ZCCM INVESTMENTS HOLDINGS PLC

Annual Report 2019

December

www.zccm-ih.com.zm

ZCCM Investments Holdings Plc

Annual Report and financial statements for the nine month period ended 31 December 2019

Contents

COMPANY OVERVIEW

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

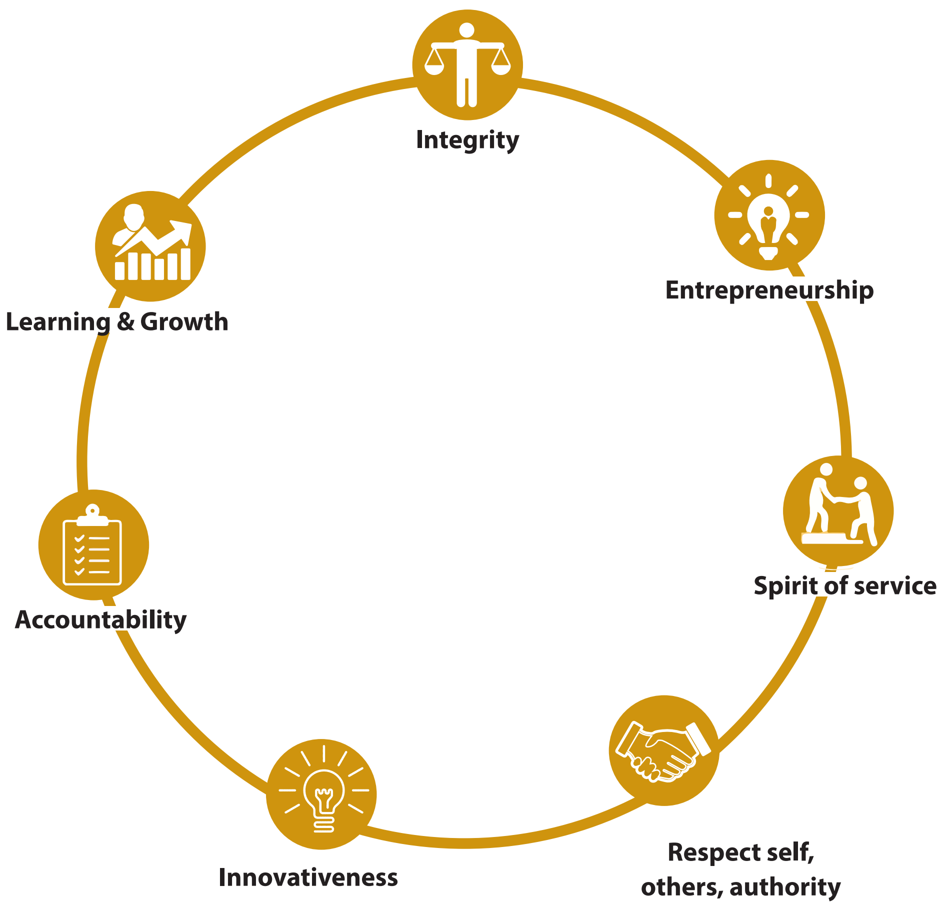
Our Vision

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



BOARD OF DIRECTORS

MR ERIC S. SILWAMBA, SC.
BOARD CHAIRPERSON
NON-EXECUTIVE DIRECTOR

MR FREDSON K. YAMBA
VICE CHAIRPERSON
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

MS YADIKA E. MKANDAWIRE
GENERAL COUNSEL

MR CHABBY CHABALA
CHIEF CORPORATE SERVICES OFFICER/COMPANY SECRETARY

MS CHILANDU J. SAKALA
CHIEF FINANCIAL OFFICER

MR BRIAN MUSONDA
CHIEF INVESTMENTS OFFICER

MR TISA R. CHAMA
CHIEF TECHNICAL OFFICER

MR ANSLEY SYANZIBA
ACTING CHIEF RISK AND INTERNAL AUDIT OFFICER

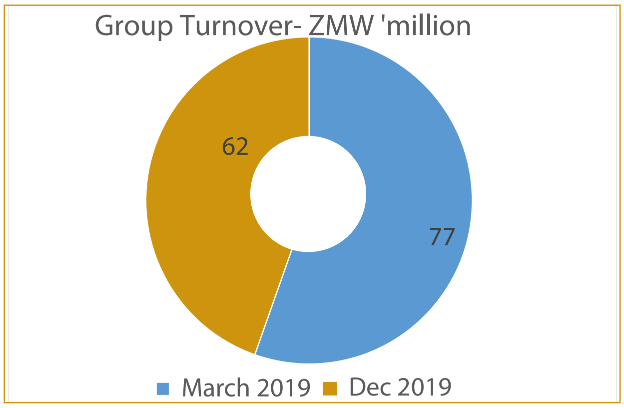
MS LOISA M KAKOMA
PUBLIC RELATIONS MANAGER

MR PATSON BANDA
HUMAN RESOURCE MANAGER

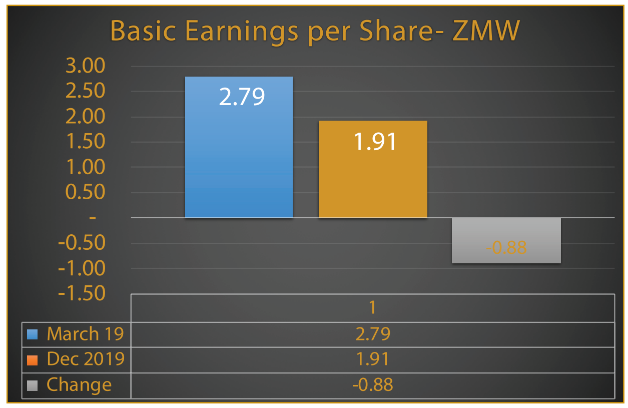
MS KATONGO D. KABWE
PROCURMENT MANAGER

PERFORMANCE OVERVIEW

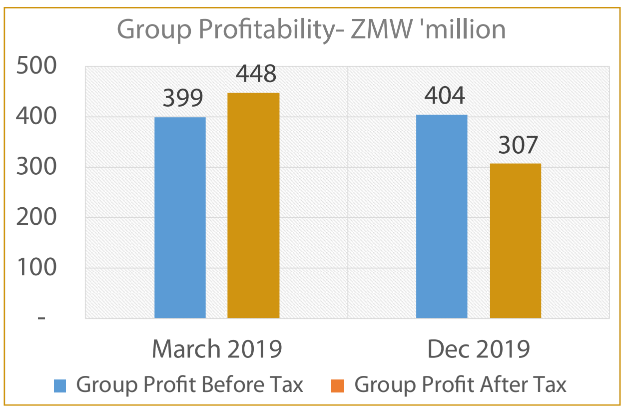
Turnover: ZMW 62m (19% ▼)



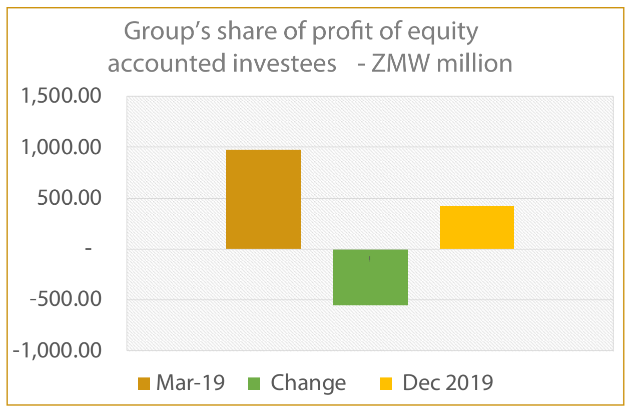
EPS: ZMW 1.91 (32% ▼)



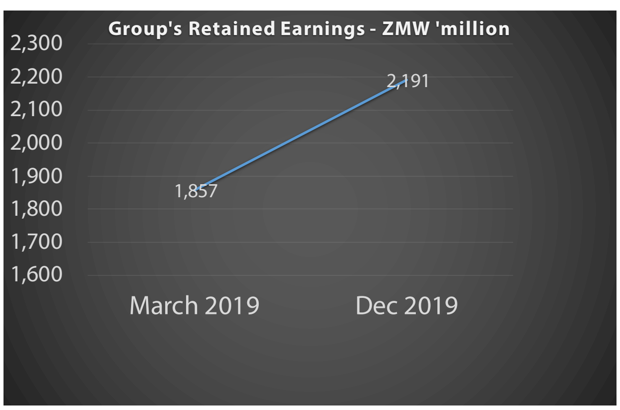
PBT- ZMW 404m (1% ▲), PAT- ZMW 307m (31% ▼)



Share of Profit: ZMW 420m (57% ▼)



Retained Earnings: ZMW2,191m (18% ▲)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of ZCCM Investments Holdings Plc (ZCCM-IH), I am pleased to share with you the performance of ZCCM-IH and that of its investee companies during the nine month-period ended 31 December 2019.

During the period, ZCCM-IH changed its financial year-end from 31 March to 31 December to align to the requirements of the Public Finance Management Act No. 1 of 2018 and to its parent company, the Industrial Development Corporation Ltd (IDC). The performance under review is therefore, for a nine-month period to 31 December 2019 and should be contextualised as such.

The Company's focus during the period continued towards enhancing investments in the mining sector. This was done as part of the transformative agenda for ZCCM-IH in line with our 2018 to 2023 Strategic Plan. Our strategy in this sector is to diversify the portfolio in terms of investments in copper mining assets to other minerals. Thus, during the period under review investments were undertaken in the manganese and gold sub-sectors of the mining industry.

While the performance of the traditional mining sector seemed to be depressed in 2019, ZCCM-IH is confident that the sector will rebound in the medium to long term. On the other hand, the gold sector has held firm and ZCCM-IH will look to progress new investments in this sector.

