	27	211,791	-
Deferred tax liabilities	32	245,455	256,072
Retirement benefits	33	5,513	4,340
Provisions for environmental rehabilitation	34	145,460	118,081
Non-current liabilities		608,219	458,760
Borrowings	31	104,357	53,436
Trade and other payables	27	1,241,712	488,989
Provisions	28	127,590	139,785
Current tax liabilities	14	177,114	222,837
Retirement benefits	33	28,667	28,082
Current liabilities		1,679,440	933,129
Total liabilities		2,287,659	1,391,889
Total equity and liabilities		13,412,443	10,332,235

The financial statements were approved for issue by the Board of Directors on 29 October 2019 and signed on its behalf by:

Eric S. Silwamba
Director

Mateyo C. Kaluba
Director

The notes on pages 38 to 152 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 ZMW'000	2018 ZMW'000
Property, plant and equipment	17	85,819	71,089
Intangible assets	18	671	367
Investment property	19	157,606	64,473
Investments in subsidiaries	20	69,987	-
Investment in associates	21	9,703,369	4,694,323
Financial assets at fair value through profit or loss	22	-	336,082
Trade and other receivables	24	411,925	372,601
Non-current assets		10,429,377	5,538,935
Trade and other receivables	24	430,739	645,326
Term deposit	25	727,554	535,384
Cash and cash equivalents	26	26,276	337,942
Current assets		1,184,569	1,518,652
Total assets		11,613,946	7,057,587
Equity			
Share capital	29(i)	1,608	1,608
Share premium	29(iv)	2,089,343	2,089,343
Other reserves		5,745,821	2,533,195
Retained earnings		825,176	1,166,008
Equity attributable to shareholders		8,661,948	5,790,154
Liabilities			
Deferred tax liabilities	32	2,306,727	754,221
Retirement benefits	33	5,513	4,340
Provisions for environmental rehabilitation	34	112,905	86,566
Non-current liabilities		2,425,145	845,127
Borrowings	31	103,271	-
Trade and other payables	27	77,342	56,223
Provisions	28	127,590	139,785
Current tax liabilities	14	218,650	226,298
Current liabilities		526,853	422,306
Total liabilities		2,951,998	1,267,433
Total equity and liabilities		11,613,946	7,057,587

The financial statements were approved for issue by the Board of Directors on 29 October 2019 and signed on its behalf by:

Eric S. Silwamba
Director

Mateyo C. Kaluba
Director

The notes on pages 38 to 152 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 2019

		2019	2018
	Note	**ZMW'000**	ZMW'000
Revenue	**8**	**155,611**	60,982
Cost of sales		(76,515)	(78,469)
Gross profit/(loss)		79,096	(17,487)
Other income	9	90,563	380,868
(Expense)/reversal of environmental provision	10	(1,876)	26,402
Administration expenses	11	(782,195)	(343,233)
Operating (loss)/profit		(614,412)	46,550
Finance income	13	449,742	210,990
Finance costs	13	(409,785)	(343,475)
Net finance income/(cost)	13	39,957	(132,485)
Share of profit of equity-accounted investees, net of tax	21(a)	973,213	689,207
Profit before tax		398,758	603,272
Income tax credit	14	49,105	241,287
Profit from continuing operations		447,863	844,559
Discontinued operations			
Loss from discontinued operations		-	(1,610)
Profit for the year		447,863	842,949
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation on property, plant and equipment		10,566	-
Deferred tax on revaluation reserve	32	(3,873)	1,944
Actuarial (gain)/ loss on defined benefit pension plans	33	(226)	1,959
Deferred tax on defined benefit actuarial gain/(loss)	32	79	(686)
		6,546	3,217
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	21	2,003,999	36,725
Equity-accounted investees- share of other comprehensive income	21	5	43,542
		2,004,004	80,267
Other comprehensive income, net of tax		2,010,550	83,484
Total comprehensive income		2,458,413	926,433
Loss attributable to:			
Owners of the company		270,061	508,298
Non-controlling interests		177,802	334,651
		477,863	842,949
Total comprehensive income attributable to:			
Owners of the company		1,481,931	558,454
Non-controlling interests		976,482	367,979
		2,458,413	926,433
Earnings per share			
Basic earnings per share (ZMW)	15	2.79	5.25
Diluted earnings per share (ZMW)	15	2.79	5.25

The notes on pages 38 to 152 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 2019

		2019	2018
	Note	**ZMW'000**	ZMW'000
Revenue	8	133,323	199,841
Other income	9	24,355	370,033
(Expense)/reversal of environmental provision	10	(8,301)	21,801
Administration expenses	11	(516,254)	(247,927)
Operating (loss)/profit		(366,877)	343,748
Finance income	13	458,334	204,870
Finance costs	13	(361,407)	(328,705)
Net finance income/(cost)	13	96,927	(123,835)
(Loss)/profit before tax		(269,950)	219,913
Income tax credit	14	162,426	213,500
(Loss)/profit for the year		(107,524)	433,413
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment		10,566	-
Deferred tax on amortisation of revaluation reserve	32	(3,999)	1,586
Actuarial gain/(loss) on defined benefit pension plans	33	(226)	1,959
Deferred tax on defined benefit actuarial gain/(loss)	32	79	(686)
		6,420	2,859
Items that are or maybe reclassified to profit or loss			
Available-for-sale investments in associates – net change in fair value	21	4,932,399	(211,145)
Deferred tax on fair value change on investments	32	(1,726,340)	73,901
		3,206,059	(137,244)
Other comprehensive income, net of tax		3,212,479	(134,385)
Total comprehensive income		3,104,955	299,028
Earnings per share			
Basic earnings per share (ZMW)	15	(0.67)	2.70
Diluted earnings per share (ZMW)	15	(0.67)	2.70

The notes on pages 38 to 152 are an integral part of these consolidated and separate financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Note	Share capital	Preference share capital	Share premium	Revaluation reserve	Translation reserve	Non-controlling interests	Retained earnings	Total
		ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Balance at 1 April 2017		1,608	-	2,089,343	245,769	4,786,640	-	890,553	8,013,913
Profit for the year		-	-	-	-	-	-	842,949	842,949
Other comprehensive income									
Deferred tax on revaluation reserve	32	-	-	-	1,944	-	-	-	1,944
Currency translation – equity accounted investees	21	-	-	-	-	36,725	-	-	36,725
Amortisation of revaluation reserve		-	-	-	(726)	-	-	726	-
Actuarial loss on defined benefit	33	-	-	-	-	-	-	1,959	1,959
Deferred tax on defined benefit actuarial gains	32	-	-	-	-	-	-	(686)	(686)
Share of associates other comprehensive income	21	-	-	-	-	-	-	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
IFRs expected credit loss adjustments		-		-	-	-	-	(168,505)	(168,505)
Restated balance at 31 March 2018		1,608	-	2,089,343	246,987	4,823,365	-	1,610,538	8,771,841
Profit for the year			-	-	-	-	(28,184)	476,047	447,863
Other comprehensive income									
Revaluation surplus on property, plant and equipment		-	-	-	10,566	-	-	-	10,566
Deferred tax on revaluation reserve	32	-	-	-	(3,873)	-	-	-	(3,873)
On acquisition of subsidiary		-	20	99,648	-	-	28,023	-	127,691
Currency translation – equity accounted investees	21	-	-	-	-	2,003,999	-	-	2,003,999
Amortisation of revaluation reserve		-	-	-	(2,034)	-	161	1,873	-
Actuarial loss on defined benefit	33	-	-	-	-	-	-	(226)	(226)
Deferred tax on defined benefit actuarial loses	32	-	-	-	-	-	-	5	5
Share of associates' other comprehensive income	21	-	-	-	-	-	-	79	79
Total comprehensive income		-	20	99,648	4,659	2,003,999	28,184	477,778	2,586,104
Transaction with owners of the Company – Contributions									
Dividends		-	-	-	-	-	-	(233,161)	(233,161)
Balance at 31 March 2019		**1,608**	**20**	**2,188,991**	**251,646**	**6,827,364**	**-**	**1,855,155**	**11,124,784**

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 38 to 152 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Note	Share capital	Share Premium	Revaluation reserve	Fair value reserve	Retained earnings	Total
		ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Balance at 1 April 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
Gain on retirement benefits	33	-	-	-	-	1,959	1,959
Deferred tax on defined benefit actuarial loss	32	-	-	-	-	(686)	(686)
Change in fair value of available-for-sale investments in subsidiaries	21	-	-	-	(211,145)	-	(211,145)
Deferred tax fair value change on investments	32	-	-	-	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
Total comprehensive income							
Profit for the year		-	-	-	-	(107,524)	(107,524)
Other comprehensive income							
Revaluation surplus on property, plant and equipment		-	-	10,566	-	-	10,566
Deferred tax on amortisation of revaluation surplus		-	-	(3,999)	-	-	(3,999)
Loss on retirement benefits	33	-	-	-	-	(226)	(226)
Deferred tax on defined benefit actuarial loss	32	-	-	-	-	79	79
Change in fair value of available-for-sale investments in associates	21	-	-	-	4,932,399	-	4,932,399
Deferred tax on fair value change on investments	32	-	-	-	(1,726,340)	-	(1,726,340)
Total comprehensive income		-	-	6,567	3,206,059	(107,671)	3,104,955
Transactions with owners of the company - contributions and distributions							
Dividends		-	-	-	-	(233,161)	(233,161)
Balance at 31 March 2019		1,608	2,089,343	17,419	5,728,402	825,176	8,661,948

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 38 to 152 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 ZMW'000	2018 ZMW'000
Cash flows from operating activities			
Profit for the year		447,863	842,949
Adjustments for:			
Depreciation	17	25,313	13,095
Amortisation	18	2,498	191
Profit on disposal of property, plant and equipment	9	(759)	(92)
Loss from discontinued operations		-	1,610
Interest income from related parties and term deposits	13	(77,234)	(50,693)
Interest expense	13	4,581	13,936
Interest expense on borrowings	31	34,861	(4,273)
Impairment of goodwill	20	143,117	-
Change in fair value on financial assets at fair value through profit or loss	22	336,082	153,160
Impairment of investments	21	-	42,082
Fair value change on investment property	19	(11,807)	(3,316)
Defined benefits expense	33	3,322	5,858
Share of loss of equity – accounted investees, net of tax	21	(973,213)	(689,207)
Tax expense	14	(49,105)	(241,287)
		(114,481)	84,013
Change in:			
Inventories		(19,272)	7,098
Trade and other receivables		228,098	(104,134)
Trade and other payables and provisions		(104,831)	110,425
Provision for environmental rehabilitation		27,379	(27,529)
Cash generated from operating activities		16,893	69,873
Interest paid	13	(4,581)	(13,936)
Tax paid	14	(16,241)	(18,570)
Benefits paid	33	(1,790)	(21,044)
Dividends paid		(233,161)	-
Net cash (outflow)/inflow from operating activities		(238,880)	16,323
Cash flows from investing activities			
Interest received	13	77,234	50,693
Dividend received	21	133,323	199,841
Acquisition of property and equipment	17	(16,197)	(14,076)
Acquisition of intangible assets	18	(1,635)	(293)
Proceeds on disposal of property, plant and equipment		1,019	265
Acquisition of investment property	19	(79,630)	-
Acquisition of investment in associates	21	(146,634)	-
Cash from acquisition of subsidiary	20	85,925	-
Proceeds from term deposits	25	725,125	497,172
Investments in term deposits	25	(740,349)	(535,384)
Net cash used in investing activities		38,181	198,218
Cash flows from financing activities			
Repayment of borrowings	31	(64,207)	(54,086)
Net cash used in financing activities		(64,207)	(54,086)
Net (decrease)/increase in cash and cash equivalents		(264,906)	160,455
Cash and cash equivalents at 1 April		339,386	178,931
Cash and cash equivalents at 31 March	26	74,480	339,386

The notes on pages 38 to 152 are an integral part of these consolidated and separate financial statements

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019	2018
		ZMW'000	ZMW'000
Cash flows from operating activities			
(Loss)/profit		(107,524)	433,413
Adjustments for:			
Depreciation	17	8,657	6,033
Amortisation	18	231	191
Profit on disposal of property, plant and equipment	9	(759)	(92)
Fair value changes of financial assets at fair value through profit or loss	22	336,082	153,160
Impairment of investment in subsidiaries	20	-	5
Defined benefits expense	33	947	1,890
Fair value change on investment property	19	(13,503)	(3,316)
Interest expense on borrowings	31	-	38
Interest receivable on price participation and held to maturity investments	13	(85,826)	(49,160)
Interest expense	13	-	-
Tax credit/expense	14	(162,426)	(213,500)
		(24,121)	328,662
Change in:			
Trade and other receivables		175,263	(130,978)
Trade and other payables		21,119	12,864
Provisions		(12,195)	(3,763)
Provision for environmental rehabilitation		26,339	(28,401)
Cash generated from operating activities		186,405	178,384
Tax paid	14	(22,976)	(17,859)
Dividends paid		(233,161)	-
Net cash (used in)/from operating activities		(69,732)	160,525
Cash flows from investing activities			
Interest received	13	85,826	49,160
Acquisition of property, plant and equipment	17	(12,821)	(11,567)
Acquisition of intangible assets	18	(535)	(293)
Acquisition of investment property	19	(79,630)	-
Proceeds on disposal of property, plant and equipment		759	265
Proceeds from term deposits	25	535,384	497,172
Investments in term deposits	25	(727,554)	(535,384)
Acquisition of investments in associates	21	(146,634)	-
Acquisition of investments in subsidiary	20	-	(5)
Acquisition of financial assets at fair value through profit or loss	22	-	-
Net cash flows (used in)/from investing activities		(345,205)	(652)
Cash flows from financing activities			
Repayment of borrowings		103,271	(202)
Net cash used in financing activities		103,271	(202)
(Decrease)/Increase in cash and cash equivalents		(311,666)	159,671
Cash and cash equivalents at 1 April		337,942	178,271
Cash and cash equivalents at 31 March	26	26,276	337,942

The notes on pages 38 to 152 are an integral part of these consolidated and separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS
in thousands of Kwacha

1 Reporting entity

ZCCM Investments Holdings Plc (the "Company" or "ZCCM – IH") is domiciled in Zambia. The Company's registered office is at 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 41.