ZCCM-IH's performance was relatively on a slightly lower level than the previous year. The continued loss-making by the subsidiaries negatively impacted the performance. Thus, the Group profit after tax decreased by 31% to ZMW307 million. The Group's share of profit of equity accounted investees decreased by 57% to ZMW420 million owing to a decrease in the profitability of some investee companies in the mining sector.

Global economy

Global growth in 2019 remained sustained in the region of around 3.2% since 2018. This growth was 0.1% lower than projected. International trade and investment were moderate. Trade tensions between the two global economic giants, United States and China, showed signs of subsiding with the first round of trade negotiation reached in the third quarter of 2019. However, financing conditions were still limited. The prolonged Brexit and rising geopolitical tension in the Middle East also compounded the slow growth in the global economy.

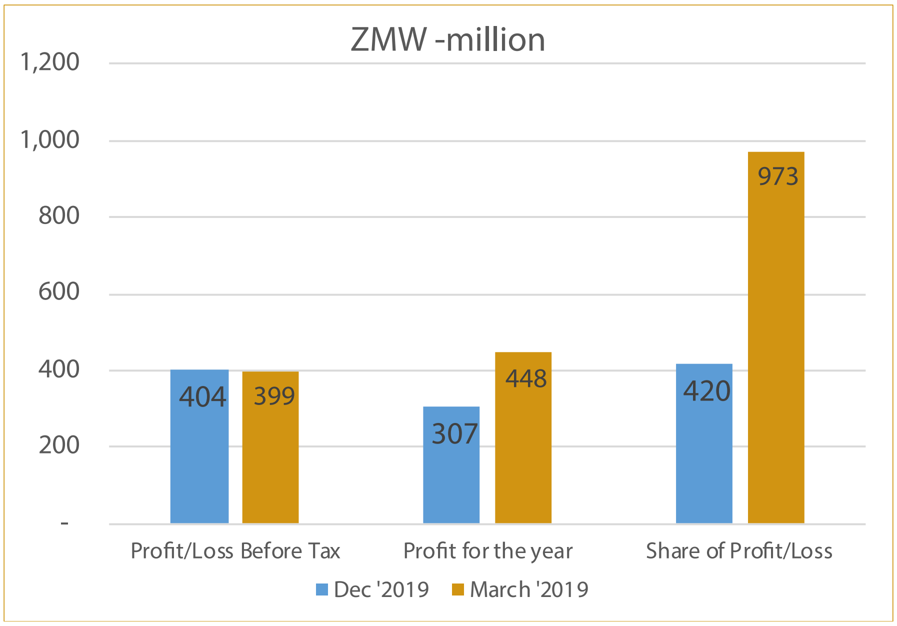
Zambian economy

Growth of the Zambian economy was hampered by continued severe drought in many parts of the country. This gave way to prolonged low water levels in most of the country's reservoirs and resulted in load management that in turn affected key economic sectors like the mining, energy and agricultural sectors. The GDP growth for 2019 is estimated to have dropped to around 0.8% from the expected growth of 3.10%.

CHAIRMAN'S STATEMENT *(continued)*

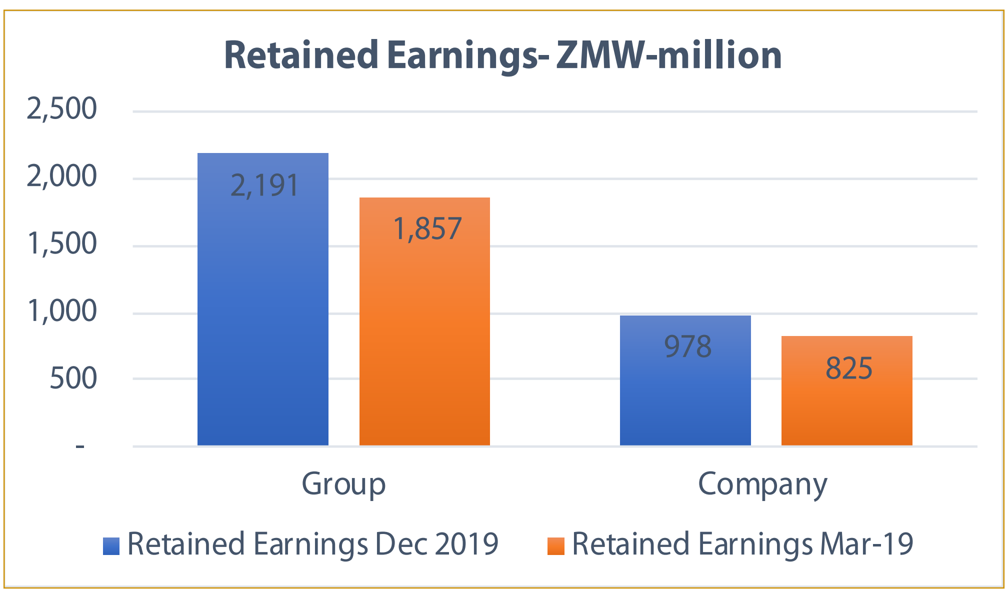
The Central Bank targeted year-end inflation was in the range of 6-8% for 2019 though at the close of December 2019, inflation was at 10.8% mainly due to the depreciation of the Kwacha against major currencies (ZMW11.94/US$1 in December 2018 to ZMW13.95/US$ in December 2019) and food price increases.

Financial performance



The ZCCM-IH Group reported a profit before tax of ZMW404 million (March 2019: ZMW 399 million) and a share of profit of equity accounted investees for the period of ZMW420 million (March 2019: ZMW973 million). The increase in profitability is largely attributable to increase in dividend revenue from investee companies coupled with exchange gains recorded from the Group's foreign denominated assets. The fall in the share of profit during the period is on account of the impairment of receivables by Associate Companies such as Kansanshi Mining Plc.

The Group's retained earnings as at 31 December 2019 were positive at ZMW2,191million (March 2019: ZMW 1,857 million). The increase in retained earnings is attributed to recorded Group profit of ZMW307 million (March 2019: ZMW448 million). The Company's retained earnings increased by 19 percent to ZMW978 million (March 2019: ZMW825 million) on account of profit recorded for the period of ZMW153 million.



Fundamental Strategic Change and Strides

ZCCM-IH has continued to refocus its activities and during the period under review, investments were steered more towards the mining sector. Thus, three core strategies were employed targeted at driving portfolio growth. These were; pursuit of the royalty model in order to introduce new revenue stream, realignment of the portfolio to achieve more focus on mining and development of turnaround strategies for subsidiaries.

Gold Sector

Following from these strategies and as part of diversification of our investments in the mining sector to minerals other than copper, the Company expressed interest to the Ministry of Mines and Mineral Development ("MoMMD" or the "Ministry") to collaborate with the Government of the Republic (GRZ) in the exploitation of gold in Zambia. Thus, in December 2019, GRZ approved the recommendation for the incorporation of a Special Purpose Vehicle ("SPV") to exploit gold in Zambia. It was agreed that the SPV would be majority owned by ZCCM-IH while the Ministry of Finance would hold a minority stake.

In addition, ZCCM-IH entered into a Joint Venture (JV) partnership with Karma Mining Services and Rural Development Company ("Karma") to develop a gold processing and trading operation in Zambia ("the Project"). Subsequent to the period under review, the Project was incorporated as Consolidated Gold Company Ltd (CGC) with a shareholding structure of 45% and 55% for ZCCM-IH and Karma respectively. ZCCM-IH is confident that, once operational, CGC will add value to its portfolio thereby enabling our shareholders to achieve growth with their investment in ZCCM-IH.

Other Developments

During the period under review ZCCM-IH filed a petition in the High Court of Zambia for the winding up of KCM pursuant to the Corporate Insolvency Act No. 9 of 2017. By Order of the Court, Messrs Milingo Lungu Simwanza & Company was appointed as provisional liquidator.

Earlier in the year, ZCCM-IH announced that Kabundi Resources Limited ("KRL") a newly incorporated and wholly owned subsidiary was expected to commence mining activities in December 2019. Subsequent to the period end, the mine has started operations.

During the year under review, ZCCM-IH commenced the process of restructuring the operations of Ndola Lime company Limited (NLC) with a view to creating a business that would take over the running of the limestone operations sustainably. The restructuring process would involve the transfer of the core assets of NLC to a newly formed limestone processing company, Limestone Resources Limited. Furthermore, in order to deal with the debt burden at NLC, all employees and creditors of the company were to be paid off via an agreed settlement process approved by the Courts.

Capital market

The ZCCM-IH share price on the Lusaka Securities Exchange remained the same during the period and closed at ZMW28.49. Consequently, the market capitalisation as at 31 December 2019 was ZMW4.58 billion, same as at the end of March 2019.

CHAIRMAN'S STATEMENT *(continued)*

Outlook

The mining sector is generally expected to face challenges during early to mid-2020 as a result of the depressed commodity prices and disruption in international trade caused by the Novel Coronavirus (COVID-19) pandemic.

Despite these challenges, ZCCM-IH is committed to enhance value creation for its shareholders. Thus, ZCCM-IH will continue to diversify within the mining sector to mitigate slumps that may be experienced in some metals at a particular time while taking advantage of surges occurring in other metals during the same time.

Acknowledgement

Once again, this year, 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 further extend my gratitude to the shareholders for their continued confidence in their Company, ZCCM-IH.

Mr Eric S Silwamba, SC.
Board Chairperson

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the nine month period ended 31 December 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/business names as at 31 December 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	100.00%
5	Kabundi Resources Limited	100.00%
6	Mushe Milling Limited	100.00%
7	Limestone Resources Limited	100.00%
8	Investrust Bank Plc	71.40%
9	Central African Cement Company Limited	49.00%
10	Rembrandt Properties Limited	49.00%
11	Maamba Collieries Limited	35.00%
12	Konkola Copper Mines Plc	20.60%
13	Kansanshi Mining Plc	20.00%
14	Copperbelt Energy Corporation Plc	24.10%
15	CEC Africa Investments Limited	20.00%
16	Lubambe Copper Mine Plc	20.00%
17	CNMC Luanshya Copper Mines Plc	20.00%
18	Copper Tree Minerals Limited	15.58%
19	NFC Africa Mining Plc	15.00%
20	Chibuluma Mines Plc	15.00%
21	Chambishi Metals Plc	10.00%
22	Mopani Copper Mines Plc	10.00%
23	Oranto Oil Block	10.00%
24	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 period, 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 period	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	27,735,173	17.3	277,352
NAPSA	B	24,120,043	15.0	241,200
Other shareholders	B	12,018,401	7.4	120,184
Total	**A and B**	**160,800,286**	**100.00**	**1,608,003**

The 12,018,401 "B" Ordinary Shares are spread mainly in Europe and as at 31 December 2019 were held by 4,258 non-controlling shareholders.

Directors' interests in shares

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

CHANGE OF FINANCIAL YEAR END

ZCCM-IH with effect from 1st April 2019, changed its financial year end from 31st March to 31st December in order to comply with the provisions of section 71 of the Public Finance Management Act and to align with the financial year end of its majority shareholders, the Industrial Development Corporation (IDC). Accordingly, the current financial statements are for the nine (9) month period from 1st April 2019 to 31st December 2019, and as a result, the comparative figures stated in the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflow and other related notes are not comparable.

PRINCIPAL ACTIVITIES

ZCCM–IH is an investments holdings company which has a primary listing on the Lusaka Securities Exchange and secondary listings on the London and Euronext Access Paris Stock Exchanges. It 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 the mining sector;
- 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

The Company's Strategic focus areas as at 31 December 2019 were as follows:

- Extract value from current portfolio.
- Invest in portfolio supply chain and logistics.
- Portfolio diversification within the mining sector.
- 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 Company declared a dividend of ZMW0.33 during the period to 31 December 2019 (March 2019: ZMW0.33 per share)

CORPORATE GOVERNANCE

The Group continued to operate by enforcing good corporate governance practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017of Zambia, and the Lusaka Securities Exchange (LuSE) Corporate Governance (CG) Code.

The Company's internal controls are implemented amongst others through its Internal Control Policy as approved by the Board in 2019 and incorporates guidance aligned to requirement of the Securities Act of 2016 related to the Company's internal controls. The Company also maintains a Business Risk Register (BRR) which identifies the risks affecting the various aspects of ZCCM-IH strategic and operational areas and how these risks are to be mitigated. The BRR is monitored on a regular basis by Management and the Audit Committee and reported to the Board.

Further to this, the Company has formally adopted the OECD principles of Corporate Governance.

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 was strictly adhered to. All Directors except the Chief Executive Officer on the Board were non-executive during the financial period. .

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 (8 April 2021) is indicated below:

Audit Committee	**Remuneration Committee**
Mr. Mateyo C Kaluba (Chairman)	Mr Y Kachinda (Chairman)
Mr Yollard Kachinda	Mr P M Chanda (Retired on 03/09/19)
Mr Philippe G Taussac	Mr F K Yamba
Mr Vincent Nyambe	Mr. B.B. Mulenga (Appointed on 11/09/19)
Mr Mabvuto T Chipata	Mr. Mabvuto T. Chipata

REPORT OF THE DIRECTORS *(continued)*

Investments Committee

Mr. Philippe G. Taussac	(Chairman)
Mr. Mateyo C. Kaluba	Non-executive member
Mr. Matongo Matamwandi	Co-opted Member (Appointed on 08/05/19 and retired in June 2020)
Mr Mabvuto T. Chipata	Chief Executive Officer
Mr Tapiwa G. Msusa	Acting Chief Investments Officer
Mr. Charles Mpundu	Co-opted Member
Mr. Basil Nundwe	Co-opted Member
Mr Perry Mapani	Co-opted Member from the Zambia Development Agency (Retired on 17th April 2019)
Mr. Paul Chanda	Non-Executive Member (Retired on 03/09/19)
Mr. Mukula Makasa	Co-opted Member from the Zambia Development Agency (Apointed in September 2020)

Record of attendance of Board and Committee meetings held during the period to 31 December 2019.

Board Meetings:

Name of Director	18/05/19	23/05/19	07/06/19	16/08/19	11/10/19	29/10/19	05/12/19
Mr Eric S Silwamba, SC (Chairman)	√	√	√	√	√	√	√
Mr. Fredson K. Yamba (Vice Chairman)	√	√	√	√	√	√	√
Mr. Yollard Kachinda	√	√	√	√	√	X	√
Mr. Mateyo C. Kaluba	√	√	√	√	√	√	√
Mr Philippe G. Taussac	√	√	√	√	√	√	√
Mr. Paul Chanda	√	√	√	√	☐	☐	☐
Mr. Barnaby B. Mulenga	☐	☐	☐	☐	√	√	√
Mr. Mabvuto T. Chipata	√	√	√	√	√	√	√

Audit Committee Meetings:

	Date of meeting					
Name of Director	**08/05/19**	**06/08/19**	**02/10/19**	**21/10/19**	**01/11/19**	**21/11/19**
Mr Mateyo C. Kaluba (Chairman)	√	√	√	√	√	√
Mr Philippe G. Taussac	√	√	√	√	√	√
Mr Yollard Kachinda	√	√	√	√	√	√
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:

Name of Director	8/5/19	9/08/19	13/08/19	3/10/19	22/11/19
Mr. Philippe G Taussac (Chairman)	√	√	√	√	√
Mr. Paul Chanda	√	√	√	☐	☐
Mr. Barnaby B. Mulenga	☐	☐	☐	√	√
Mr. Mateyo C Kaluba	√	√	√	√	√
Mr. Charles Mpundu	√	√	√	√	√
Mr. Basil Nundwe	√	√	√	X	√
Mr. M. Matamwandi	√	√	√	√	√
Mr. Mabvuto T Chipata	√	√	√	√	√

Remuneration Committee Meetings:

	Date of Meeting				
Name of Director	**30/5/19**	**06/08/19**	**01/10/19**	**20/11/19**	**03/12/19**
Mr. Paul Chanda (Chairman)	√	√	☐	☐	☐
Mr. Barnaby B. Mulenga	☐	☐	√	√	√
Mr. Fredson K Yamba	√	√	√	√	√
Mr. Yollard Kachinda (Chairman)	√	√	√	√	√
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 ZMW108.8 million (March 2019: ZMW160.1 million) for the Group and ZMW58.5 million (March 2019: ZMW68.7 million) for the Company. The average number of employees was as follows:

Month	Subsidiaries	Company	Group
April 2019	611	84	695
May 2019	606	84	690
June 2019	603	83	686
July 2019	810	83	893
August 2019	803	83	886
September 2019	799	83	882

Month	Company	Subsidiaries	Group
October 2019	83	890	973
November 2019	83	892	975
December 2019	83	879	962

Staff expenses

	31 December 2019 ZMW'000	31 March 2019 ZMW'000
Subsidiary Companies	50,305	91,341
ZCCM-IH	58,486	68,709
	108,791	160,050

Signed on their behalf by:

Director

Director

OPERATIONS REPORT

(A) Subsidiary Companies

The performance of the subsidiary companies for the nine month period ended 31 December 2019 is summarised below:

1 Ndola Lime Company Limited (NLC)

Ndola Lime Company Limited (NLC) continued to be under the management of an Interim Business Rescue Administrator (IBRA) who oversaw all operations of the company.

NLC reported total revenues for the financial period ended 31st December 2019 of ZMW55.42 million (March 2019: ZMW74.28 million) and a loss after tax of ZMW266 million (March 2019: ZMW234 million loss).

Subsequently, ZCCM-IH commenced the process of restructuring NLC with a view to address the debt burden and optimise its operations. The restructuring process involves the settlement of NLC's creditors through a Court Order and subsequent transfer of NLC's core assets to a newly incorporated company, Limestone Resources Limited.

There were no dividends declared during the period under review (March 2019: Nil)

2 Misenge Environmental and Technical Services Limited (METS)

Misenge Environmental and Technical Services Limited (METS) earned a total of ZMW 16.27 million revenue for the period ended 31st December 2019 (March 2019: ZMW8.8 million). Of the revenue, ZMW13.43 million was realised from recurring services to ZCCM-IH (March 2019: ZMW6.4 million) and ZMW2.84 million was from non ZCCM-IH sources (March 2019: ZMW2.4 million). METS recorded a net profit of ZMW2.6 million (March 2019: ZMW2.5 million loss).

During the period under review, METS commenced the formulation of the company's strategic and marketing plan. The marketing plan is meant to address, among other issues, the acquisition of new customers, expansion of services, improvement in the provision of environmental services, and formation of strategic alliances in the provision of new environmental services.

Through the plans, the company will endeavour to increase its business footprint in the mining sector by expanding its product range, and will aim to be the preferred provider of environmental services to the mining industry. The Radiation Protection Agency (RPA) granted the company authority to provide radiation tests and radiation management services in Zambia.

There were no dividends declared during the period under review (2019: Nil).

OPERATIONS REPORT *(continued)*

3 Investrust Bank PLC (Bank)

During the period under review the results of the Bank's performance as at 31 December 2019, indicated an improvement compared to prior period, with operational losses reducing to ZMW74.0 million (March 2019: ZMW105.78 million). The improvement can be attributable to ZCCM-IH's capital injection of ZMW 286 million to recapitalize the bank. This capital was invested in treasury bills resulting in an increase in the Bank's interest income. It was provided on the premise of the bank restructuring its operations including focusing on areas such as:

- Improving liquidity by targeting more deposits;
- Improvements in recoveries of legacy loans; and
- Lending activities to be focused on high quality assets.