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 21.

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's 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 17 – impairment of property, plant and equipment; deductible temporary differences and tax losses carried forward can be utilised
- Notes 20, 21 and 22 – Valuation of investment in subsidiaries and associates and financial assets at fair value through profit or loss;
- Note 34 – provision for environmental rehabilitation; and
- Note 41(a) ii and iv – determination of control over investees.

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 ended 31 March 2019 is included in the following notes:

- Note 20 – acquisition of subsidiary: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.
- Notes 20, 21 and 22 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions;
- Note 32 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 33 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 34 and 36 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 38 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 41(i) - impairment test: key assumptions underlying recoverable amounts.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4 Use of estimates and judgements *(continued)*

(b) Assumptions and estimation uncertainties *(continued)*

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

- Note 38- financial instruments;
- Note 19 - Investment property
- Note 20 – Investment in subsidiaries; and
- Note 21 – Investment in associates.

5 Changes in accounting policies as a result of adoption of New Accounting Standards

The Group has adopted IFRS 9 – *Financial instruments* and IFRS 15 – *Revenue from contracts with customers*, as issued by the International Accounting Standards Board with a date of transition of 1 January 2018. The adoption of the above standards and interpretations has not resulted in material changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group. The Group did not early adopt any of IFRS 9 and IFRS 15 in previous periods.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is effective for periods beginning on or after 1 January 2018 and therefore has been implemented with effect from 1 April 2018.

The standard establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for performance obligations only when they are satisfied and the control of goods or services is transferred. In doing so, the standard applies a five-step approach to the timing of revenue recognition and applies to all contracts with customers, except those in the scope of other standards. It replaces the separate models for goods, services and construction contracts under the previous accounting standard.

Due to the straight forward nature of the Group's revenue streams with the recognition of revenue at the point of sale and the absence of significant judgement required in determining the timing of transfer of control, the adoption of IFRS 15 has not had a material impact on the timing or nature of the Group's revenue recognition. The majority of the Group's revenue come from dividend income and interest income on loans and fixed deposit that are outside the scope of IFRS 15. The Group's revenue that fall within the scope of IFRS 15 are presented and recognized as the Group satisfies its obligation to the customer. Services and goods within the scope of IFRS 15 include sales of lime stone products, provision of consultancy services and rental income. IFRS 15 has not had a material impact except for new disclosure requirements.

The Group has adopted IFRS 15 using the modified transition approach and has therefore not restated the prior period comparatives.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

5 Changes in accounting policies as a result of adoption of New Accounting Standards *(continued)*

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: *Recognition and Measurement.* The standard is effective for periods commencing on or after 1 January 2018 and therefore has been implemented with effect from 1 April 2018.

The standard introduces changes to three key areas:

- New requirements for the classification and measurement of financial instruments.
- A new impairment model based on expected credit losses for recognising provisions.
- Simplified hedge accounting through closer alignment with an entity's risk management methodology.

The Group has adopted IFRS 9 using the modified transition approach and has therefore adjusted opening retained earnings for the impact of IFRS 9 on the opening impairment provision and has not restated the prior period comparatives. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7: *Financial Instruments: Disclosures.*

Impact of the adoption of IFRS 9 on the Group

Further to the changes to the accounting policies, the Group is required to disclose how the adoption of the new accounting standard has affected the financial statements. The impact on the Consolidated Statement of Financial Position for the change in accounting for the impairment provision is as follows:

(a) Classification and measurement of financial instruments

FRS 9 contains three principal classification categories for financial assets:
- Measured at amortised cost,
- Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

5. Changes in accounting policies as a result of adoption of New Accounting Standards *(continued)*

IFRS 9 Financial Instruments *(continued)*

(a) Classification and measurement of financial instruments *(continued)*

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's and Company' financial assets and financial liabilities as at 1 April 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

	IAS 39		IFRS 9	
Group	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets				
Cash and cash equivalents	Amortised cost	339,386	Amortised cost	339,386
Trade and other receivables	Loans and receivables	1,022,880	Amortised cost	1,022,880
Term deposits	Held to maturity	535,384	Amortised cost	535,384
Financial investments at fair value through profit or loss	Fair value through profit or loss (FVTPL)	336,082	Mandatorily at FVTPL	336,082
Financial Liabilities				
Trade and other payables	Other financial liabilities	(488,989)	Other financial liabilities	(488,989)
Borrowings	Other financial liabilities	(133,703)	Other financial liabilities	(133,703)
Net position		1,611,040		1,611,040

	IAS 39		IFRS 9	
Company	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets				
Cash and cash equivalents	Amortised cost	337,942	Amortised cost	337,942
Trade and other receivables	Loans and receivables	1,017,927	Amortised cost	1,017,927
Term deposits	Held to maturity	535,384	Amortised cost	535,384
Financial investments at fair value through profit or loss	Fair value through profit or loss (FVTPL)	336,082	Mandatorily at FVTPL	336,082
Financial investments at fair value through OCI	Available for sale financial asset	4,694,323	FVTOCI	4,694,323
Financial Liabilities				
Trade and other payables	Other financial liabilities	(56,223)	Other financial liabilities	(56,223)
Net position		6,865,435		6,865,435

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

5 Changes in accounting policies as a result of adoption of New Accounting Standards *(continued)*

(a) Reconciliation of statement of financial position from IAS 39 to IFRS 9

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

Group	IAS 39 carrying amount – 31 March 2018	Reclassifica-tions	Remeasure-ments	IFRS 9 carrying amount - 1 April 2018
Amortised cost				
Cash and cash equivalents				
Opening balance under IAS 39 and closing balance under IFRS 9	339,386	-	-	339,386
Loans and receivables				
Trade and other receivables				
Opening balance under IAS 39 and closing balance under IFRS 9	1,022,880		(168,505)	854,375
Term deposits				
Term deposits				
Opening balance under IAS 39 and closing balance under IFRS 9	535,384	-	-	535,384
Fair value through profit or loss (FVTPL)				
Financial investments at fair value through profit or loss				
Opening balance under IAS 39 and closing balance under IFRS 9	336,082	-	-	336,082
Total	2,233,732	-	(168,505)	2,065,227

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

5 Changes in accounting policies as a result of adoption of New Accounting Standards *(continued)*

(b) Reconciliation of statement of financial position from IAS 39 to IFRS 9 *(continued)*

Company	IAS 39 carrying amount – 31 March 2018	Reclassifications	Remeasurements	IFRS 9 carrying amount - 1 April 2018
Amortised cost				
Cash and cash equivalents				
Opening balance under IAS 39 and closing balance under IFRS 9	337,942	-	-	337,942
Loans and receivables				
Trade and other receivables				
Opening balance under IAS 39 and closing balance under IFRS 9	1,017,927		-	1,017,927
Term deposits				
Term deposits				
Opening balance under IAS 39 and closing balance under IFRS 9	535,384	-	-	535,384
Fair value through profit or loss (FVTPL)				
Financial investments at fair value through profit or loss				
Opening balance under IAS 39 and closing balance under IFRS 9	336,082	-	-	336,082
Fair value through other comprehensive income (FVTOCI)				
Financial investments at fair value through other comprehensive income				
Opening balance under IAS 39 and closing balance under IFRS 9	4,694,323	-	-	4,694,323
Total	6,921,658	-	-	6,921,658

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5 Changes in accounting policies as a result of adoption of New Accounting Standards *(continued)*

Impact of the adoption of IFRS 9 on the Group *(continued)*

(b) Reconciliation of statement of financial position from IAS 39 to IFRS 9 *(continued)*

The following summarises the impact transition on opening balance of the retained earnings and other reserves:

	Group	Company
Retained earnings and other reserves		
Closing balance under IAS 39 at 31 March 2018	8,940,346	5,790,154
Recognition of expected credit loss under IFRS 9	(168,505)	-
Opening Balance IFRS 9 1 April 2018	8,771,841	5,790,154

The total measurement loss of ZMW169 million was recognised in opening reserves at 1 April 2018. No other amount was reclassified from retained earnings to other reserves at 1 April 2018 in respect of cumulative own credit adjustments.

(C) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

Group	Loan loss allowance under IAS 39	Reclassifications	Remeasurements	Loan loss allowance under IFRS 9
Amortised cost				
Cash and cash equivalents	-	-	-	-
Loans and receivables	-	-	-	-
Trade and other receivables	864,295	-	168,505	1,032,800
Term deposits	-	-	-	-
Terms deposits	-	-	-	-
Fair value through profit or loss (FVTPL)	-	-	-	-
Financial investments at fair value through profit or loss	-	-	-	-
Total	864,295	-	168,505	1,032,800

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

5 Changes in accounting policies as a result of adoption of New Accounting Standards *(continued)*

Impact of the adoption of IFRS 9 on the Group *(continued)*

(b) Reconciliation of statement of financial position from IAS 39 to IFRS 9 *(continued)*

Company	Loan loss allowance under IAS 39	Reclassifications	Remeasurements	Loan loss allowance under IFRS 9
Amortised cost				
Cash and cash equivalents	-	-	-	-
Loans and receivables	-	-	-	-
Trade and other receivables	1,154,040	-	-	1,154,040
Term deposits	-	-	-	-
Term deposits	-	-	-	-
Fair value through profit or loss (FVTPL)	-	-	-	-
Financial investments at fair value through profit or loss	-	-	-	-
Fair value through other comprehensive income (FVTOCI)	-	-	-	-
Financial investments at fair value through other comprehensive income	-	-	-	-
Total	1,154,040	-	-	1,154,040

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

6 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	133,323	133,323	-	244,096	244,096	-
Ndola Lime Company Limited	Mining and manufacturing of limestone products	74,280	60,374	13,906	117,037	61,686	55,351
Investrust Bank Plc	Banking services	78,941	78,941	-	187,589	138,259	49,330
Misenge Environmental and Technical Services Limited	Environmental and technical services	8,815	8,815	-	2,989	2,989	-
Totals		295,359	281,453	13,906	551,711	447,030	104,681

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

6 Segment reporting *(continued)*

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

The segment results for the Group were as follows:

2019

	ZCCM-IH	Ndola Lime Company Limited	Investrust Bank Plc	Misenge Environmental and Technical Services Limited	Nkandabwe Coal Mine Limited	Consolidation Adjustments	Consolidated
Revenue from external customers:	-	-	-	-	-	-	-
Sales	-	74,280	-	-	-	-	74,280
Interest income	-	-	78,941	-	-	-	78,941
Services	-	-	-	2,390	-	-	2,390
Dividends	133,323	-	-	-	-	(133,323)	-
Total revenue from external customers	133,323	74,280	78,941	2,390	-	(133,323)	155,611
Inter-segment revenue	133,323	-	-	6,425	-	(139,748)	-
Total segment revenue	133,323	74,280	78,941	8,815	-	(139,748)	155,611
Revenue	-	-	-	-	-	-	-
Total revenue from reportable segments	-	-	-	-	-	-	295,359
Elimination of inter segment revenue	-	-	-	-	-	-	(139,748)
Consolidated revenue	-	-	-	-	-	-	155,611
Interest income	96,690	3	-	-	-	(8,595)	88,098
Interest expense	-	(29,849)	-	(429)	-	25,697	(4,581)
Depreciation and amortisation	8,888	7,093	11,426	403	-	-	27,810
Total profit/ (loss) before tax for reported segments	(269,950)	(233,967)	(54,638)	(2,504)	55	(13,451)	(574,455)
Income tax credit/(expense)	162,426	(37)	(51,138)	-	-	(62,146)	49,105
Share of profit of equity accounted investees	-	-	-	-	-	-	973,213
Consolidated profit for the year	-	-	-	-	-	-	447,863

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

6 Segment reporting *(continued)*

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

2019

	ZCCM-IH	Ndola Lime Company Limited	Investrust Bank Plc	Misenge Environmental and Technical Services Limited	Nkandabwe Coal Mine Limited	Consolidation Adjustments	Consolidated
Segment assets*							
Opening balance	135,929	105,709	-	3,392	-	-	245,030
Acquisition of subsidiary	-	-	195,645	-	-	-	195,645
Additions	92,986	96	4,379	-	-	-	97,461
Movement in inventory	-	18,325	947	-	-	-	19,272
Revaluation of Property plant and equipment	10,566	-	-	-	-	-	10,566
Disposal	-	-	(260)	-	-	-	(260)
Depreciation and amortisation	(8,888)	(7,093)	(11,426)	(403)	-	-	(27,810)
Fair value change	13,503	-	(1,696)	-	-	-	11,807
Closing balance	244,096	117,037	187,589	2,989	-	-	551,711
Equity accounted investees	9,703,369	-	-	-	-	573,036	10,276,405
Other assets	1,666,481	17,347	531,849	3,000	3	365,647	2,584,327
Total assets	11,613,946	134,384	719,438	5,989	3	938,683	13,412,443
Segment liabilities	246,008	32,555	-	-	-	-	278,563
Other liabilities	2,705,990	1,095,927	939,625	20,400	38,404	(2,791,250)	2,009,096
Total liabilities	2,951,998	1,128,482	939,625	20,400	38,404	(2,791,250)	2,287,659
Cashflows from operating activities	(69,732)	45,242	(133,229)	21	55	(81,237)	(238,880)
Cashflows from investing activities	(345,205)	(96)	(3,937)	-	-	387,419	38,181
Cashflows from financing activities	103,271	(44,479)	(2,954)	-	(55)	(119,990)	(64,207)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

6 Segment reporting *(continued)*

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

2018

	ZCCM-IH	Ndola Lime Company Limited	Misenge Environ-mental 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 include KCM, Chambishi Metals, Kalumbila Mines and Mopani Copper Mines.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

6 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.

Group reconciliation of reported assets and liabilities

(i) Other assets consist trade and other receivables, term deposits, cash and cash equivalents.
(ii) Other liability includes tax liabilities, retirement benefits, environmental liability and legal provision.
(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

7 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 17)	(1,684)
Loss on discontinued operation	1,610

8 Revenue

	Group		**Company**	
	2019	2018	**2019**	2018
Dividend income (note 35b(ii))	-	-	133,323	199,841
Lime sales	74,280	60,103	-	-
Interest income	78,941	-	-	-
Services	2,390	879	-	-
	155,611	60,982	133,323	199,841

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

9 Other income

	Group		Company	
	2019	2018	**2019**	2018
Management fee income	565	1,580	565	1,580
Fees and commissions	36,135	-	-	-
Profit on forex trading	7,695	-	-	-
Fair value adjustment- investment property (note 19)	11,807	3,316	13,503	3,316
Rental income	4,880	3,959	5,060	3,959
Profit on disposal of property, plant and equipment	759	92	759	92
KCM price participation receivable (note 24)	-	360,332	-	360,332
Reversal of impairment of receivables (note 38 iii)	24,412	10,732	74	-
Sundry income (i)	4,310	857	4,394	754
	90,563	380,868	24,355	370,033

(i) *Sundry income*
Sundry income mainly includes income such as core shed viewing/sampling, sale of scrap and refund of mining licence.

10 Environmental expenses

Environmental expenses represent expenditures incurred in respect of meeting environmental remedial obligations which arose 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	
	2019	2018	**2019**	2018
Provision charge for the year (note 34)	1,633	(26,967)	1,633	(26,967)
Environmental consultancy expenses	243	565	6,668	5,166
	1,876	(26,402)	8,301	(21,801)

11 Administration expenses

	Group		Company	
	2019	2018	**2019**	2018
Depreciation and amortisation (note 17,18)	22,605	8,925	8,888	6,224
Auditors' remuneration	2,111	1,322	1,286	696
Personnel expenses (note 12)	160,050	93,680	68,709	57,142
Impairment of investment in subsidiaries (note 20)	-	-	-	5
Impairment of investment in associates (note 21)	-	42,082	-	-
Impairment of receivables (note 38 iii)	204,806	-	373,017	114,326
Goodwill impairment (note 20(c))	143,117	-	-	-
Penalties and interest on statutory obligations	100,967	100,152	-	-
Other administration expenses ((i) below)	148,539	97,072	64,354	69,534
	782,195	343,233	516,254	247,927

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

11 Administration expenses *(continued)*

*In 2019, staff costs and depreciation recognised as cost of sales amounted to ZMW15 million (2018: ZMW31 million) and ZMW5 million (2018: ZMW4 million) respectively.

(i) *Other administration expenses*

Other administrative expenses mainly include investment expenses ZMW7.03 million (2018: ZMW 11million, exploration expenses ZMW5.5 million (2018: ZMW1.5 million), mineral royalty tax ZMW 3.7 million (2018: ZMW 3.1 million)

12 Personnel expenses

	Group		Company	
	2019	2018	**2019**	2018
Salaries and wages	156,719	89,225	66,361	54,098
Retirement benefit costs:				
Defined benefit scheme (note 33)	947	1,890	947	1,890
Mukuba Pension Scheme	808	791	578	441
African Life Financial Services	173	244	-	-
National Social Security Funds	1,403	1,530	823	713
	160,050	93,680	68,709	57,142

13 Finance income and finance costs

	Group		Company	
	2019	2018	**2019**	2018
Fair value adjustment financial asset at fair value through profit or loss (note 22)	(336,082)	(282,278)	(336,082)	(282,278)
Exchange differences*	(68,082)	(46,389)	(25,325)	(46,389)
Interest expense	(4,581)	(13,936)	-	(38)
Unwinding of discount on site restoration	(1,040)	(872)	-	-
Finance costs	(409,785)	(343,475)	(361,407)	(328,705)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

13 Finance income and finance costs *(continued)*

	Group		Company	
	2019	2018	**2019**	2018
Fair value adjustment financial asset at fair value through profit or loss (note 22)	-	129,118	-	129,118
Interest income from price participation (note 24)	10,864	15,150	10,864	15,150
Interest income from related parties	38,525	16,125	38,525	16,125
Exchange differences	361,644	16,029	361,644	11,442
Interest income from term deposits	38,709	34,568	47,301	33,035
Finance income	449,742	210,990	458,334	204,870
Net finance income recognised in profit or loss	39,957	(132,485)	96,927	(123,835)

**Exchange difference mainly arises from the revaluation of foreign currency denominated financial instruments such as loans and term deposits.*

14 Income tax expenses

	Group		Company	
	2019	2018	**2019**	2018
Amounts recognised in profit or loss Current tax expense				
Current year	(15,365)	(8,973)	(15,328)	(8,309)
Deferred tax charge (note 32)	64,470	250,260	177,754	221,809
Income tax expense	49,105	241,287	162,426	213,500

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	
	2019	2018	**2019**	2018
Profit before income tax	398,758	603,272	(269,950)	219,913
Less: share of profit from equity accounted associates	(973,213)	(689,207)	-	-
	(574,455)	(85,935)	(269,950)	219,913
Tax calculated at rates applicable to profits @ 35% Tax effect of:	(201,059)	**-**	(94,482)	76,970
Non-deductible expenses	39,357	(67,751)	(32,830)	(116,934)
Income taxed at a lower rate*	(34,650)	(63,285)	(34,644)	(63,285)
Over recognition in prior years	(21,693)	(110,251)	(470)	(110,251)
Unrecognised deferred tax losses	168,940	-	-	-
	(49,105)	(241,287)	(162,426)	(213,500)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

14 Income tax expenses *(continued)*

* Income taxes at lower rate relates to rental income and dividends taxed at 15% and 0% respectively.

Tax movement in the statement of financial position

	Group		Company	
	2019	2018	**2019**	2018
Opening balance 1 April	222,837	232,434	226,298	235,848
Acquisition of subsidiary	(44,847)	-	-	-
Charge for the year	15,365	8,973	15,328	8,309
Tax paid	(16,241)	(18,570)	(22,976)	(17,859)
Closing balance 31 March	177,114	222,837	218,650	226,298

15 Earnings per share

(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

	2019	2018
Profit attributable to owners of the Company	447,863	842,949
Company		
(Loss)/profit attributable to ordinary shareholders	(101,524)	433,413

ii) Weighted average number of shares (basic)

	2019	2018
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)
in thousands of Kwacha

15 Earnings per share *(continued)*

(a) Diluted earnings per share

There were no potentially dilutive shares outstanding at 31 March 2019 (2018: nil). Diluted earnings per share are therefore the same as basic earnings per share.

16 Dividends per share

The Directors proposed a final dividend of K0.33 per share for the year ended 31 March 2019 (2018: K 0.61 per share)

17 Property, plant and equipment

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 2017	79,236	319,521	186,303	65,514	556,208	1,206,782
Additions	30	2,831	-	9,673	1,542	14,076
Disposals	-	-	-	(1,595)	-	(1,595)
Balance at 31 March 2018	79,266	322,352	186,303	73,592	557,750	1,219,263
Acquisition of subsidiary	50,856	57,451	-	8,433	3,881	120,621
Additions	2,505	3,802	-	7,553	2,337	16,197
Transfers	673	-	-	-	(673)	-
Disposal	(668)	(24)	-	(792)	-	(1,484)
Revaluation	7,120	-	-	-	-	7,120
Balance at 31 March 2019	139,752	383,581	186,303	88,786	563,295	1,361,717
Accumulated depreciation and impairment losses						
Balance at 1 April 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
Acquisition of subsidiary	22,883	47,679	-	7,145	-	77,707
Charge for the year	6,522	11,311	1,572	5,908	-	25,313
Eliminated on revaluation	(3,446)	-	-	-	-	(3,446)
Disposal	(417)	(15)	-	(792)	-	(1,224)
Balance at 31 March 2019	31,037	350,617	183,033	73,557	536,205	1,174,449
Carrying amounts						
Balance at 31 March 2019	108,715	32,964	3,270	15,229	27,090	187,268
Balance at 31 March 2018	73,771	30,710	4,842	12,296	21,545	143,164

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

17 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 approximate 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 the Zambia Companies Act of 2017, 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 2019, the net carrying amount of the leased assets was nil (2018: nil). 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 ZMW62 million (2018: ZMW67 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
There were no borrowing costs included in property, plant and equipment during the year (2018: nil) in respect of the construction works.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

17 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 2017	56,245	9,745	11,515	1,025	78,530
Additions	30	2,831	8,071	635	11,567
Transfer from Mawe (Note 7)	-	916	768	-	1,684
Disposal	-	-	(1,595)	-	(1,595)
Balance at 31 March 2018	56,275	13,492	18,759	1,660	90,186
Additions	2,343	1,742	7,552	1,184	12,821
Transfers	673	-	-	(673)	-
Disposal	-	-	(792)	-	(792)
Revaluation	7,120	-	-	-	7,120
Balance at 31 March 2019	66,411	15,234	25,519	2,171	109,335
Accumulated depreciation and impairment losses					
Balance at 1 April 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
Charge for the year	1,382	2,537	4,738	-	8,657
Eliminated on revaluation	(3,446)	-	-	-	(3,446)
Disposal	-	-	(792)	-	(792)
Balance at 31 March 2019	256	9,318	12,955	987	23,516
Carrying amount					
Balance at 31 March 2019	66,155	5,916	12,564	1,184	85,819
Balance at 31 March 2018	53,955	6,711	9,750	673	71,089

Revaluation

Buildings were revalued on 31 March 2019, by Sandridge Associates. 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 approximate 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 the Zambian Companies Act of 2017, is available for inspection during business hours at the registered office of the Company.

The carrying amounts of property would have been ZMW46.5 million (2018: ZMW47.8 million) had it been measured using the cost model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

18 Intangible assets (computer software)

Reconciliation of carrying amount

	Group	Company
Cost		
Balance at 1 April 2017	2,175	1,827
Additions	293	293
Balance at 31 March 2018	2,468	2,120
Acquisition of subsidiary	25,614	-
Additions	1,635	535
Balance at 31 March 2019	29,717	2,655
Amortisation		
Balance at 1 April 2017	1,779	1,562
Amortisation (Note 11)	191	191
Discontinued operations (Note 7)	131	-
Balance at 31 March 2018	2,101	1,753
Acquisition of subsidiary	16,586	-
Amortisation (Note 11)	2,498	231
Balance at 31 March 2019	21,185	1,984
Carrying amount		
Balance at 31 March 2019	8,532	671
Balance at 31 March 2018	367	367

19 Investment property

(a) Reconciliation of carrying amounts

	Group		Company	
	2019	2018	**2019**	2018
Balance at 1 April	64,473	61,157	64,473	61,157
Acquisition of subsidiary	95,320	-	-	-
Additions	79,630	-	79,630	-
Change in fair value (Note 9)	11,807	3,316	13,503	3,316
Balance at 31 March	251,230	64,473	157,606	64,473

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 2019. 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

19 Investment property *(continued)*

(a) Measurement of fair value

Amount recognised in profit or loss

Investment property rentals of ZMW4.88 million (2018: ZMW 3.96 million) at Group level have been included in other income (see note 9). Maintenance expenses incurred during the year were ZMW 2.2 million (2018: ZMW 0.985 million).

Fair value hierarchy

The fair value of investment property for the Company was determined, as at 31 March 2019 by the Sandridge Associates and 31 December 2018 for the Subsidiary Investrust Bank Plc by S.A. Mweemba and 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 251 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 41 (f)).

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 6 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 (10% - 10.5%. weighted average 10%).	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

20 Investment in subsidiaries

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

2019

Company	**Country of incorporation**	**Held % Interest**	**Opening carrying amount**	**Addition**	**Change in fair value**	**Closing carrying amount**
Ndola Lime Company Limited	Zambia	*100*	-	-	-	-
Investrust Bank Plc (i)	Zambia	*71.4*		69,987	-	69,987
Misenge Environmental and Technical Services	Zambia	*100*	-	-	-	-
Nkandabwe Coal Mines Limited (ii)	Zambia	*100*	-	-	-	-
			-	69,987	-	69,987

2018

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

(i) *Investrust Bank Plc*

During the year, *ZCCM*-IH concluded a mandatory offer to the minority shareholders of Investrust Bank Plc and acquired additional shares of 2,125,890 resulting in increased shareholding in the Bank to 71.4%. Following this acquisition, ZCCM-IH gained control of the Bank and hence the investment met the criteria for classification as a subsidiary in accordance with IFRS 10 *Consolidated Financial Statements.*

(ii) *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 2019, the company was in the process of being wound up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

20 Investment in subsidiaries *(continued)*

(a) Reconciliation of carrying amounts

	Company	
	2019	2018
Balance at 1 April	-	-
Transfer from associates (note 21)	69,987	5
Change in fair value	-	(5)
Balance at 31 March	69,987	-

(b) Measurement of fair value

(i) 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:

	Company
	2019
	Mark to market
Details	
Spot price per share at 31 March (ZMW)	12
Reclassified from associates (note 20):	
Number of issued shares	5,832,255
Market value (ZMW'000)	69,987

(ii) **Ndola Lime Company Limited, Nkandabwe Coal Mine Limited and Misenge Environmental and Technical Services.**

No fair value has been determined for these entities as they are loss-making with negative equity value. Their fair values have been determined to be nil.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of *Kwacha*

20 Investment in subsidiaries *(continued)*

(a) Acquisition of subsidiary (Group)

On 9th May 2018 through a mandatory offer, the Group acquired an additional 26% of the shares and voting interests in Investrust Bank Plc (The Bank). As a result, the Group's equity interest in the Bank increased from 45.4% to 71.4%, obtaining control of the Bank.