The Bank's share price on the LuSE closed the period under review at ZMW12 (2018: ZMW12).

There were no dividends declared during the financial period ended 31st December 2019 (2018: Nil).

4 Kariba Minerals Limited (KLM)

For the period under review, Kariba Minerals Limited (KML) reported total revenues of ZMW4.18 million (March 2019: ZMW20.95 million) with a net profit of ZMW48.64 million (March 2019: ZMW11.77 million loss).

During the period under review, ZCCM-IH increased its stake in KML by acquiring the remaining 50% stake in KML. ZCCM-IH purchased equipment for KML worth US$500,000 to increase production levels at the mine. As a result, production at the mine increased from 83 tonnes per month to about 138 tonnes.

ZCCM-IH spearheaded a new KML strategic and marketing plan with the objective of becoming the global leader in production and supplying of amethyst. Some of the initiatives include the introduction of tumbled amethyst on product its line for the Asian market, increased participation in Gemstone shows and auctions in the USA and Europe and the cutting and polishing of amethyst in-house.

Subsequent to the period under review, the 15% Gemstone levy was suspended and this is expected to improve the company's financial performance going forward.

There were no dividends declared during the financial period under review (March 2019: Nil).

5 Nkandabwe Coal Mine Limited.

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

6 Mushe Milling Company Limited

In September 2019, ZCCM-IH Plc and Multi Invectec Solutions ("Multi Invectec") executed a Share Purchase Agreement ("SPA") which saw ZCCM-IH acquire 100% shareholding in Mushe Milling Limited.

Mushe Milling Limited (MMCL) earned a total of ZMW 36.69 million revenue for the year ended 31st December 2019 (31 December 2018: ZMW37.08 million). MMCL recorded a net loss of ZMW12.63 million (31 December 2018: ZMW10.12 million loss).

OPERATIONS REPORT *(continued)*

Associate Companies' Performance

The performance of associate companies for the period ended 31 December 2019 is summarised below:

1 Maamba Collieries Limited (MCL)

Maamba Collieries Limited (MCL) reported total revenue of ZMW2,140.07 million (US$160.97 million) for the period under review [March 2019: ZMW2,486.60 million (US$222.10 million)] and had profit after tax of ZMW601.06 million (US$45.12 million), [(March 2019: ZMW554.21 million (US$49.50 million)].

During the period under review, Maamba continued to experience liquidity challenges as a result of late receipt of payments from ZESCO. Due to liquidity constraints, the company was negatively impacted on its ability to undertake repairs and proactive maintenance of the Thermal Power Plant. Consequently, the company shutdown one of its two plants temporary during the period under review. Power production was thus negatively impacted due to the non-availability of the plant. Despite the constraints, the company was able to meet its obligations to the project lenders.

However, it is expected that the company will have a positive outlook in the medium to long-term once the issue of non-receipt of payments from ZESCO is resolved.

There were no dividends declared during the year under review (March 2019: Nil).

2 Konkola Copper Mines Plc

During the year under review, ZCCM-IH as a shareholder filed a petition in the Lusaka High Court to wind up KCM 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 Lungu, Simwanza & Company was appointed as Provisional Liquidator.

The petition is yet to be heard.

During the year, maintenance works were carried out to rehabilitate the Nchanga Smelter which had gone three years, instead of the recommended two, without rehabilitation due to cash constraints. Additional works were also carried out towards restarting the operations of Nchanga underground mine as well as the Konkola Deep Mine. This was aimed at improving the copper concentrate supply deficit into the Smelter, thereby reducing KCM's reliance on third party concentrates and reducing costs by increasing own acid production. The Tailings Leaching Project (TLP) dam management work was also carried out to improve environmental and human safety conditions.

There were no dividends declared during the year under review (March 2019: Nil).

OPERATIONS REPORT *(continued)*

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

3 Kansanshi Mining Plc

Kansanshi increased production during the year, with 232,000 tonnes total copper metal produced, up from 190, 000 tonnes produced in 2018. Although copper ore grades declined to 0.99% from 1.03%, the total mined ore increased significantly to 27.8 million tonnes from 20.9 million tonnes. Activity in the Smelter increased substantially with 324,000 tonnes of copper anode produced, up from 311,000 tonnes in the previous year. Total acid produced increased from 1.1 million tonnes to over 1.2 million tonnes.

Revenue in the period under review decreased to ZMW15,438.19 million (US$1,159 million) from ZMW18,357.42 million (US$1,639.67 million) reported in March 2019. Profitability was negatively affected by tax law changes and a one-off VAT refund impairment. Net profit declined to ZMW1,082.29 million (US$81.2 million) from ZMW3,122.22 million (US$278.87 million recorded at March 2019.

Kansanshi's 5-year plan shows a declining productivity trend owing to the deterioration of ore grades from an average of 1% to an average of 0.55%, which is expected to result in net losses for the mine in 2023 and 2024.

A dividend of ZMW131.15 million (US$ 9.4 million) was declared for period ended 31 December 2019 [(March 2019: ZMW223.8 million) (US$20 million)]

Kansanshi Holdings Limited (KHL) Arbitration proceedings
On 11 November 2019, KHL filed a Request for Arbitration in London against ZCCM-IH (as Respondent) and Kansanshi Mining Plc (KMP) (as Nominal Respondent). These Arbitration proceedings are strictly confidential as between the parties. The Arbitration proceedings follow a criminal complaint made by ZCCM-IH against the allegedly unauthorised transfer by KMP of its monies to a KHL related party/affiliate.

The arbitration tribunal has issued a Partial Final Award (dated 29 January 2021) in the arbitration, pursuant to which ZCCM-IH's defence has been successful and various declarations have been granted in ZCCM-IH's favour.

Certain matters remain outstanding and will be addressed by the tribunal in the Final Award.

4 Copperbelt Energy Corporation Plc (CEC)

During the period under review, CEC experienced reduced power demand from its top two mine customers Mopani and KCM. At Mopani, from May 2019 to year end, smelter shutdown caused reduced power demand as the mine consequently reduced copper production. At KCM, power demand also reduced as copper production reduced significantly.

As of 30th September 2019, trade debtors stood at US$ 71.12 million which was predominantly related to KCM against a budget of US$ 37.59 million. The bulk of this receivable was from KCM and the company proceeded to impair US$ 32.37 million (Q2: US$ 28 million) due to late and non-payment in line with CEC's accounting policies. This trend throughout the period under review consequently affected profitability with the company recording negative EBITDA and Loss After Taxes.

The company continued to engage ZESCO on the Bulk Supply Agreement due to lapse on 31st March 2020 during the period under review.

For the nine-month period ended 31st December 2019, CEC reported revenue of ZMW4,101.92 million (US$307.93 million), [March 2019: ZMW4,723.74 million (US$421.92 million)] and loss after tax of ZMW26.90 million (US$2.02 million), [March 2019: ZMW642.32 million (US$57.37 million]

For the period under review, the CEC share price opened at ZMW 1.45 per share closing at ZMW 1.25 reaching a 12-month high of ZMW 1.71 and a low of ZMW1.20 per share. For the period ended December 2019, owing to the growing receivables and consequent impairments relating to KCM, no dividend was declared (2018; US$ 26 million).

OPERATIONS REPORT *(continued)*

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

5 CEC Africa Investments Plc (CEC Africa)

During the period under review, Abuja Electricity Distribution Company (AEDC) continued to make substantial losses arising from electricity tariffs being too low to provide for an excess over operating costs. The holding company KANN also made losses on account of non-receipt of anticipated dividends from AEDC whilst incurring interest cost on the acquisition loan of US$122 million. The loan provider, UBA Nigeria, continued to monitor the performance of AEDC due to non-payments with the view of recovery which could have substantial impact on the investment as CEC Africa issued a corporate guarantee in respect of the loan acquisition.

The Group associate company, North South Power Company Limited (NSP), continued to develop the PV solar farm at Shiroro Hydro Plant. The project had been scaled down to 15MW for the first phase.

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

Subsequent to the year end, the Group disposed of the 20% interest in CEC Africa Investments Plc in August 2020.

6 Lubambe Copper Mine Limited

Lubambe Copper Mine Limited (Lubambe) had revenues of ZMW997.12 million (US$74.85 million) for the nine month period to 31 December 2019 [March 2019: ZMW1,240.4 million (US$ 110.79 million)]. The loss for the period was at ZMW871.68 million (US$65.44 million) [2018: ZMW556.92 million (US$49.74 million)].

During the year under review, Lubambe continued implementing its turnaround plan that aims to improve the mine's mining and operational efficiencies and turn the operation to profitability. New mining and processing methods have been employed with encouraging results being observed during the year. Safety conditions were significantly improved with highly reliable safety chambers being installed underground.

Lubambe opened up new working capital financing channels during the year that greatly improved its cashflow management.

Works on the Extension Project as well as a new life of mine plan advanced during the year are expected to be completed in the first half of 2020.

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

7 CNMC Luanshya Copper Mines Plc (CLM)

CLM increased its production volumes in 2019 with a total copper output of 55,000 tonnes of copper, up from 48,000 tonnes in 2018 due to increased mining activities at Muliashi and Baluba as well as increased slag reclamation.

During the period, revenue decreased to ZMW2,992.91 million (US$224.67 million) from ZMW3,394.44 million (U$S 303.19 million) as at March 2019 with net profit reducing to ZMW274.91 million (US$20.64 million) from ZMW 366.04 million (US$32.69 million).

CLM continued with exploration activities in several locations across the country with the aim of identifying new tenements to address the current declining ore reserves and resources.