Taking control of Investrust Bank Plc will enable the Group to recapitalise and restructure the Bank to enhance its competitiveness and be better positioned to maximise returns for its shareholders.

For the eleven months ended 31 March 2019, the Bank contributed revenue of ZMW78.94 million and loss of ZMW105.78 million.

(i) Consideration transferred

In addition to the pre-existing investment value in the Bank of ZMW50,044 thousand, the Group paid ZMW 25,511 thousand cash to acquire 2,125,890 additional shares at a price of ZMW12 per share. The summary of the consideration is as detailed below;

	Number of shares	Price per share ZMW	Fair value ZMW'000
Pre-existing interest in the Bank	3,706,365	13.50	50,036
Cash	2,125,890	12.00	25,511
Fair value movement			(5,568)
Total	5,832,255	12.00	69,987

(ii) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	ZMW'000
Property, plant and equipment	17	42,914
Intangible assets	18	9,028
Investment property	19	95,320
Financial assets at fair value through profit or loss	12	584
Deferred tax assets	32	53,921
Inventories	23	48,383
Trade and other receivables	24	526,959
Term deposits	25	203,830
Tax receivable	14	44,847
Cash and cash equivalents	26	85,925
Loans and borrowings	3	(1,086)
Trade and other payables	27	(1,056,064)
Preference share capital		(99,668)
Total identifiable net assets acquired		(45,107)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of *Kwacha*

20 Investment in subsidiaries *(continued)*

Acquisition of subsidiary (Group) *(continued)*

(ii) Identifiable assets acquired and liabilities assumed *(continued)*

Measurement of fair values

The fair value of trade and other receivables acquired as part of the business combination amounted to ZMW526,959 comprising a gross amount of ZMW742,706 with a related impairment of ZMW215,747.

The Group considered the net book values of all other acquired identifiable assets and liabilities to approximate their fair values.

(i) **Goodwill**

Goodwill arising from the acquisition has been recognised as follows.

	ZMW
Consideration	69,987
Non-Controlling interest (NCI), based on the fair value of Investrust Bank shares	28,023
Fair value of identifiable net assets	45,107
Goodwill*	143,117

**Note that goodwill has been fully impaired*

(iv) Acquisition costs

Acquisition related costs amounting to ZMW2.2 million were incurred and are not included as part of the consideration transferred. These have been recognised as an expense in the consolidated statement of profit or loss as part of other administration expenses.

21 Investment in associates

(a) Reconciliation of carrying amounts

	Group		Company	
	2019	2018	**2019**	2018
Balance at 1 April	7,355,864	6,828,313	4,694,323	4,905,468
Share of profit of equity accounted associates	973,213	689,207	-	-
Share of OCI	5	43,542	-	-
Dividend received	(133,323)	(199,841)	-	-
Additions*	146,634	-	146,634	-
(Impairment)/ reversal	-	-	-	-
investment in associates (note 11)	-	(42,082)	-	-
Reclassification to subsidiary (note 20)	(69,987)	-	(69,987)	-
Change in fair value	-	-	4,932,399	(211,145)
Currency translation adjustment	2,003,999	36,725	-	-
Balance at 31 March	10,276,405	7,355,864	9,703,369	4,694,323

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of *Kwacha*

21 Investment in associates (continued)

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

**Additions*

	ZMW
Copperbelt Energy Corporation Plc	100,799
Investrust Bank Plc	25,511
Rembrandt Properties Limited	20,324
	146,634

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 increase in fair value of ZMW4.9 billion is largely on account of exchange differences arising from translating foreign denominated investments in associates at year end. (The ZMW depreciated from ZMW9.49 per US dollar as at 31 March 2018 to ZMW12.19 per US dollar as at 31 March 2019).

Name	Nature of relationship	Principal place of business	Ownership interest	Fair value of ownership interest ZMW' million	Functional currency
Konkola Copper Mines Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20.60%	Nil	USD
Kansanshi Mining Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	7,171	USD
Copperbelt Energy Corporation Plc	Strategic way of promoting Zambian participation in the power and energy sector	Zambia	24.1%	ZMW587.69	USD
CEC Africa Investments Limited	Diversification of investments in energy sector	Mauritius	20%	ZMW65.00	USD
CNMC Luanshya	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	Nil	USD
Kariba Minerals	Strategic way of promoting Zambian participation in the mining sector	Zambia	50%	Nil	ZMW
Maamba Collieries Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	35%	1,858.98	USD
Lubambe Copper Mines Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	Nil	USD
Rembrandt Properties Limited	Diversification of investments in real estate	Zambia	49%	20.32	USD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

21 Investment in associates *(continued)*

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 as at 31 March 2019, 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 with the exception of CEC Africa which is domiciled in Mauritius.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

21 Investment in associates *(continued)*

(b) Investment in associates analysis

Group

Summary of financial information for material equity accounted investees.

2019	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	Share of net Assets
Konkola Copper Mines Plc	31-Mar	Zambia	20.6%	3,578,984	20,292,693	(10,960,029)	(15,599,543)	(2,687,895)	12,145,240	(3,719,256)	-	(766,167)	-
Kansanshi Mining Plc	31-Dec	Zambia	20.0%	18,372,768	34,697,616	(2,717,151)	(7,988,107)	42,365,126	18,357,416	3,122,216	624,443	-	8,473,025
Copperbelt Energy Corporation Plc	31-Dec	Zambia	24.1%	2,641,152	4,927,162	(1,267,128)	(1,952,473)	4,348,713	4,723,736	642,316	154,798	-	1,048,040
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.0%	1,915,408	2,986,716	(4,774,062)	(632,561)	(504,499)	3,394,448	366,036	-	73,207	-
Kariba Minerals Limited	30-Jun	Zambia	50.0%	6,756	9,086	(5,326)	(94,155)	(83,639)	20,953	(11,768)	-	(5,884)	-
Maamba Collieries Limited	31-Mar	Zambia	35.0%	2,431,662	7,815,510	(1,351,928)	(6,795,199)	2,100,045	2,486,597	554,206	193,972	-	735,016
Lubambe Copper Mines Limited	30-Jun	Zambia	20.0%	629,882	2,564,788	(676,630)	(10,083,739)	(7,565,699)	1,240,396	(556,922)	-	(9,949)	-
CEC Africa	31-Dec	Mauritius	20.0%	2,464,421	5,061,148	(9,065,360)	(1,084,503)	(2,624,294)	1,353,082	(3,346,938)	-	(669,388)	-
Rembrandt Properties Limited	31-Dec	Zambia	49.0%	-	20,324	-	-	20,324	-	-	-		20,324
				32,041,033	78,375,043	(30,817,614)	(44,230,280)	35,368,182	43,721,868	(2,950,110)	973,213	(1,378,181)	10,276,405

The Group's share of accumulated unrecognised losses from associates who are in net liability position was K5,114 million (2018: K3,411 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 Konkola Copper Mines Plc, CNMC Luanshya Copper Mine Plc, Kariba Minerals Limited, Lubambe Copper Mines Limited and CEC Africa Investments Limited as at 31 March 2019. There was no profit or loss from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

21 Investment in associates analysis *(continued)*

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

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 2018. There was no profit or loss from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

21 Investment in associates *(continued)*

(a) Investments in associates analysis

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

		% Interest	2019	% Interest	2018
Copperbelt Energy Corporation Plc	b(i)	24.1	587,693	20.0	650,000
Investrust Bank Plc (note 20)	b(ii)	74.1	-	45.4	50,044
CEC Africa Investments Limited	b(iii)	20.0	65,000	20.0	97,500
Kansanshi Mining Plc	b(iv)	20.0	7,171,377	20.0	2,020,713
Konkola Copper Mines Plc	b(v)	20.6	-	20.6	176,685
Lubambe Copper Mine Limited	b(vi)	20.0	-	20.0	-
Maamba Collieries Limited	b(vii)	35.0	1,858,975	35.0	1,699,381
Kariba Minerals Limited	b(viii)	50.0	-	50.0	-
CNMC Luanshya Copper Mines Plc	b(viii)	20.0	-	20.0	-
Rembrandt Properties Limited	b(viii)	49.0	20,324	-	-
			9,703,369		4,694,323

(b) Measurement of fair value

Fair value hierarchy

The fair values of the Company's investment in associates were determined by Imara Corporate Finance, 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 ZMW4.7 billion in 2018 to ZMW9.7 billion in 2019.

The fair value measurement for the Company's investment in associates of ZMW9.05 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 and CEC Africa Investments Limited, ZMW588 million and ZMW65 million 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 them to be classified as a level 1 fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

21 Investment in associates *(continued)*

(a) Investments in associate's analysis *(continued)*

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

2019	Level 2	Level 3	Total
Balance at 1 April	797,543	3,896,780	4,694,323
Additions	126,310	20,324	146,634
Reclassification to subsidiary (note 20)	(69,987)	-	(69,987)
Change in fair value	(201,174)	5,133,573	4,932,399
Balance at 31 March	652,692	9,050,677	9,703,369
2018			
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

21 Investment in associates *(continued)*

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

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

Associate	Valuation technique	Significant unobservable inputs 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 (2019:23.6%, 2018:28.8%). • *Equity to total capitalisation* (2019:76.4%, 2018:71.20%) • *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.60%) Effective tax rate (2019: 30%, 2018: 35%) After tax cost of debt (2019: 9%, 2018: 6.90%) • *Cost of equity* Risk free rate (2019:2.4%, 2018: 9.4%) Market risk premium (2019: 18.5%, 2018: 7.5%) Levered beta (2019: 0.64, 2018: 1.43). • Key assumptions considered were as follows: - Mineral Royalty tax is assumed at 7.5% and 6.0% for copper revenue and gold revenue over the life of mine (LOM) respectively. - Projected capex of US$1.375 billion over the LOM. - Projected copper production of 240,290MT in FY19P and this is expected to decline to 190,286 in FY23P. - Copper price was estimated at US$6,493 per tonne in 2019 increasing to US$6,834 per tonne in 2023 and thereafter US$6,608 per tonne. Life of mine was estimated to be 33 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

21 Investment in associates *(continued)*

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

Valuation technique and significant unobservable inputs

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

Associate	Valuation technique	Significant unobservable inputs 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 (2019: 23.6%, 2018: 28.8%). - *Equity to total capitalisation* (2019: 76.4%, 2018: 71.2%) - *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.6%) Effective tax rate (2019: 30%, 2018: 35.0%) After tax cost of debt (2019: 9%, 2018: 6.9%) - *Cost of equity* Risk free rate (2019: 2.4%, 2018: 9.4%) Market risk premium (2019: 18.5%, 2018: 7.5%) Levered beta (2019: 8.87, 2018: 1.43). - *Key assumptions considered were as follows:* - Copper price was estimated at US$6,493 per tonne in 2019 increasing to US$6,834 per tonne in 2023 and thereafter US$6,608 per tonne. - Mineral Royalty tax is assumed at 7.5% and 6.0% for copper revenue and gold revenue over the life of mine (LOM) respectively. - Copper production is projected at 126,757 in FY2020 and expected to reach 190,580MT FY2028 - Capex is projected at US$1.4 billion over the projection period - Capex is projected at an average of US$144 million pa from 2019 to 2028. - Life of mine estimated to be 50 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

21 Investment in associates *(continued)*

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

Valuation technique and significant unobservable inputs

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

Associate	Valuation technique	Significant unobservable inputs	Inter-relationship between Key unobservable inputs and fair value measurement
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 (2019: 23.6%, 2018: 28.8%). • *Equity to total capitalisation* (2019: 76.4%, 2018:71.2%) • *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.6%) Effective tax rate (2019: 30%, 2018: 35%) After tax cost of debt (2019:9.0 %, 2018: 6.9%) • *Cost of equity* Risk free rate (2019: 2.4%, 2018: 9.4%) Market risk premium (2019: 18.5%, 2018: 7.5%) Levered beta (2019: 0.77, 2018: 1.43). • *Key assumptions considered were as follows:* - Copper price was estimated at US$6,493 per tonne in 2019 increasing to US$6,834 per tonne in 2023 and thereafter US$6,608 per tonne. - Mineral Royalty tax is assumed at 7.5% and 6.0% for copper revenue over the life of mine (LOM). - Projected 40,000 MT copper cathode production from FY19P to FY21P and 33,000MT from FY22P to FY27P - Life of mine estimated to be 9 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