There were no dividends declared during the year ended 31 December 2019 (2018: Nil)

OPERATIONS REPORT *(continued)*

(C) Other Investments

1 NFC Africa Mining Plc (NFCA)

For the financial year ended 31st December 2019, NFCA reported revenue of ZMW1.84 billion (US$138.36 million), [December 2018: ZMW1.78 billion (US$159.3 million)] and profit after tax of ZMW171.48 million (US$12.87 million), [December 2018: ZMW89.57 million (US$8.0 million)]

Significant progress was made on the completion of the South East Ore Body (SEOB). As at 31st December 2019, primary development projects were completed. All surface infrastructure construction was completed except for the mining service building. For 2020, the SEOB is planned to produce 44,118 tons of copper for trial production.

There were no dividends paid during the year ended 31st December 2019 (2018: Nil).

2 Chibuluma Mines Plc

Revenue for the financial year ended 31st December 2019 was ZMW524.85 [US$39.4 million [(December 2018: US$65.8 million (ZMW770.27)]. Net loss over the period under review was ZMW151.86 million [US$11.4 million [December 2018: loss of ZMW200.97 million (US$17.95 million)].

During the period under review, the mine continued to focus on finding new sources of ore as the Chibuluma mine got closer to its end of life, focussing on the following key areas: Sustaining the Chifupu ore by optimizing mine development; Improvements in oxidation ore processing technology;

Sale of unrecoverable Crown Pillar ore at profitable margins; Continue supporting the smooth operation of its subsidiary, Lufwanyama Mining, Manufacturing and Trading Services Limited; and Exploration projects to increase the footprint of the mine.

No dividends were paid for the financial year ended 31st December 2019 (December 2018: nil).

3 Chambishi Metals Plc

Chambishi Metals Plc (CMP) had a challenging year. The company faced shortages of copper and cobalt feedstock to enable the plant to operate at sustainable levels. As a result, the company was put under care and maintenance from January 2019 to June 2019. Operations commenced in June 2019 after receiving enough Cobalt hydroxide and sulphuric acid. The company continued with shortages and was again placed under care and maintenance for two years starting from January 2020.

Resumption of operations at the plant will hinge on finding copper and cobalt feedstock.

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

OPERATIONS REPORT *(continued)*

(C) Other Investments

4 Mopani Copper Mines plc (MCM)

During the financial year to 31 December 2019, Mopani Copper Mines (MCM) recorded net revenue of ZMW4.93 billion (US$ 369.84 million) (unaudited) [December 2018: ZMW9.43 billion (US$842.04 million)]. The net loss for the period under review was ZMW9.31 billion (US$ 698.92 million) [December 2018: ZMW8.09 billion (US$ 722.85 million net loss)].

During the year ended 31 December 2019, MCM produced a total of 21,554 tonnes of copper from own sources and 29,721 tonnes of copper from external third-party concentrates (2018: 59,302 tonnes from own sources and 60,188 tonnes of copper from third party concentrates). The significant decline in revenue was attributable to the smelter shutdown at Mufulira from May 2019 to December 2019 resulting in minimal copper production during the shutdown period. This shutdown was due to unplanned smelter outages that affected production leading to a decision to shut down the Smelter in order to undertake major refurbishment works and complete the re-bricking of the furnace.

There were no dividends paid during the financial year ended 31st December 2019 (2018: Nil).

OPERATIONS REPORT *(continued)*

(D) Corporate Social Responsibility and Environmental Review

(i) Corporate Social Responsibility (CSR)

ZCCM Investments Holdings Plc (ZCCM-IH) has continued to meet its social obligations through its corporate social investment (CSI) programmes. The CSI programmes embrace the spirit of inclusiveness, by going beyond the corporate social responsibility (CSR) norm of undertaking such programmes only in areas of interest or where investments are located. As such, through our core CSI initiative of providing access to clean and safe drinking water, ZCCM-IH drilled and officially handed over water bore holes in Lufwanyama, Mungwi, and Nyimba.

Further, ZCCM-IH continued undertaking other social interventions during the period by supporting various social, cultural events and educational programs among others.

In total, the Company spent ZMW 0.44 million (March 2019: ZMW1.52 million) in supporting various corporate social responsibility activities.

Picture: Chitulungu-Basic-School-in-Mungwi-District-of-Northern-Province-Receives-a-Water-Borehole-Sunk-by-ZCCM-IH..jpg

OPERATIONS REPORT *(continued)*

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

(ii) Environmental Review

Misenge Environmental and Technical Services Ltd (METS), which was incorporated on 10th December 2012 and commenced operations on 1st February 2013, clocked seven years in existence by 31st December 2019. By the 31st of December 2019 (which is the Financial Year end of METS), METS submitted its proposed marketing plan to the turnaround committee of ZCCM-IH and the METS Turnaround Strategic Plan for 2019 to 2023 is currently being considered by ZCCM-IH. It is expected that METS through the implementation of the Turnaround Strategic Plan will attain the strategic objective of generating the company revenue of ZMW123.9 million.

ZCCM-IH's environmental related activities continued to be managed through METS. 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.

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.

iv. Maintenance works were not carried out on the Radiation Waste Storage facility in Kalulushi during the financial year under review. Subsequently, the Surveillance Guard House Security System for the Radiation Waste Storage Building developed a fault in October 2019 and the faulty Security System was immediately reported to Golden Security System, a United States of America based company engaged to carry out maintenance works at the RWSB.

v. During the year, METS continued providing Project Management Consultancy to a World Bank and GRZ funded Zambia Mining and Environmental Rehabilitation and Improvement Project (ZMERIP).

vi. METS further undertook environmental and engineering projects that included addressing ZCCM-IH liabilities at No. 1 Nkana Cobalt Plant and overburden Dump No. 53 to comply with Zambian Environmental Legislation. Other Engineering Projects included the laying of Sewer pipes in Chingola for Mulonga Water and Sewerage Company Ltd and Independent Assessment of Environmental Liabilities.

OPERATIONS REPORT *(continued)*

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

(ii) **Environmental Review** (continued)

Photo: Creating a void at OB53 where rubble from No. 1 Nkana Cobalt Plant will be buried

Mr. Mabvuto T Chipata
Chief Executive Officer
Lusaka
2021

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 December 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 of Zambia. In addition, the directors are responsible for preparing the directorate and administration, management committee, chairman's statement, report of the directors, operations report, page 148 corporate information and United States Dollars statements of financial results as set out on pages 149 - 152

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 8 April 2021 and signed on its behalf by:

Director

Director

Grant Thornton
5th Floor Mukuba
Pension House
Dedan Kimathi Road
P.O. Box 30885
Lusaka, Zambia

T +260 (211) 227722-8
F +260 (211) 223774
E gtlusaka.mailbox@zm.gt.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ZCCM INVESTMENTS HOLDINGS PLC

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 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statements of cash flows for the period 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 December 2019, and of the consolidated and Company financial performance and cash flows for the period 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ZCCM INVESTMENTS HOLDINGS PLC

Emphasis of matter

We draw attention to note 20 in the financial statements, which indicates that at 31 December 2019, the Group's statement of financial position includes total assets and total liabilities of ZMW1.083 billion and ZMW1.191 billion respectively of Investrust Bank Plc (the Bank), a subsidiary of ZCCM-IH Plc (the company). The Bank's liabilities exceeded its assets by ZMW108 million. In addition, the Bank contributed a net loss of ZMW74 million during the period ended 31 December 2019 and, as of that date, it reported a shortfall of ZMW39 million in meeting its minimum regulatory capital requirement of ZMW104 million. As stated in note 20, both ZCCM-IH and IDC (Ultimate Holding Company) have committed to support the recapitalization exercise of the Bank. These conditions and circumstances as disclosed in note 20 indicate a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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
Classification, measurement and impairment of financial assets ZCCM Investments Holdings Plc applied IFRS 9 "financial instruments" for the first time in the preceding year. 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 December 2019, the investments in associates and the financial assets at fair value through profit or loss of ZMW 11,855 million represented 77% 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) and the relative valuation methodology. The share prices for publicly traded companies were marked to the closing market price on the LuSE on 31 December 2019. 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. In considering the appropriateness of the valuation model we compared the models used to that of the prior year. We had continuous discussions with the valuation experts and challenged assumptions used in the valuation report provided. We corroborated the inputs used against publicly available information and the reasonableness of the comparable universe. The date used by the valuation experts was scrutinised and tested. Key financial information was matched against latest available audited results. For investments valued using the market approach we agreed the prices of the listed shares to the Lusaka Stock Exchange lists.

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 verified by independent experts. 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 it 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ZCCM-INVESTMENTS HOLDINGS PLC *(continued)*

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 *(continued)*

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

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

- The Group has throughout the financial year kept proper accounting records in accordance with the requirements of the Securities and Exchange Commission Rules;

- The statement of financial position and statement of profit or loss and other comprehensive income in agreement with the Group's accounting 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: 8 April 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 December 2019 ZMW'000	31 March 2019 ZMW'000
Assets			
Property, plant and equipment	17	240,712	187,268
Intangible assets	18	648	8,532
Investment property	19	167,970	251,230
Investment in associates	22	11,855,067	10,276,405
Financial assets at fair value through profit or loss	23	-	584
Trade and other receivables	25	385,465	562,502
Term deposits	26	-	14,089
Deferred tax assets	33	564,304	601,589
Goodwill	21	119,818	-
Non-current assets		13,333,984	11,902,199
Property, plant and equipment	17	58,413	-
Inventories	24	52,057	104,681
Trade and other receivables	25	344,220	590,734
Assets held for sale	20(a)	1,127,333	-
Term deposit	26	274,960	740,349
Cash and cash equivalents	27	56,816	74,480
Current assets		1,913,799	1,510,244
Total assets		15,247,783	13,412,443
Equity			
Share capital	30(i)	1,608	1,608
Share premium	30(iii)	2,089,343	2,089,343
Other reserves	31	8,370,716	7,079,010
Retained earnings		2,191,390	1,857,223
Equity attributable to shareholders		12,653,057	11,027,184
Non-controlling interest		(23,226)	(2,068)
Total equity		12,629,831	11,025,116
Liabilities			
Trade and other payables	28	14,591	311,459
Deferred tax liabilities	33	238,185	245,455
Retirement benefits	34	7,971	5,513
Provisions for environmental rehabilitation	35	57,361	145,460
Non-current liabilities		318,108	707,887
Bank overdraft	27	2,641	-
Borrowings	32	-	104,357
Trade and other payables	28	724,321	1,241,712
Liabilities associated with assets classified as held for sale	20(a)	1,191,270	-
Provisions	29	83,118	127,590
Current tax liabilities	14	209,904	177,114
Retirement benefits	34	26,698	28,667
Provisions for environmental rehabilitation	35	61,892	-
Current liabilities		2,299,844	1,679,440
Total liabilities		2,617,952	2,387,327
Total equity and liabilities		15,247,783	13,412,443

The financial statements were approved for issue by the Board of Directors on 8 April 2021 and signed on its behalf by:

Director

Director

The notes on pages 40 to 147 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 December 2019	31 March 2019
		ZMW'000	ZMW'000
Assets			
Property, plant and equipment	17	88,439	85,819
Intangible assets	18	648	671
Investment property	19	167,970	157,606
Investments in subsidiaries	21	147,317	69,987
Investment in associates	22	10,746,818	9,703,369
Trade and other receivables	25	385,465	411,925
Non-current assets		11,536,657	10,429,377
Trade and other receivables	25	334,390	430,739
Assets held for sale	20	387,110	-
Term deposit	26	273,717	727,554
Cash and cash equivalents	27	54,359	26,276
Current assets		1,049,576	1,184,569
Total assets		12,586,233	11,613,946
Equity			
Share capital	30(i)	1,608	1,608
Share premium	30(iii)	2,089,343	2,089,343
Other reserves	31	6,415,617	5,745,821
Retained earnings		978,367	825,176
Equity attributable to shareholders		9,484,935	8,661,948
Liabilities			
Deferred tax liabilities	33	2,688,472	2,306,727
Retirement benefits	34	7,971	5,513
Provisions for environmental rehabilitation	35	55,258	112,905
Non-current liabilities		2,751,701	2,425,145
Borrowings	32	-	103,271
Trade and other payables	28	52,271	77,342
Provisions	29	83,118	127,590
Current tax liabilities	14	214,208	218,650
Current liabilities		349,597	526,853
Total liabilities		3,101,298	2,951,998
Total equity and liabilities		12,586,233	11,613,946

The financial statements were approved for issue by the Board of Directors on 8 April 2021 and signed on its behalf by:

Director

Director

The notes on pages 40 to 147 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2019

	Note	31 December 2019 ZMW'000	31 March 2019 ZMW'000
Revenue from contracts with customers	7	62,432	76,670
Cost of sales		(53,015)	(31,504)
Gross profit		9,417	45,166
Investment income	8	48,364	117,650
Investment expenses	8	(305)	(49,592)
Net investment income	8	48,059	68,058
Other income	9	139,066	88,930
Net impairment losses on financial assets	10	(129,541)	(204,806)
Administration expenses	11	(222,386)	(577,632)
Operating loss		(155,385)	(580,284)
Finance income	13	170,348	411,033
Finance costs	13	(31,274)	(405,204)
Net finance income	13	139,074	5,829
Share of profit of equity-accounted investees, net of tax	22(a)	420,348	973,213
Profit before tax		404,037	398,758
Income tax (expense)/credit	14	(22,871)	49,105
Profit from continuing operations		381,166	447,863
Loss from discontinued operations	20	(73,979)	-
Profit for the year		307,187	447,863
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation on property, plant and equipment	17	26,255	10,566
Deferred tax on revaluation reserve	33	(9,112)	(3,873)
Actuarial gain on defined benefit pension plans	34	(715)	(226)
Deferred tax on defined benefit actuarial loss	33	250	79
		16,678	6,546
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	22	1,276,863	2,003,999
Equity-accounted investees- share of other comprehensive income	22	3,987	5
		1,280,850	2,004,004
Other comprehensive income, net of tax		1,297,528	2,010,550
Total comprehensive income		1,604,715	2,458,413
Profit/(loss) attributable to:			
Owners of the company		328,345	478,115
Non-controlling interests		(21,158)	(30,252)
		307,187	447,863
Total comprehensive income attributable to:			
Owners of the company		1,625,873	2,488,665
Non-controlling interests		(21,158)	(30,252)
		1,604,715	2,458,413
Earnings per share			
Basic earnings per share (ZMW)	15	1.91	2.79
Diluted earnings per share (ZMW)	15	1.91	2.79

The notes on pages 40 to 147 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2019

	Note	31 December 2019	31 March 2019
		ZMW'000	ZMW'000
Investment income	8	171,163	180,624
Other income	9	85,193	22,722
Net impairment losses on financial assets	10	(130,974)	(373,017)
Administration expenses	11	(108,286)	(149,905)
Operating profit/(loss)		17,096	(319,576)
Finance income	13	161,717	411,033
Finance costs	13	(3,212)	(361,407)
Net finance income	13	158,505	49,626
Profit/(loss) before tax		175,601	(269,950)
Income tax (expense)/credit	14	(22,166)	162,426
Profit/(loss) for the year		153,435	(107,524)
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	17	-	10,566
Deferred tax on amortisation of revaluation reserve	33	77	(3,999)
Actuarial gain on defined benefit pension plans	34	(715)	(226)
Deferred tax on defined benefit actuarial gain	33	250	79
		(388)	6,420
Items that are or maybe reclassified to profit or loss			
Fair value change in Investments in subsidiaries	21	(12,773)	-
Fair value change in Investments in associates	22	1,043,449	4,932,399
Deferred tax on fair value change on investments in subsidiaries	33	4,471	-
Deferred tax on fair value change on investments in associates	33	(365,207)	(1,726,340)
		669,940	3,206,059
Other comprehensive income, net of tax		669,552	3,212,479
Total comprehensive income		822,987	3,104,955
Earnings per share			
Basic earnings per share (ZMW)	15	0.95	(0.67)
Diluted earnings per share (ZMW)	15	0.95	(0.67)

The notes on pages 40 to 147 are an integral part of these consolidated and separate financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2019

	Note	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
Balance at 1 April 2018		1,608	2,089,343	246,987	4,823,365	-	1,610,538	8,771,841
Profit for the year		-	-	-	-	(30,252)	478,115	447,863
Other comprehensive income								
Revaluation surplus on property, plant and equipment	17	-	-	10,566	-	-	-	10,566
Deferred tax on revaluation reserve	33	-	-	(3,873)	-	-	-	(3,873)
On acquisition of subsidiary		-	-	-	-	28,023	-	28,023
Currency translation – equity accounted investees	22	-	-	-	2,003,999	-	-	2,003,999
Amortisation of revaluation reserve		-	-	(2,034)	-	161	1,873	-
Actuarial loss on defined benefit	34	-	-	-	-	-	(226)	(226)
Deferred tax on defined benefit actuarial gains	33	-	-	-	-	-	79	79
Share of associates other comprehensive income	22	-	-	-	-	-	5	5
Total comprehensive income		-	-	4,659	2,003,999	(2,068)	479,846	2,486,436
Transaction with owners of the Company								
Dividends		-	-	-	-	-	(233,161)	(233,161)
Balance at 31 March 2019		**1,608**	**2,089,343**	**251,646**	**6,827,364**	**(2,068)**	**1,857,223**	**11,025,116**
Profit for the period			-	-	-	(21,158)	328,345	307,187
Other comprehensive income								
Revaluation surplus on property, plant and equipment	17	-	-	26,034	-	-	221	26,255
Deferred tax on revaluation reserve	33	-	-	(9,112)	-	-	-	(9,112)
Currency translation – equity accounted investees	22	-	-	-	1,276,863	-	-	1,276,863
Amortisation of revaluation reserve		-	-	(2,079)	-	-	2,079	-
Actuarial loss on defined benefit	34	-	-	-	-	-	(715)	(715)
Deferred tax on defined benefit actuarial loses	33	-	-	-	-	-	250	250
Share of associates' other comprehensive income	22	-	-	-	-	-	3,987	3,987
Total comprehensive income		-	-	14,843	1,276,863	(21,158)	334,167	1,604,715
Balance at 31 December 2019		**1,608**	**2,089,343**	**266,489**	**8,104,227**	**(23,226)**	**2,191,390**	**12,629,831**

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 40 to 147 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 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 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 revaluation surplus	33			(3,999)			(3,999)
Actuarial loss on defined benefit	34	-	-	-	-	(226)	(226)
Deferred tax on defined benefit actuarial loss	33	-	-	-	-	79	79
Change in fair value of investments through OCI	22	-	-	-	4,932,399	-	4,932,399
Deferred tax on fair value change in investments	33	-	-	-	(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
Total comprehensive income							
Profit for the period		-	-	-	-	153,435	153,435
Other comprehensive income							
Amortisation of revaluation reserve		-	-	(221)	-	221	-
Deferred tax on amortisation of revaluation reserve	33	-	-	77	-	-	77
Loss on retirement benefits	34	-	-	-	-	(715)	(715)
Deferred tax on defined benefit actuarial loss	33	-	-	-	-	250	250
Change in fair value of investments in subsidiaries	21	-	-	-	(12,773)	-	(12,773)
Deferred tax on fair value change on investments in subsidiaries	33				4,471	-	4,471
Change in fair value of available-for-sale investments in associates	22				1,043,449	-	1,043,449
Deferred tax on fair value change on investments in associates	33	-	-	-	(365,207)	-	(365,207)
Total comprehensive income		-	-	(144)	669,940	153,191	822,987
Balance at 31 December 2019		1,608	2,089,343	17,275	6,398,342	978,367	9,484,935