21 Investment in associates *(continued)*

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

Valuation technique and significant unobservable inputs

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

Associate	Valuation technique	Significant unobservable inputs 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 (2019: 39%, 2018: 28.3%). • *Equity to total capitalisation* (2019:61%, 2018: 71.7%) • *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.6%) Effective tax rate (2019:35 %, 2018: 35%) After tax cost of debt (2019:8.3%, 2018: 6.9%) • *Cost of equity* Risk free rate (2019:2.4 %, 2018: 9.4%) Market risk premium (2019:18.5 %, 2018: 7.50%) Levered beta (2019: 0.71, 2018: 1.17). • *The assumptions considered were as follow:* - PPA is valid until 2036 - The MRT is projected at 5% throughout the forecast period - 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

21 Investment in associates *(continued)*

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

Valuation technique and significant unobservable inputs

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

Associate	Valuation technique	Significant unobservable inputs 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 (2019: 23.6%, 2018: 28.8%) • *Equity to total capitalisation* (2019: 76.4%, 2018: 71.2%) • *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.6%) Effective tax rate (2018: 30%, 2018: 35%) After tax cost of debt (2019: 9.0%, 2018: 6.9%) • *Cost of equity* Risk free debt (2019: 2.4%, 2018: 9.4%) Market risk premium (2019: 2.4%, 2018: 7.5%) Levered beta (2019:0.64, 2018: 1.43). • *The assumptions considered were as follows:* - Revenue projected at $245 million in FY19P to increase to US$319 million FY23P and reduce to US$199 in FY26P - Copper price was estimated at US$6,493 per tonne in 2019 increasing to US$6,834 per tonne in 2023 and thereafter US$6,608 per tonne. - Mineral Royalty tax is assumed at 7.5% and 6.0% for copper revenue over the life of mine (LOM). - Capex is projected at US$364 million from FY19P to FY39P - Life of mine: 20 years	The estimated fair value would increase/(decrease) if: • Equity to total capitalization were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower). • Copper price were higher/(lower) • Exchange rate were higher/(lower) • Capital expenditure (higher)/lower

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

21 Investment in associates *(continued)*

(b) 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:

	Mark to market	
	2019	2018
Details		
Spot price per share at 31 March (ZMW)	1.5	2
Number of issued shares	391,795,562	325,000,000
Market value (ZMW'000)	587,693	650,000

(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:

	Mark to market	
	2019	2018
Spot price per share at 31 March (ZMW)	12	13.5
Number of issued shares	5,832,255	3,706,963
Market value (ZMW'000)	69,987,060	50,044
Reclassification to subsidiary (Note 20)	(69,987,060)	-
Balance 31 March (ZMW)	-	50,044

(iii) CEC Africa Investments Limited

CEC Africa Investments Limited (CECA) quoted 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:

	Mark to market	
	2019	2018
Spot price per share at 31 March (ZMW)	0.2	0.3
Number of issued shares	325,000,000	325,000,000
Market value (ZMW'000)	65,000	97,500

Subsequent to the year end, CECA' shares were trading at ZMW 0.19 per share. The change in share price is not materiality different form the ZMW.20 which was prevailing at 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

21 Investment in associates *(continued)*

(b) 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.

(i) **Kansanshi Mining Plc**

A sensitivity analysis table of the equity value, which is based on the discount rate and long term average copper price 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:

2019

Equity Value Sensitivity Analysis						
		Long-Term Average Copper Price (US$/lb)				
		2.70	2.85	3.0	3.15	3.30
WACC	**7.9%**	7,614,000	7,955,000	8,433,000	8,912,000	9,391,000
	10.4%	7,089,000	7,321,000	7,648,000	7,974,000	8,300,000
	12.9%	6,770,000	6,936,000	**7,171,377**	7,405,000	7,639,000
	15.4%	6,554,000	6,679,000	6,854,000	7,029,000	7,205,000
	17.9%	6,395,000	6,491,000	6,626,000	6,761,000	6,897,000

The equity value ranges from ZMW6,679 million (2018: ZMW1,847 million) to ZMW7,974 million (2018: ZMW2,247 million) with the calculated equity value being ZMW7,171million (2018: ZMW2,021 million).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

21 Investment in associates *(continued)*

(b) 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:

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2018: ZMW176.69 million)

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)

(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) (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

21 Investment in associates *(continued)*

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

Equity value and sensitivity analysis for Investment in associates (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:

2019

Equity Value Sensitivity Analysis						
		Sales Tax Rate				
		20%	**15%**	**13%**	**11%**	**0%**
WACC	**7.7%**	2,795,000	2,851,000	2,872,000	2,892,000	3,000,000
	10.2%	2,239,000	2,287,000	2,304,000	2,321,000	2,412,000
	12.7%	1,803,000	1,844,000	**1,858,975**	1,874,000	1,952,000
	15.2%	1,456,000	1,491,000	1,504,000	1,517,000	1,585,000
	17.7%	1,175,000	1,206,000	1,218,000	1,229,000	1,289,000

2018

Equity Value Sensitivity Analysis		
WACC		**5.50%**
	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 ZMW1,491 million (2018: ZMW1,519 million) to ZMW2,321 million (2018: ZMW 1,907 million) with the calculated equity value being K1,859 million (2018: K1,699 million

(viii) Kariba Minerals Limited and CNMC Luanshya Copper Mines Plc

The equity values of Kariba Minerals Limited and CNMC Luanshya Copper Mines Plc are nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

22 Financial assets at fair value through profit or loss

(a) Reconciliation of carrying amounts

	Group and Company	
	2019	2018
Balance at 1 April	336,082	489,242
Changes in fair value	(336,082)	(153,160)
Acquisition of subsidiary	584	-
Balance at 31 March	584	336,082

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

	Group and Company	
	2019	2018
Unlisted equities – at fair value	584	336,082
Balance at 31 March	584	336,082

		2019	2018
Chibuluma Mines Plc	(ii)	-	16,033
NFC Africa Mines Plc	(iv)	-	320,049
Prima Reinsurance Zambia Plc	(v)	370	-
Swift International Share Subscription	(vi)	127	-
Zambia Electronic Clearing House Limited	(vii)	87	-
		584	336,082

(b) Measurement of fair value

Fair value hierarchy

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

The fair value changed from ZMW336.1 million in 2018 to ZMW0.584million in 2019. The decrease is attributable to reduced production and performance of Chibuluma Mines Plc whose life of mine is coming to an end in 2 years' time coupled with huge debt financed capex investments for Mopani Copper Mines Plc and NFC Africa Mines Plc 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

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

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

The fair value measurement for the Company's investments of ZMW 0.584 million (2018: ZMW336 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 1 and 3 fair values.

2019	**Level 2**	**Level 3**	**Total**
Balance at 1 April	-	336,082	336,082
Acquisition of subsidiary	-	584	584
Net change in fair value**	-	(336,082)	(336,082)
Balance at 31 March	-	584	584
2018			
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

*Net fair value change***		**2019**	2018
Fair value gain (note 13)	-	-	129,118
Fair value loss (note 13)	-	(336,082)	(282,278)
Net change in fair value	-	(336,082)	(153,160)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

22 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 change to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2019: 23.6%, 2018: 28.8%). Equity to total capitalisation (2019: 76.4%, 2018: 71.2%). • *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.60%) Tax rate (2019: 30%, 2018: 35%). After tax cost of debt (2019: 9%, 2018: 6.9%). • *Cost of equity* Risk free rate (2019: 2.4%, 2018: 9.4%) Market risk premium (2019: 18.5%, 2018: 7.5%) Levered beta (2019: 0.68, 2018: 1.43). • *The assumptions considered are as follows:* - Copper price was estimated at US$6,493 per tonne in FY19P increasing to US$6,834 per tonne in FY23P and thereafter US$6,608 per tonne. - Mineral Royalty tax is assumed at 7.5% for copper revenue over the life of mine (LOM). - Capital expenditure projected at US$445 million in FY19P. Capex rate of 60% of depreciation was assumed from 2029 onwards, - Internal production projected to reach its peak of 166,000MT in FY29P, thereafter third-party concentrate will increase. - Life of mine: 26 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

22 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 change to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2019: 23.6%, 2018: 28.8%). Equity to total capitalisation (2019: 76.4%, 2018: 71.2%) • *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.60%) Tax rate (2019: 30%, 2018:35%). After tax cost of debt (2019: 9%, 2018: 6.9%). • *Cost of equity* Risk free rate (2019: 2.4%, 2018: 9.4%) Market risk premium (2019: 18.5%, 2018: 7.5%) Levered beta (2019: 0.64, 2018: 1.43). • *The assumptions considered are as follows:* - Copper price was estimated at US$6,493 per tonne in FY19P and FY20P. - Mineral Royalty tax is assumed at 7.5% for copper revenue over the life of mine (LOM). - Production projected at 7,330 MT in FY19P and 5,820 MT in FY20P as the mine life comes to an end. - Capex projected at US$11.4 million and US$5.9 million in FY19P and FY20P respectively - 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

22 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 change to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2019: 24%, 2018: 28.8%). Equity to total capitalisation (2019: 76%, 2018: 71.2%) • *Cost of debt* Cost of debt (2019: 12.8%, 2018: 10.60%) Tax rate (2019 35.0%, 2018: 35.0%). After tax cost of debt (2019: 8.3%, 2018: 6.90%). • *Cost of equity* Risk free rate (2019: 2.4%, 2018: 18.94%) Market risk premium (2019: 18.5%, 2018: 7.50%) Levered beta (2019: 0.76, 2018: 0.89). – *The assumptions considered were as follows:* – Copper price was estimated at US$6,493 per tonne in FY19P increasing to US$6,834 per tonne in FY23P. – Cobalt production is projected at 2,716MT in FY19P increasing to 6,786MT in FY23P. – Copper production is projected at 33,498MT in FY19P decreasing to 33,285MT in FY23P. – Capex projected at US$22 million for the period from FY19P to FY23P.	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

22 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 change to the valuation technique applied in the prior year	• *Target capital structure* Debt to total capitalisation (2019: 23.6%, 2018:28.8%). Equity to total capitalisation (2019: 76.4%, 2018: 71.2%) • *Cost of debt* Cost of debt (2019: 12.8%, 2018 10.60%) Tax rate (2019: 30%, 2018: 35%). After tax cost of debt (2019: 9%, 2018: 6.90%). • *Cost of equity* Risk free rate (2019: 2.4%, 2018:9.4%) Market risk premium (2019: 18.5%, 2018: 7.50%) Levered beta (2019: 0.85, 2018: 1.43). • *The assumptions considered were as follows:* - Copper price was estimated at US$6,493 per tonne in FY19P increasing to US$6,834 per tonne in FY23P and thereafter US$6,608 per tonne. - Mineral Royalty tax is assumed at 7.5% for copper revenue over the life of mine (LOM). - capital reinvestment rate of 60% of annual depreciation over the LOM is assumed - Projects to produce 78,202MT of copper cathodes per annum over the projection period. - Life of Mine 26 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 prices higher/(lower) • Capital expenditure (higher)/lower • Copper prices higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

22 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**

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2018: nil).

(ii) **Chibuluma 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) (2018: ZMW16.03 million).

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

The equity value in 2018 ranged from ZMW15.74 million to ZMW16.33 million with the calculated equity value being ZMW16.03 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

22 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

The equity value is nil (negative equity value is limited to a zero value due to the limited liability nature of the investee company) (2018: nil).

(iv) NFC Africa 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) (2018: ZMW320 million).

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

The equity value in 2018 ranged from ZMW216.20 million to ZMW455.53 million with the calculated equity value being ZMW320.05 million.

(v) Prima Reinsurance Zambia Plc

Investrust Bank Plc holds 0.43% shares in Prima Reinsurance Zambia Plc. The investment is carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

22 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)

(vi) Swift International Share Subscription

Investrust Bank Plc subscribed to a mandatory offer for purchase of shares from Swift International in 2012. SWIFT reallocates its shareholding at least every three years to members in live operations on the basis of the financial contribution from network based services invoiced in the preceding year (Per Swift by-Laws General Membership Rules, Clause 9.2) The Bank gained entitlement to allocation of Six SWIFT shares in 2012 and therefore became a shareholder after purchasing the allocated shares. There is no quoted price in an active market and the fair value cannot be reliably measured therefore, the investment is carried at cost.

(vii) Zambia Electronic Clearing House

Investrust Bank Plc also holds 1.96% shares in Zambia Electronic Clearing House Limited (“ZECHL”). All banks in Zambia which participate in clearing are required to hold shares in ZECHL. The shares have been issued to this value in the name of the Bank. There is no quoted price in an active market and the fair value cannot be reliably measured therefore, the investment is carried at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

23 Inventories

See accounting policy in note 41 (h)

	Group	
	2019	2018
Consumable stores	13,782	15,218
Production stock	36,415	16,654
Stock piles	5,154	5,154
Stationery	947	-
Repossessed assets	48,383	-
	104,681	37,026

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to ZMW31.5 million (2018: ZMW26.0 million). There were no inventory write-offs and no inventories placed as security during the year (2018: nil).

24 Trade and other receivables

Group

2019

Current	**Gross**	**Expected credit loss**	**Net**
Trade receivables	13,193	(1,891)	11,302
Dividend receivable	82,603	(78,066)	4,537
Other receivables and prepayments*	206,725	(65,695)	141,030
Loans and advances to customers	208,575	(82,648)	125,927
Amounts due from banks	12,892	-	12,892
Amounts due from related parties (note 35b(iv))	972,609	(719,751)	252,858
Price participation receivable (see note below)	134,801	(92,613)	42,188
	1,631,398	(1,040,664)	590,734
Non-current			
Other receivables and prepayments	10,527	-	10,527
Loans and advances to customers	282,564	(142,514)	140,050
Maamba Collieries Limited (note 35b(iv))	513,622	(101,697)	411,925
	806,713	(244,211)	562,502
Total balance	2,438,111	(1,284,875)	1,153,236

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

24 Trade and other receivables *(continued)*

Group
2018

Current	**Gross**	**Expected credit loss**	**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 35b(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 35b(iv))	291,273	-	291,273
Price participation receivable	81,328	-	81,328
	372,601	-	372,601
Total balance	1,887,175	(864,295)	1,022,880

Company
2019

Current	**Gross**	**Expected credit loss**	**Net**
Dividend receivable	82,603	(78,066)	4,537
Other receivables *	190,531	(65,695)	124,836
Amounts due from related parties (note 35(iii))	1,448,090	(1,188,912)	259,178
Price participation receivable (see note below)	134,801	(92,613)	42,188
	1,856,025	(1,425,286)	430,739
Non-current			
Amounts due from related parties (note 35(iii))	513,622	(101,697)	411,925
Total balance	2,369,647	(1,526,983)	842,664

Company
2018

	Gross	Expected credit loss	Net
Dividend receivable	226,116	(78,066)	148,050
Other receivables *	89,769	(61,416)	28,353
Amounts due from related parties (note 35(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 35b(iv))	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

24 Trade and other receivables *(continued)*

Other receivables analysis

Group

	2019			2018		
	Gross	**Impairment**	**Net**	Gross	Impairment	Net
Government receivables	10,364	(7,223)	3,141	10,364	(7,223)	3,141
Staff receivables	7,543	(104)	7,439	7,749	(55)	7,694
Management fees receivable	11,169	(11,169)	-	12,104	(8,713)	3,391
Other sundry debtors	188,176	(47,199)	140,977	62,079	(45,425)	16,654
	217,252	(65,695)	151,557	92,296	(61,416)	30,880

Company

	2019			2018		
	Gross	**Impairment**	**Net**		Impairment	Net
Government receivables	10,364	(7,223)	3,141	10,364	(7,223)	3,141
Staff receivables	7,543	(104)	7,439	6,603	(55)	6,548
Management fees receivable	11,169	(11,169)	-	12,104	(8,713)	3,391
Other Sundry debtors	161,455	(47,199)	114,256	60,698	(45,425)	15,273
	190,531	(65,695)	124,836	89,769	(61,416)	28,353

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

Price participation receivable (Gross amount)

	Group and Company	
	2019	2018
Opening balance	552,345	575,344
Addition	-	360,332
Payment received	(530,089)	(375,839)
Interest on Konkola Copper Mine Plc price participation receivables	10,864	15,150
Exchange gain/(loss)	101,681	(22,642)
	134,801	552,345

The price participation debt of ZMW134.8 million mostly relates to Konkola Copper Mines Plc outstanding amount of ZMW125.76 million (2018: 552.35 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

24 Trade and other receivables *(continued)*

Price participation impairment analysis

	2019	2018
Opening balance	9,044	729,575
Addition	83,569	-
Reversal (KCM)	-	(719,151)
Write off	-	(1,380)
Impaired balance	92,613	9,044

25 Term deposits

Term deposits relate to fixed deposits placed in various banks.

The movement in term deposits is as follows:

	Group		**Company**	
	2019	2018	**2019**	2018
Balance at 1 April	535,384	497,172	535,384	497,172
Acquisition of subsidiary	203,830	-	-	-
Matured during the year	(739,214)	(497,172)	(535,384)	(497,172)
Additions	754,438	535,384	727,554	535,384
Balance at 31 March	754,438	535,384	727,554	535,384
Current	740,349	535,384	727,554	535,384
Non-current	14,089	-	-	-
	754,438	535,384	727,554	535,384

26 Cash and cash equivalents

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

	Group		**Company**	
	2019	2018	**2019**	2018
Cash and bank balances	26,987	339,236	26,223	337,863
Balances with central Bank of Zambia	18,246	-	-	-
Cash in hand	29,247	150	53	79
Cash and cash equivalents in the statement of financial position	74,480	339,386	26,276	337,942
Cash and cash equivalents in the statement of cash flows	74,480	339,386	26,276	337,942

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

27 Trade and other payables

Current	Group 2019	Group 2018	Company 2019	Company 2018
Trade payables	30,583	29,186	-	-
Deposits from customers	561,852	-	-	-
Amounts due to banks	25,734	-	-	-
Statutory liabilities	485,634	383,714	-	12,082
Other payables and accrued expenses	137,909	76,089	77,342	44,141
	1,241,712	488,989	77,342	56,223
Non- current				
Deposits from customers	181,523			
Other payables and accrued expenses	30,268	-	-	-
	211,791	-	-	-
Total	1,453,503	488,989	77,342	56,223

(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) Statutory liabilities relate to Pay As You Earn (PAYE), National Pension Scheme Authority (NAPSA), Mineral Royalty Tax and Value Added Tax (VAT).

(iii) Other payables and accrued expenses analysis*

	Group		Company	
Current	**2019**	2018	**2019**	2018
Staff payables	18,651	16,902	1,642	2,918
Dividends received in advance	10,724	10,724	10,724	10,724
Treasury security deposits	5,186	6,914	5,186	6,914
Accrued expenses	23,300	21,047	23,300	17,049
Sundry payables	80,048	20,502	36,490	6,536
	137,909	76,089	77,342	44,141
Non current				
Sundry payables	30,268	-	-	-

28 Provisions

	Group 2019	Group 2018	Company 2019	Company 2018
Provisions for legal cases	118,712	122,012	118,712	122,012
Provisions – others	8,878	17,773	8,878	17,773
Legal provision	127,590	139,785	127,590	139,785
Opening balance	122,012	127,767	122,012	127,767
Amounts used during the year	(3,300)	(5,755)	(3,300)	(5,755)
Closing balance	118,712	122,012	118,712	122,012

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

29 Share capital and premium

(i) *Ordinary shares*

	Group and Company					
	Class A shares		Class B shares		Total	
	2019	2018	**2019**	2018	**2019**	2018
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 ZMW0.01 each. Both class A and B shareholders have a right to vote, appoint directors, chairperson and receive a dividend.

(ii) *Number of shares*

In thousands of shares	Class A shares		Class B shares		Total shares	
	2019	2018	**2019**	2018	**2019**	2018
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

(iii) *Preference shares*

	2019	**2019**
	Number of preference shares	Preference shares ZMW
Preference shares issued and fully paid	20,004	20
At 31 March preference shares of ZMW 1 each	20,004	20

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

29 Share capital and premium *(Continued)*

(i) *Share premium*

	Class A shares		Class B shares		Total	
	2019	2018	**2019**	2018	**2019**	2018
Ordinary shares	1,259,407	1,259,407	829,936	829,936	2,089,343	2,089,343
Preference shares (aquisition of subsidiary)	-	-	-	-	99,648	-
Balance at 31 March	1,259,407	1,259,407	829,936	829,936	2,188,991	2,089,343

30 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 through other comprehensive income financial assets until the assets are derecognised or impaired (see note 41 (d))

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

31 Borrowings

	Group		Company	
Non-current liabilities	**2019**	2018	**2019**	2018
Bank borrowings (31 (i))	-	80,267	-	-
	-	80,267	-	-
Current				
Bank borrowings(31(i))	104,357	53,436	103,271	-
	104,357	53,436	103,271	-
	104,357	133,703	103,271	-

	Group		Company	
	2019	2018	**2019**	2018
Opening balance	133,703	192,062	-	164
Acquisition of subsidiary	1,086	-	-	-
Additions	-	-	103,271	-
Repayments	(65,293)	(54,086)	-	(202)
Exchange differences & interest	34,861	(4,273)	-	38
Chambishi Metals borrowings reversal	-	-	-	-
Closing balance	104,357	133,703	103,271	-

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

Bank borrowings

The loan of K103,271 million (USD 8.5 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. The loan was guaranteed by ZCCM-IH and was subsequently paid on behalf of Ndola Lime Company limited in April 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

32 Deferred tax

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.

Deferred tax was calculated using the enacted income tax rate of 35% (2018: 35%).

	Assets		Liabilities		Liabilities	
	2019	2018	**2019**	2018	**2019**	2018
Recognised deferred tax assets and liabilities						
Property plant and equipment	(9,477)	(5,380)	-	-	(9,477)	(5,380)
Property plant and equipment – revaluation	-	-	8,177	2,621	8,177	2,621
Exchange difference	-	-	214,749	116,726	214,749	116,726
Provisions for gratuity and leave pay	(2,581)	(1,464)	-	-	(2,581)	(1,464)
Other provisions	(14,244)	(17,676)	-	-	(14,244)	(17,676)
Bad debt provision	(430,114)	(361,730)	-	-	(430,114)	(361,730)
Legal provision	(41,549)	(42,704)	-	-	(41,549)	(42,704)
Employee provision	-	-	15,681	16,091	15,681	16,091
Change in investment property	-	(691)	4,035	-	4,035	(691)
Change on financial assets at fair value through profit or loss	-	-	2,813	120,442	2,813	120,442
Environmental provision	(39,517)	(30,298)	-	-	(39,517)	(30,298)
On losses from derivatives	(8,582)	-	-	192	(8,582)	192
Tax losses	(55,525)	(37,666)	-	-	(55,525)	(37,666)
	(601,589)	(497,609)	245,455	256,072	(356,134)	(241,537)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

32 Deferred tax *(continued)*

Group

	Balance 1 April 2017	Recognised in profit or loss	Recognised OCI	Balance 31 March 2018	**On acquisition of subsidiary**	**Recognised in profit or loss**	**Recognised OCI**	**Balance 31 March 2019**
Movement in temporary differences during the year								
Property, plant and equipment	(7,123)	1,743	-	(5,380)	(1,678)	(2,419)	-	(9,477)
Property, plant and equipment – Revaluation	9,241	(4,676)	(1,944)	2,621	1,683	-	3,873	8,177
Unrealised exchange gains	244,007	(118,828)	-	125,179	-	92,804	-	217,983
Provision for gratuity and leave pay	(2,195)	731	-	(1,464)	(1,125)	8	-	(2,581)
Other provisions	(15,554)	(2,122)	-	(17,676)	-	3,432	-	(14,244)
Bad debt Provision	(303,785)	(57,945)	-	(361,730)	-	(68,384)	-	(430,114)
Legal Provision	(44,798)	2,094	-	(42,704)	-	1,155	-	(41,549)
Employee provision	9,424	5,981	686	16,091	-	(331)	(79)	15,681
Change in investment property	(1,852)	1,161	-	(691)	-	4,726	-	4,035
Change in financial assets at fair value through profit or loss	174,048	(53,606)	-	120,442	-	(117,629)	-	2,813
Environmental provision	(40,238)	9,940	-	(30,298)	-	(9,219)	-	(39,517)
On losses from derivatives	(3)	195		192	-	(8,774)	-	(8,582)
Unrealised exchange losses	(11,191)	2,738	-	(8,453)	-	5,219	-	(3,234)
	-	(37,666)	-	(37,666)	(52,801)	34,942	-	(55,525)
Tax losses	9,981	(250,260)	(1,258)	(241,537)	(53,921)	(64,470)	3,794	(356,134)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

32 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	
	2019	2018	**2019**	2018	**2019**	2018
Recognised deferred tax assets and liabilities						
Property, plant and equipment	(1,726)	(1,285)	-	-	(1,726)	(1,285)
Property, plant and equipment – Revaluation	-	-	7,242	3,243	7,242	3,243
Provisions for gratuity and leave pay	(1,804)	(1,497)	-	-	(1,804)	(1,497)
Change on financial assets at fair value through profit or loss	-	-	2,079	119,708	2,079	119,708
Change on investment property	-	(691)	4,035	-	4,035	(691)
Fair value change on equity accounted investment and subsidiaries	-	-	2,764,373	1,038,033	2,764,373	1,038,033
Other provisions	(722)	(4,154)	-	-	(722)	(4,154)
Bad debt provision	(534,444)	(403,914)	-	-	(534,444)	(403,914)
Legal provision	(41,549)	(42,704)	-	-	(41,549)	(42,704)
Employee provision	(1,929)	(1,519)	-	-	(1,929)	(1,519)
Environmental provision	(39,517)	(30,298)	-	-	(39,517)	(30,298)
Exchange difference	-	-	214,988	116,965	214,988	116,965
On losses from derivatives	(8,774)	-	-	-	(8,774)	-
Tax losses	(55,525)	(37,666)	-	-	(55,525)	(37,666)
	(685,990)	(523,728)	2,992,717	1,277,949	2,306,727	754,221