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 40 to 147 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2019

	Notes	31 December 2019 ZMW'000	31 March 2019 ZMW'000
Cash flows from operating activities			
Profit for the year		307,187	447,863
Adjustments for:			
Depreciation	17	24,414	25,313
Amortisation	18	3,081	2,498
(Loss)/profit on disposal of property, plant and equipment	11,9	440	(759)
Impairment of assets of property, plant and equipment		1,111	-
Interest income from related parties and term deposits	8,13	(70,594)	(77,234)
Interest expense	8	305	4,581
Interest expense on borrowings	32	-	34,861
Reversal of borrowings		(53,639)	-
Impairment of goodwill		-	143,117
Change in fair value on financial assets at fair value through profit or loss	23	-	336,082
Fair value change on investment property	19	(9,151)	(11,807)
Defined benefits expense	34	3,557	3,322
Share of profit of equity – accounted investees, net of tax	22	(420,348)	(973,213)
Unrealised foreign currency gain		(214)	(729)
Tax expense	14	22,871	(49,105)
		(190,980)	(115,210)
Change in:			
Inventories		7,211	(19,272)
Trade and other receivables		104,736	228,098
Trade and other payables and provisions		311,002	(104,831)
Provision for environmental rehabilitation		(27,965)	27,379
Cash generated from operating activities		204,004	16,164
Interest paid	8	(305)	(4,581)
Tax paid	14	(9,115)	(16,241)
Benefits paid	34	(4,409)	(1,790)
Dividends paid		-	(233,161)
Net cash from operating activities		190,175	(239,609)
Cash flows from investing activities			
Interest received	8,13	70,594	77,234
Dividend received	22	122,536	133,323
Acquisition of property and equipment	17	(156,441)	(16,197)
Acquisition of intangible assets	18	(427)	(1,635)
Proceeds on disposal of property, plant and equipment		285	1,019
Acquisition of investment property	19	(33)	(79,630)
Acquisition of investment in associates	22	-	(121,123)
Acquisition of subsidiary		(32,814)	60,414
Cash from acquisition of subsidiary		571	-
Acquisition of held for sale assets	20	(43,896)	-
Proceeds from term deposits	26	754,438	739,214
Investments in term deposits	26	(677,117)	(754,438)
Net cash used in investing activities		37,696	38,181
Cash flows from financing activities			
Proceeds from borrowings		-	1,086
Repayment of borrowings	32	(136,702)	(65.293)
Net cash used in financing activities		(136,702)	(64,207)
Net increase/(decrease) in cash and cash equivalents		91,169	(265,635)
Effect of movement in exchange rates on cash held		214	729
Cash and cash equivalents at 1 April		74,480	339,386
Cash and cash equivalents at 31 December/ March		165,863	74,480
Included in the statement of financial position	27	54,175	74,480
Included in assets held for sale	20	111,688	-
		165,863	74,480

The notes on pages 40 to 147 are an integral part of these consolidated and separate financial statements

SEPARATE STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2019

	Note	31 December 2019	31 March 2019
		ZMW'000	ZMW'000
Cash flows from operating activities			
Profit/(loss)		153,435	(107,524)
Adjustments for:			
Depreciation	17	6,833	8,657
Amortisation	18	232	231
Profit on disposal of property, plant and equipment	11,9	155	(759)
Fair value changes of financial assets at fair value through profit or loss	23	-	336,082
Defined benefits expense	34	1,743	947
Fair value change on investment property	19	(10,331)	(13,503)
Interest receivable on price participation and held to maturity investments	8,13	(71,140)	(96,690)
Unrealised foreign currency gain		(214)	(729)
Tax expense/(credit)	14	22,166	(162,426)
		102,879	(35,714)
Change in:			
Trade and other receivables		122,808	175,263
Trade and other payables		(25,071)	21,119
Provisions		(44,472)	(12,195)
Provision for environmental rehabilitation		(57,647)	26,339
Cash generated from operating activities		98,497	174,812
Tax paid	14	(5,272)	(22,976)
Dividends paid		-	(233,161)
Net cash from (used in) operating activities		93,225	(81,325)
Cash flows from investing activities			
Interest received	8,13	71,140	96,690
Acquisition of property, plant and equipment	17	(9,677)	(12,821)
Acquisition of intangible assets	18	(139)	(535)
Acquisition of investment property	19	(33)	(79,630)
Proceeds on disposal of property, plant and equipment		-	759
Proceeds from term deposits	26	727,554	535,384
Investments in term deposits	26	(273,717)	(727,554)
Acquisition of investments in subsidiary	21	(147,317)	-
Acquisition of investments in associate	22	-	(146,634)
Acquisition of held for sale assets	21	(329,896)	-
Net cash flows (used in)/from investing activities		37,915	(334,341)
Cash flows from financing activities			
Repayment of borrowings	32	(103,271)	103,271
Net cash used in financing activities		(103,271)	103,271
Increase in cash and cash equivalents		27,869	(312,395)
Effect of movement in exchange rates on cash held		214	729
Cash and cash equivalents at 1 April		26,276	337,942
Cash and cash equivalents at 31 December/March	27	54,359	26,276

The notes on pages 40 to 147 are an integral part of these consolidated and separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

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

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

2 Basis of accounting

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

Details of the Group's significant accounting policies, including changes during the period, are included in note 42.

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 and 22.

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 7, 42 (m) - revenue recognition: whether revenue made from product sale or services rendered is recognised over time or at a point in time;
- Note 17 – impairment of property, plant and equipment; deductible temporary differences and whether tax losses carried forward can be utilised;
- Note 21, 22 and 23 – Determining the fair values of investment in subsidiaries, associates and financial assets at fair value through profit or loss on the basis of significant unobservable inputs;
- Note 35 – provision for environmental rehabilitation;
- Note 42(a) ii equity-accounted investees: whether the Group has significant influence over an investee; and
- Note 42(a) ii – consolidation: whether the Group has de facto control over an investee.

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 period ended 31 December 2019 is included in the following notes:

- Notes 21 – 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 21, 22 and 23 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions;
- Notes 33 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 34– measurement of defined benefit obligations: key actuarial assumptions;
- Note 35 and 37 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 39 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 42(j) - impairment test of intangible assets and goodwill: 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 team 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.

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 39- financial instruments;
- Note 19 - Investment property
- Note 21 – Investment in subsidiaries; and
- Note 22 – Investment in associates.

5 New or revised Standards or interpretations

(a) New Standards adopted as at 1 January 2019

IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 accounting for Leases. Leases will be recorded in the statement of financial position in the form of the right-of-use asset and the lease liability.

An impact assessment of adopting IFRS 16 in applying the transitional reliefs under IFRS 16 and the full impact on the 2019 statement of financial position was conducted and the assessment indicate that:

- The Group is a lessor in most of its leasing arrangements mainly involving the leasing of property. Lessor accounting remains largely unchanged from IAS 17 and accounting for rentals will continue as currently done (Note 42(e));

- After applying the transition relief option which permits an explicit recognition and measurement exemption for leases of small value or those for which the term ends within 12 months or fewer of the date of initial application and account for those leases as short-term leases the Group has assessed that there are currently no leases for which a right-of-use asset would be required to be recognised on the statement of financial position.

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

5. New or revised Standards or interpretations *(Continued)*

(a) New Standards adopted as at 1 January 2019 *(continued)*

IFRS 16 'Leases' *(Continued)*

Based on the assessment, IFRS 16 has no impact on the financial position for the nine months period ended 31 December 2019.

Other standards and amendments that are effective for the first time in 2019 and could be applicable to the Group are:

- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9);
- IAS 28 long-term interest in Associates and Joint Ventures (Amendments to IAS 28);
- Annual Improvements to IFRS 2015-2017 Cycle; and
- Plant Amendment, Curtailment or Settlement (Amendments to IAS 19).

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

(b) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Conceptual framework for Financing Reporting.

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

5. New or revised Standards or interpretations *(Continued)*

(b) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group *(continued)*

Amendment to IFRS 3 Business Combinations
The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations in order to help entities determine whether an acquired set of activities and assets is a business or not. An entity shall apply the amendments to business combinations and asset acquisitions that occur on or after the beginning of the first annual reporting period beginning on or after 1 January, 2020.