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

32 Deferred tax *(continued)*

Company *(continued)*

	Balance 1 April 2017	Recognised in profit or loss	Recognised OCI	Balance 31 March 2018	**Recognised in profit or loss**	**Recognised OCI**	**Balance 31 March 2019**
Movement in temporary differences during the year							
Property, plant and equipment	(3,028)	1,743	-	(1,285)	(441)	-	(1,726)
Property, plant and equipment – Revaluation	4,829	-	(1,586)	3,243	-	3,999	7,242
Unrealised exchange gains	242,058	(118,107)	-	123,951	92,804	-	216,755
Provision for gratuity and leave pay	(2,228)	731	-	(1,497)	(307)	-	(1,804)
Change in financial assets at fair value through profit or loss	173,314	(53,606)	-	119,708	(117,629)	-	2,079
Change in investment property	(1,852)	1,161	-	(691)	4,726	-	4,035
Fair value change on investments in subsidiaries	(231,309)	-	-	(231,309)	-	-	(231,309)
Fair value change on investments in associates	1,343,243	-	(73,901)	1,269,342	-	1,726,340	2,995,682
Other provisions	(2,032)	(2,122)	-	(4,154)	3,432	-	(722)
Bad debt Provision	(375,941)	(27,973)	-	(403,914)	(130,530)	-	(534,444)
Legal Provision	(44,718)	2,014	-	(42,704)	1,155	-	(41,549)
Employee provision	(1,543)	(662)	686	(1,519)	(331)	(79)	(1,929)
Environmental provision	(40,238)	9,940	-	(30,298)	(9,219)	-	(39,517)
Unrealised exchange Losses	(9,724)	2,738		(6,986)	5,219		(1,767)
On losses from derivatives	-	-	-	-	(8,774)	-	(8,774)
Tax losses	-	(37,666)	-	(37,666)	(17,859)	-	(55,525)
	1,050,831	(221,809)	(74,801)	754,221	(177,754)	1,730,260	2,306,727

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

33 Retirement benefits

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

	Group		Company	
	2019	2018	**2019**	2018
Present value of unfunded obligations	34,180	32,422	5,513	4,340

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

	Group		Company	
	2019	2018	**2019**	2018
Balance at 1 April	32,422	49,567	4,340	4,409
Charge for the year – expense	3,322	5,858	947	1,890
Charge for the year – other comprehensive income	226	(1,959)	226	(1,959)
Benefit paid during the period	(1,790)	(21,044)	-	-
Balance at 31 March	34,180	32,422	5,513	4,340
Non-current liability	5,513	4,340	5,513	4,340
Current liability*	28,667	28,082	-	-
	34,180	32,422	5,513	4,340

* 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	
	2019	2018	**2019**	2018
Current service cost	160	1,103	160	1,103
Interest cost	787	787	787	787
Personnel expenses (note 12)	947	1,890	947	1,890
Interest expense	2,375	3,968	-	-
Total employees benefit expensed	3,322	5,858	947	1,890

Included in OCI for the year as follows:	Group		Company	
	2019	2018	**2019**	2018
Experience adjustment	30	(299)	30	(299)
Financial assumptions	196	(1,660)	196	(1,660)
Total	226	(1,959)	226	(1,959)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

33 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:

	2019	2018
▪ Discount rate	18.50%	18.50%
▪ Future salary increases	12.50%	12.50%

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 March 2019.

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:

	2019	2018
	Present value of obligation	Present value of obligation
1% increase in discount rate	(419)	(297)
1% decrease in discount rate	476	337

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 2019 was approximately 15.92 years (2018:16.92 years).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Provisions for environmental rehabilitation

	Group		Company	
	2019	2018	**2019**	2018
Balance at 1 April	118,081	145,610	86,566	114,967
Charge for the year	1,633	(26,967)	1,633	(26,967)
Exchange movement	24,706	(1,434)	24,706	(1,434)
Unwinding of discount	1,040	872	-	-
Balance at 31 March	145,460	118,081	112,905	86,566

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 ZMW145.5million as at 31st March 2019 as compared to ZMW118.1 as at 31st March 2018. This gives an increase of 23% in the cost of ZCCM-IH environmental liabilities. The increase is largely on account of exchange difference as the Kwacha depreciated from ZMW 9.5 per US dollar at 31 March 2018 to ZMW12.2 per US dollar at 31 March 2019.

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 2019 and 2018. 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 2019 was performed by Misenge Environmental and Technical Services Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

34 Provisions for environmental rehabilitation *(continued)*

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 2.23 % (2018: 2.56%) and an inflation rate of 1.5% (2018: 2.4%) being the US Dollar inflation rate. The liability for restoration, rehabilitation and environmental obligations for the Group and Company on undiscounted basis before inflation is estimated to be US$13.04 million (approximately ZMW 158.96 million) (2018:US$12.7 million (approximately ZMW120.53 million) and US$9.6 million (approximately ZMW117.02 million) (2018:US$9.19 million) approximately ZMW87.22 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.

35 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.

b) Related party transactions

(i) Key management personnel compensation Group

	2019	2018
Salaries and other short-term employment benefits	30,265	20,864
Directors' fees	7,584	4,145
	37,849	25,009
Post-employment benefit	1,544	2,028

Key management compensation relates to directors and the management committee.

(ii) Dividend income from related parties

Company

Relationship	**2019**	2018
Kansanshi Mines – Associate	44,760	149,136
Copperbelt Energy Corporation – Associate	88,563	50,705
Total dividends (note 8)	133,323	199,841

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

35 Related party transactions *(Continued)*

(i) Amounts due from related parties

Group 2019

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	513,622	(101,697)	411,925
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Kariba Minerals Limited (iv)	Associate	18,258	(18,258)	-
Industrial Development Corporation (vii)	Parent Company	252,858	-	252,858
Sub total		1,486,231	(821,448)	664,783
Price participation receivable	Associate	134,801	(92,613)	42,188
Dividends receivable:	Associate	82,603	(78,066)	4,537
Sub total		217,404	(170,679)	46,725
Total amounts due from related party		1,703,635	(992,127)	711,508

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

35 Related party transactions *(Continued)*

(i) Amounts due from related parties *(continued)*

Company
2019

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	513,622	(101,697)	411,925
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Ndola Lime Company Limited (iii)	Subsidiary	434,480	(434,480)	-
Kariba Minerals Limited (iv)	Associate	18,258	(18,258)	-
Nkandabwe Coal Mine (v)	Subsidiary	34,405	(34,405)	-
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	6,596	(276)	6,320
Industrial Development Corporation (vii)	Parent Company	252,858	-	252,858
Sub total		1,961,712	(1,290,609)	671,103
Price participation receivable	Associate	134,801	(92,613)	42,188
Dividends receivable:	Associate	82,603	(78,066)	4,537
		217,404	(170,679)	46,725
Total amounts due from related party		2,179,116	(1,461,288)	717,828

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

35 Related party transactions *(Continued)*

Shareholder loans

(i) Maamba Collieries Limited
On 17 June 2015, ZCCM –IH entered into an intercompany loan agreement for a cash advance of ZMW321.15 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 27 July 2017.

(ii) Lubambe Copper Mines Limited
On 15 September 2012, ZCCM – IH entered into an intercompany loan agreement with Lubambe Copper Mines Limited, for a cash call loan amounting to ZMW926.44 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 ZMW434 million (2018: ZMW257 million) which is fully impaired. The advances are not secured over any Ndola Lime Company Limited's assets.

(iv) Kariba Minerals Limited
On 10 December 2012, ZCCM-IH and Kariba Minerals Limited entered into an intercompany loan agreement for a cash advance of ZMW18. 26 million (US$1.9 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 2019, no repayments had commenced. This loan is fully impaired.

(v) Nkandabwe Coal Mine Limited
ZCCM – IH advanced a loan to Nkandabwe Coal Mine of ZMW34.4 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 ZMW6.6 million includes ZMW 3.6 million with no repayment terms and is interest free. The other balance of ZMW2.9million comprises ZMW1.7million and ZMW1.2million at interest rate of 17.5% and 12.5% payable quarterly respectively.

(vii) Industrial Development Corporation (IDC)
On 29 March, 2018, ZCCM-IH and Industrial Development Corporation entered into an intercompany loan agreement for a 12 months term loan amounting to ZMW253 million (US$19 million). The loan attracts an interest rate of 9.25% and is secured on IDC's shares in the company. The loan was subsequently paid by IDC in April 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 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 in the mode of calculation used to arrive at the contribution. Out of a total claim of ZMW27 million, ZMW17 million was included as a liability in 2015/2016 financial year whilst K10 million was not and it remains outstanding because the Company 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 recently made a claim of the assessment and the matter is in the court of law as at the date of the financial statements.

(ii) A Value Added Tax (VAT) amount per the general ledger was less by ZMW8 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.

(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 an 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) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

37 Commitments

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

	2019	2018
Group and Company		
Property, plant and equipment	4,484	30,950

38 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

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

(ii) Market risk *(continued)*

Exposure to currency risk *(continued)*

Group

2019	**ZMW equivalent of US$ and other foreign currencies**	**US$ Amounts**
Investments in associates	10,256,081	841,352
Cash and cash equivalents	27,643	2,268
Trade and other receivables	923,104	75,726
Term deposits	470,654	38,610
Borrowings	(104,357)	(8,561)
Trade and other payables	(369,546)	(30,316)
Net exposure	11,203,579	919,079

2018	ZMW equivalent of US$ and other foreign currencies	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
Term deposits	293,284	30,903
Borrowings	(133,741)	(14,092)
Trade and other payables	(6,846)	(721)
Net exposure	8,972,864	945,467

Company

2019	**ZMW equivalent of US$ and other foreign currencies $**	**US$ Amounts**
Cash and cash equivalents	3,328	273
Financial assets at fair value through comprehensive income	9,030,352	740,800
Trade and other receivables	816,038	66,943
Term deposits	470,654	38,610
Borrowings	(103,271)	(8,472)
Trade and other payables	(29,027)	(2,381)
Net exposure	10,188,074	835,773

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(ii) Market risk *(continued)*

Currency risk (continued)

2018	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Financial assets at fair value through profit or loss	336,082	35,413
Cash and cash equivalents	319,796	33,697
Financial assets at fair value through comprehensive income	4,546,779	479,092
Trade and other receivables	834,574	87,939
Term deposits	293,284	30,903
Trade and other payables	(1,468)	(155)
Net exposure	6,329,047	666,889

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

	Average rate		Reporting date spot rate	
	2019	2018	**2019**	2018
Kwacha				
US$ 1	11.1958	9.5491	12.1000	9.4904

Sensitivity analysis

A 10 percent strengthening of the Kwacha against the US Dollar at 31 March 2019 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 2018.

	Equity and profit or loss	
	Group	Company
31 March 2019		
ZMW	1,120,358	1,018,807
31 March 2018		
ZMW	897,286	632,905

A 10 percent weakening of the Kwacha against the US Dollar at 31 March 2019 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

38 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			2019					2018
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	584	-	-	584	336,082	-	-	336,082
Cash and cash equivalents	74,480	-	-	74,480	339,386	-	-	339,386
Trade and other receivables	1,153,236	138,544	251,274	763,418	1,022,880	34,914	-	987,966
Term deposits	754,438	-	-	754,438	535,384	-	-	535,384
Investments in associates	10,276,405	-	-	10,276,405	7,355,864	-	-	7,355,864
Total assets	12,259,143	138,544	251,274	11,869,325	9,589,596	34,914	-	9,554,682
Liabilities								
Borrowings	(104,357)	-	(104,357)	-	(133,703)	-	(133,703)	-
Trade and other payables	(1,453,503)	(1,128,140)	(325,363)	-	(488,989)	(488,989)	-	-
Total liabilities	(1,557,860)	(1,128,140)	(429,720)	-	(622,692)	(488,989)	(133,703)	-
Gap	10,701,283	(989,596)	(178,446)	11,869,325	8,966,904	(454,075)	(133,703)	9,554,682

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

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

(ii) Market risk *(continued)*

Company

Interest rate risk

	2019				2018			
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
Cash and cash equivalents	26,276	-	-	26,276	337,942	-	-	337,942
Financial assets at fair value through other compressive income	9,703,369	-		9,703,369	4,694,323	-		4,694,323
Trade and other receivables	842,664	124,472	-	718,192	1,017,927	22,382	-	995,545
Term deposits	727,554	-	-	727,554	535,384	-	-	535,384
Total assets	11,299,863	124,472	-	11,175,391	6,921,658	22,382	-	6,899,276
Liabilities								
Borrowings	(103,271)	-	(103,271)	-	-	-	-	-
Trade and other payables	(77,342)	(77,342)	-	-	(56,223)	(56,223)	-	-
Total liabilities	(180,613)	(77,342)	(103,271)	-	(56,223)	(56,223)	-	-
Gap	11,119,250	(47,130)	(103,271)	11,175,391	6,865,435	(33,841)	-	6,899,276

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

38 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

	Profit or loss	
	Increase	Decrease
2019		
Variable rate instruments	(178.45)	178.45
2018		
Variable rate instruments	(133.70)	133.70

Company

2019		
Variable rate instruments	(103.27)	103.27
2018		
Variable rate instruments	-	-

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 mostly less than 1 year. At 31 March 2019, 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 ZMW0.76 million (2018: ZMW0.54 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 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 2019, 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 ZMW32.63 thousand (2018: ZMW38.74 thousand) higher/lower.

Other price risk

The Group is exposed to equity price risk, which arises from investments at fair value through other comprehensive income 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 advisors 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

38 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**	
	2019	2018	**2019**	2018
Cash and cash equivalents	74,480	339,386	26,276	337,942
Trade and other receivables	1,153,236	1,022,880	842,664	1,017,927
Term deposits	754,438	535,384	727,554	535,384
Investments in associates	10,276,405	7,355,864	9,703,369	4,694,323
	12,258,559	9,253,514	11,299,863	6,585,576

ZMW259 million (2018: ZMW168 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.

The ageing of trade and other receivables at the reporting date is as follows:

Group

2019

	Gross	**Expected credit loss**	**Net**
Neither due or impaired	1,506,036	(533,875)	972,161
Past due 30 - 60 days	24,198	(3,174)	21,024
Past due 61 – 90 days	13,203	(785)	12,418
Past due 91 - 120 days	17,114	(5,184)	11,930
Over 121 days	877,560	(741,857)	135,703
	2,438,111	(1,284,875)	1,153,236

2018

	Gross	Expected credit loss	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

The amounts past due are still considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

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

(iii) Credit risk *(continued)*

Past due but not impaired	**2019**	2018
Past due 30 - 60 days	21,024	2,012
Past due 61 – 90 days	12,418	2,291
Past due 91 - 120 days	11,930	11,616
Over 121 days	135,703	13,327
	181,075	29,246

Company

2019

	Gross	**Expected credit loss**	**Net**
Neither due or impaired	1,350,026	(518,084)	831,942
Past due 30 - 60 days	30	(30)	-
Past due 61 - 90 days	106	(105)	1
Past due 91 - 120 days	134	(88)	46
Over 121days	1,019,351	(1,008,676)	10,675
	2,369,647	(1,526,983)	842,664

2018

	Gross	Expected credit loss	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 121 days	1,176,840	(1,154,040)	22,800
	2,171,967	(1,154,040)	1,017,927

Past due but not impaired

	2019	2018
Past due 30 - 60 days	-	500
Past 61 - 90 days	1	809
Past 91 - 120 days	46	184
Over 121 days	10,675	22,800
	10,722	24,293

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

38 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 pattern and extensive analysis of customer's credit risk. As at year-end the total amount past due but not impaired arising from the Company was ZMW10.7 million (2018: ZMW24.3 million) The expected credit loss 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 expected credit loss in respect of trade and other receivables during the year was as follows:

Group

	2019	2018
Balance at 1 April	864,295	875,027
Acquisition of subsidiary	240,186	-
Recognised expected credit loss	204,806	-
Recovery of impairment loss	(24,412)	(10,732)
Balance at 31 March	1,284,875	864,295

Company

	2019	2018
Balance at 1 April	1,154,040	1,074,118
Impairment recognised	373,017	121,431
Recovery	(74)	(41,509)
Balance at 31 March	1,526,983	1,154,040

As at 31 March 2019 an expected credit loss of ZMW373 million mainly relates to the receivables from Ndola Lime Company, Maamba loan and interest, Konkola Copper Mines price participation and rental receivable of ZMW 177.35 million, ZMW 101 million, ZMW83.57 million and ZMW3.0 million respectively. These amounts have been impaired in accordance with the Company's expected credit loss model.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historical payment pattern and extensive analysis of customer credit risk and in accordance with the results of the impairment credit model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

38 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 2019				
Financial liabilities				
Borrowings	104,357	104,357	104,357	-
Trade and other payables	1,453,503	1,241,712	1,134,196	107,516
	1,557,860	1,346,069	1,238,553	107,516
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

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

(iv) Liquidity risk *(continued)*

(a) Company

	Carrying amount	Contractual amount	Within 1 year	2 - 5 years
At 31 March 2019:				
Financial liabilities				
Borrowings	103,271	103,271	103,271	-
Trade and other payables	77,342	77,342	77,342	-
	180,613	180,613	180,613	-
At 31 March 2018:				
Financial liabilities				
Trade and other payables	56,223	56,223	56,223	-
	56,223	56,223	56,223	-

Capital management

The scope of the Group's 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 the 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 76.4% of 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 2019 and 2018 were as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iv) Liquidity risk *(continued)*

Capital management *(continued)*

	Group		Company	
	2019	2018	2019	2018
Borrowings	104,357	133,703	103,271	-
Less: cash and cash equivalents	(74,480)	(339,386)	(26,276)	(337,942)
Net debt	29,877	(205,683)	76,995	(337,942)
Total equity	11,124,784	8,940,346	8,661,948	5,790,154
Total capital	11,154,661	8,734,663	8,738,943	5,452,212
Gearing ratio	0.27%	-2.35%	0.88%	-6.20%

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:

	2019	2018
Loans and borrowings	10.41%	7.5%

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

Fair value estimation

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

2019	**Level 2**	**Level 3**	**Total**
Assets			
Financial investments at fair value through other comprehensive income (note 20)	652,693	9,120,663	9,773,356
	652,693	9,120,663	9,773,356
2018			
Assets			
Financial investments at fair value through profit or loss (note 21)	-	489,242	489,242
Financial investments at fair value through other comprehensive income (note 20)	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

38 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:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss	584	584	336,082	336,082
Cash and cash equivalents	74,480	74,480	339,386	339,386
Trade and other receivables	1,153,236	1,084,824	1,022,880	949,085
Term deposits	754,438	754,438	535,384	535,384
Investment in associates	10,276,405	10,276,405	7,355,864	7,355,864
	12,259,143	12,190,731	9,589,596	9,515,801
Financial liabilities				
Borrowings	(104,357)	(104,357)	(133,703)	(133,703)
Trade and other payables	(1,453,503)	(1,453,503)	(488,989)	(488,989)
	(1,557,860)	(1,557,860)	(622,692)	(622,692)
Net position	10,701,283	10,632,871	8,966,904	8,893,109

Company

	2019		2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Financial assets at fair value through profit or loss	-	-	336,082	336,082
Cash and cash equivalents	26,276	26,276	337,942	337,942
Financial assets at fair value through other comprehensive income	9,773,356	9,773,356	4,694,323	4,694,323
Trade and other receivables	842,664	774,252	1,017,927	944,132
Term deposits	727,554	727,554	535,384	535,384
	11,369,850	11,301,438	6,921,658	6,847,863
Financial liabilities				
Borrowings	(103,271)	(103,271)	-	-
Trade and other payables	(77,342)	(77,342)	(56,223)	(56,223)
Total	(180,613)	(180,613)	(56,223)	(56,223)
Net position	11,189,237	11,120,825	6,865,435	6,791,640

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

38 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, term deposits, 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 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 2.23% 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

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

Financial instrument by category

2019			Group			Company				
	Loans and receivables	Term deposits	Financial assets at fair value through profit or loss	Other financial liabilities	Total	Loans and re-ceivables	Term deposits	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	-	-	584	-	584	-	-	-	-	-
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	9,773,356	-	9,773,356
Trade and other receivables	1,153,236	-	-	-	1,153,236	842,664	-	-	-	842,664
Term deposits	-	754,438	-	-	754,438	-	727,554	-	-	727,554
Cash and cash equivalents	74,480	-	-	-	74,480	26,276	-	-	-	26,276
Borrowings		-	-	(104,357)	(104,357)	-	-	-	(103,271)	(103,271)
Trade and other payables	-	-	-	(1,453,503)	(1,453,503)	-	-	-	(77,342)	(77,342)
	1,227,716	754,438	584	(1,557,860)	424,878	868,940	727,554	9,773,356	(180,613)	11,189,237

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

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

Financial instrument by category *(continued)*

2018	Group					Company					
	Loans and receivables	Term deposits	Financial assets at fair value through profit or loss	Other financial liabilities	Total	Loans and receivables	Term deposits	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
Term deposits	-	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

39 Subsequent events

(i) **Ndola Lime Company Limited**

In September 2018, 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.

As at reporting date, the matter was still in the courts of law.

(ii) **Investrust Bank Plc**

Subsequent to the reporting date, Investrust Bank Plc and ZCCM Investments Holdings Plc entered into a Non-Cumulative, Redeemable Non-Voting Preference Share Subscription Agreement. The agreement would result in ZCCM-IH recapitalizing the Bank with ZMW 286 million. The recapitalization will improve the operations of the Bank and strengthen its competitive position.

(iii) **Konkola Copper Mines Plc**

On 21 May 2019, ZCCM-IH filed a petition in the High Court of Zambia for the winding up of KCM. ZCCM-IH has filed the said petition pursuant to Section 56(1)(c) of the Corporate Insolvency Act No. 9 of 2017. By Order of the Court, Mr. Milingo Lungu of Messrs Simwanza & Company has been appointed as provisional liquidator.

As at the reporting date the status of the court proceedings is as detailed below;

Lusaka Proceedings

Vedanta made an application to the Hight Court to stay the liquidation proceedings. The Court did not grant the application. Vedanta appealed to the court of appeal. The appeal is yet to be heard and determined. The proceedings of the High Court stand stayed pending determination of the of the appeal.

South Africa Proceedings

Vedanta, obtained an order of the South African High Court restraining ZCCM-IH from proceedings with the liquidation proceedings and directing that the provisional liquidator be discharged. ZCCM-IH, has appealed to the Supreme Court for leave to appeal against the decision of the High Court.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Subsequent events *(continued)*

(iv) Kariba Minerals Limited (KML)

On 9th November 2018, ZCCM-IH and Gemfields signed a Share Purchase Agreement for ZCCM-IH to purchase the additional 50% stake in KML. This acquisition has resulted in ZCCM-IH owning 100% of KML effective 30th July 2019.

(v) Kabundi Resources Limited

In March, 2019, the ZCCM-IH Board resolved to incorporate a Special Purpose Vehicle, Kabundi Resources Limited ("KRL") a wholly owned subsidiary. KRL was formerly incorporated on 8th May 2019. KRL is located in Chief Muchinda's area in Serenje District, Central Province. KRL is a mining operating company whose main activities include mining, processing and marketing of manganese and other non-ferrous metals. The mining company is expected to start operating by December 2019.

(vi) Rembrandt Properties

ZCCM-IH acquired a 49% equity stake in Rembrandt Properties Ltd, a special purpose vehicle that was incorporated for the purpose of developing a budget hotel and retail outlet within Lusaka. The project is scheduled for completion in March 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

40 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

41 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:

Basis of consolidation

(a) 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 goodwill that arises is tested annually for impairment. 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

41 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) ***Non-controlling interests (NCI)***

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) ***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.

(v) ***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 fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

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

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

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

(vi) *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:

- An investment in equity securities designated as at FVOCI (2018: 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

41 Significant accounting policies *(continued)*

(c) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

(d) Financial instruments

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

41 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

Subsequent measurement of financial assets
Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

The category also contains an equity investment. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in subsidiaries and listed equity securities at fair value through other comprehensive income (FVOCI). The equity investment in subsidiaries was measured at cost less any impairment charges in the comparative period under IAS 39, as it was determined that its fair value could not be estimated reliably. In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables). The Company's AFS financial assets include listed equity securities, debentures, and the equity investment in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

41 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

All AFS financial assets except for the investment in subsidiaries were measured at fair value. Gains and losses were recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income

Impairment of financial assets
IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

41 Significant accounting policies *(continued)*

(e) 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

41 Significant accounting policies *(continued)*

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

(ii) *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

41 Significant accounting policies *(continued)*

(f) 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.

(g) 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.

(iv) *Derecognition*

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

(h) 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

41 Significant accounting policies *(continued)*

(i) Impairment

(i) Non-derivative financial assets

Policy applicable from 1 April 2018

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Significant accounting policies *(continued)*

(i) Impairment *(continued)*

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

Policy applicable from 1 April 2018 *(continued)*

Financial instruments and contract assets *(continued)*

12-month ECLs are the portion of ECLs that result from default events that are possible within the. 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

41 Significant accounting policies *(continued)*

(i) Impairment *(continued)*

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

Policy applicable from 1 April 2018 *(continued)*

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Policy applicable before 1 April 2018

Non-derivative financial assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- 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 would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Significant accounting policies *(continued)*

(i) Impairment *(continued)*

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

Policy applicable before 1 April 2018 *(continued)*

Non-derivative financial assets *(continued)*

Financial assets measured at amortised cost

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

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

An impairment loss was 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 were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was 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 increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Significant accounting policies *(continued)*

(i) Impairment *(continued)*

(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

41 Significant accounting policies *(continued)*

(i) 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.

(j) 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 ZMW2.4 million (2018:ZMW 3.4 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

41 Significant accounting policies *(continued)*

(j) 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.

(k) 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

41 Significant accounting policies *(continued)*

(l) Revenue

Revenue arises mainly from the sale of limestone products, dividends earned and provision of consultancy services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services, for example for the delivery of limestone products and provision of consultancy services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financialposition. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Limestone sales

Revenue from the sale of limestone products for a fixed price is recognised when or as the Grouptransfers control of the assets to the customer. Invoices for goods transferred are due upon receipt by the customer. Control is transferred at the point in time when the customer takes undisputed delivery of the goods.

Rendering of services

The Group provides consulting services relating to environmental management, analytical services, surveying services and radiation safety. Revenue from these services is recognised on a time-and-materials basis as the services are provided. Customers are invoiced monthly as work progresses. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as accounts receivable as only the passage of time is required before payment of these amounts will be due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

41 Significant accounting policies *(continued)*

(l) Revenue *(continued)*

Dividends

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.

(m) 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

41 Significant accounting policies *(continued)*

(n) Income tax

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

(i) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. 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.

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

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

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

41 Significant accounting policies *(continued)*

(n) 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.

(o) 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.

(p) 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

41 Significant accounting policies *(continued)*

(q) 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.

(r) *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

42 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 2019; however, the Group has not applied the following new or amended standards in preparing these financial statements.

IFRS 16 Leases

IFRS 16 will replace IAS 17 'Leases' and three related interpretations. It completes the IASB's long-running projects to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted, however, the Group have decided not to early adopt.

Management is in the process of assessing the full impact of Standard. So far, the Group:

- has decided to make use of the practical expedient not to perform a full review of existing leases and apply IFRS 16 only to new or modified contracts. As some leases will be modified or renewed in 2019, the Group has reassessed these leases and concluded they will be recognised on the statement of financial position as a right-of-use asset;

- concludes that there will not be a significant impact to the finance leases currently held on the statement of financial position;

The Group is planning is adopt IFRS 16 1 April 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

Choosing this transition approach results in further policy decisions the Group need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group are currently assessing the impact of applying these other transitional reliefs.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

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