Amendments to IAS 1 and IAS 8
The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Changes and Estimates. The amendment was to align the definition of 'material' across the standards. The new definition of material is contained in IAS 1. The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to the Conceptual Framework for Financial Reporting
The **Conceptual** Framework is not a standard itself but provides as general guidance on IFRS. Main improvements in the revised Conceptual Framework include the introduction of concepts for measurement, presentation, disclosures and guidance for derecognition of assets and liabilities. These amendments are effective for annual periods beginning on or after 1 January 2020.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore the disclosures have not been made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Segment reporting

(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 ZMW'000	Revenue from Zambia ZMW'000	Revenue from foreign countries ZMW'000	Total segment assets ZMW'000	Non-current assets ZMW'000	Current assets ZMW'000
ZCCM-IH Plc	Investment holding company	-	-	-	257,057	257,057	-
Ndola Lime Company Limited	Mining and manufacturing of limestone products	55,418	42,654	12,764	102,707	-	102,707
Misenge Environmental and Technical Services Limited	Environmental and technical services	16,272	16,272	-	2,451	2,451	-
Kariba mineral Limited	Mining and sale of semi-precious stones	4,175	-	4,175	43,083	35,320	7,763
Totals		75,865	58,926	16,939	405,298	294,828	110,470

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:

December 2019

	ZCCM-IH ZMW'000	Ndola Lime Company Limited ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Kariba minerals Limited ZMW'000	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Revenue from external customers:						
Sales	-	55,418	-	4,175	-	59,593
Services	-	-	2,839	-	-	2,839
Total revenue from external customers	-	55,418	2,839	4,175	-	62,432
Inter-segment revenue	-	-	13,433	-	(13,433)	-
Total segment revenue	-	55,418	16,272	4,175	(13,433)	62,432
Revenue	-	-	-	-	-	-
Total revenue from reportable segments	-	-	-	-	-	75,865
Elimination of inter segment revenue	-	-	-	-	-	(13,433)
Consolidated revenue	-	-	-	-	-	62,432
Investment income	171,163	1	-	-	(122,800)	48,364
Investment expense	-	(26,841)	-	(204)	26,740	(305)
Depreciation and amortisation	7,065	3,262	253	-	-	10,580
Total profit/ (loss) before tax for reported segments	175,601	(265,596)	2,548	49,296	21,840	(16,311)
Income tax credit/(expense)	(22,166)	(52)	-	(653)	-	(22,871)
Share of profit of equity accounted investees	-	-	-	-	-	420,348
Loss from discontinued operations	-	-	-	-	-	(73,979)
Consolidated profit for the year	-	-	-	-	-	307,187

Ndola Lime Company Limited's major customers are the mines and these includes Konkola Copper Mine, 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)*

December 2019

	ZCCM-IH ZMW'000	Ndola Lime Company Limited ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Nkandabwe Coal Mine Limited ZMW'000	Kariba minerals Limited ZMW'000	Kabundi Resources Limited ZMW'000	Limestone Resources Limited ZMW'000	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Segment assets*						-	-		
Opening balance	244,096	117,037	2,989	-		-	-	-	364,122
Acquisition of subsidiary	-	-	-	-	14,432	4,106	110,396	-	128,934
Additions	9,849	-	-	-	16	-	-	-	9,865
Movement in inventory	-	(11,057)	-	-	3,279	-	-	-	(7,778)
Revaluation of Property plant and equipment	-	-	-	-	26,256	-	-	-	26,256
Disposal	(154)	-	(285)	-		-	-	-	(439)
Depreciation and amortisation	(7,065)	(3,262)	(253)	-	(900)	-	-	-	(11,480)
Impairment	-	(11)	-	-	-	-	-	-	(11)
Fair value change	10,331	-	-	-	-	-	-	-	10,331
Closing balance	257,057	102,707	2,451	-	43,083	4,106	110,396	-	519,800
Equity accounted investees	10,746,818	-	-	-	-	-	-	1,108,249	11,855,067
Other assets	1,582,358	14,724	15,137	3	5,179	-	-	1,255,515	2,872,916
Total assets	12,586,233	117,431	17,588	3	48,262	4,106	110,396	2,363,764	15,247,783
Segment liabilities	146,347	86,499	-	-	-	-	-	-	232,846
Other liabilities	2,954,951	1,289,943	29,452	38,404	43,730	-	-	(1,971,374)	2,385,106
Total liabilities	3,101,298	1,376,442	29,452	38,404	43,730	-	-	(1,917,374)	2,617,952
Cashflows from operating activities	93,225	(16,173)	83	-	(2,325)	-	-	115,365	190,175
Cashflows from investing activities	37,915	-	-	-	(16)	(4,106)	(110,396)	2,611	(73,992)
Cashflows from financing activities	(103,271)	14,126	-	-	-	4,106	110,396	(162,059)	(136,702)

* 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)*

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

March 2019

	ZCCM-IH ZMW'000	Ndola Lime Company Limited ZMW'000	Investrust Bank Plc ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Nkandabwe Coal Mine Limited ZMW'000	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Revenue from external customers:	-	-	-	-	-	-	-
Sales	-	74,280	-	-	-	-	74,280
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)	76,670
Inter-segment revenue	133,323	-	-	6,425	-	(139,748)	-
Total segment revenue	133,323	74,280	78,941	8,815	-	(139,748)	76,670
Revenue	-	-	-	-	-	-	-
Total revenue from reportable segments	-	-	-	-	-	-	216,418
Elimination of inter segment revenue	-	-	-	-	-	-	(139,748)
Consolidated revenue	-	-	-	-	-	-	76,670
Investment income	180,624	3	78,941	-	-	(141,918)	117,650
Investment expense	-	(29,849)	(45,011)	(429)	-	25,697	(49,592)
Depreciation and amortisation	8,888	7,094	11,426	403	-	-	27,811
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

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

6 Segment reporting *(continued)*

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

March 2019

	ZCCM-IH *ZMW'000*	Ndola Lime Company Limited *ZMW'000*	Investrust Bank Plc *ZMW'000*	Misenge Environmental and Technical Services Limited *ZMW'000*	Nkandabwe Coal Mine Limited *ZMW'000*	Consolidation Adjustments *ZMW'000*	Consolidated *ZMW'000*
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	(2,691,582)	2,108,764
Total liabilities	2,951,998	1,128,482	939,625	20,400	38,404	(2,691,582)	2,387,327
Cashflows from operating activities	(69,732)	45,242	(133,229)	21	55	(81,966)	(239,609)
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.

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 Revenue from contracts with customers

	31 Dec 2019	31 Mar 2019
Sales of goods transferred at a point in time	59,593	74,280
Services transferred over time	2,839	2,390
	62,432	76,670

8 Investment Income/(expenses)

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Dividends receivable	-	-	122,536	133,323
Interest income	48,364	117,650	48,627	47,301
Investment income	48,364	117,650	171,163	180,624
Interest expenses	(305)	(49,592)	-	-
Net investment income	48,059	68,058	171,163	180,624

9 Other income/(expenses)

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Management fee income	-	565	-	565
Fees and commissions	-	36,135	-	-
Profit on forex trading	-	7,695	-	-
Fair value adjustment- investment property (note 19)	10,331	11,807	10,331	13,503
Rental income	7,088	4,880	7,254	5,060
Gain on disposal of property, plant and equipment	-	759	-	759
Reversal of impairment of receivables (note 39 iii)	11,425	24,412	11,425	74
Provision for environmental rehabilitation	55,541	(1,633)	55,885	(1,633)
Reversal of borrowings (Note 32) (i)	53,639	-	-	-
Sundry income (ii)	1,042	4,310	298	4,394
	139,066	88,930	85,193	22,722

(i) *Reversal of borrowings*
Reversal of borrowings relates to Kariba Minerals Limited's shareholder loan forgiven at acquisition of the additional 50% interest.

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

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

10 Net impairment losses on financial assets

Movements on the provision for impairment of loans and receivables are as follows:

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Balance at 1 Jan/April	1,284,875	864,295	1,526,983	1,154,040
Acquisition of subsidiary	383	240,186	-	-
Impairment recognised	129,541	204,806	130,974	373,017
Recovery (note 9)	(11,425)	(24,412)	(11,425)	(74)
Reclassified to assets held for sale	(219,845)	-	-	-
Conversion to equity of Kariba loans	(12,418)	-	(12,418)	-
Balance at 31 Dec/March	1,171,111	1,284,875	1,634,114	1,526,983

11 Administration expenses

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Depreciation and amortisation (note 17,18)	8,570	22,605	7,065	8,888
Auditors' remuneration	2,383	2,111	1,481	1,286
Personnel expenses (note 12)	108,791	160,050	58,486	68,709
Environmental consultancy expenses	-	243	5,108	6,668
Goodwill impairment	-	143,117	-	-
Penalties and interest on statutory obligations	83,115	100,967	-	-
Other administration expenses ((i) below)	19,087	148,539	35,991	64,354
Loss on disposal of property, plant & equipment	440	-	155	-
	222,386	577,632	108,286	149,905

*Staff costs and depreciation recognised as cost of sales amounted to ZMW24 million (March 2019: ZMW14 million) and ZMW3 million (March 2019: ZMW5 million) respectively.

(i) *Other administration expenses*

Other administrative expenses mainly include investment expenses ZMW7.01million (March 2019: ZMW7.03 million, exploration expenses ZMW7.2million (March 2019: ZMW5.5 million), mineral royalty tax ZMW 2.8 million (March 2019: ZMW 3.7 million).

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

12 Personnel expenses

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Salaries and wages	105,657	156,719	55,547	66,361
Retirement benefit costs:				
Defined benefit scheme (note 34)	1,743	947	1,743	947
Mukuba Pension Scheme	526	808	526	578
African Life Financial Services	-	173	-	-
National Social Security Funds	865	1,403	670	823
	108,791	160,050	58,486	68,709

13 Finance income and finance costs

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Fair value adjustment of financial asset at fair value through profit or loss (note 23)	-	(336,082)	-	(336,082)
Exchange differences*	(1,967)	(68,082)	(3,212)	(25,325)
Unwinding of discount on site restoration	(29,307)	(1,040)	-	-
Finance costs	(31,274)	(405,204)	(3,212)	(361,407)
Interest income from price participation (note 25)	283	10,864	283	10,864
Interest income from related parties	22,230	38,525	22,230	38,525
Exchange differences	147,835	361,644	139,204	361,644
Finance income	170,348	411,033	161,717	411,033
Net finance income recognised in profit or loss	139,074	5,829	158,505	49,626

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

14 Income tax (expenses)/credit

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Amounts recognised in profit or loss:				
Current tax	(897)	(15,365)	(830)	(15,328)
Deferred tax charge (note 33)	(21,974)	64,470	(21,336)	177,754
Income tax expense	(22,871)	49,105	(22,166)	162,426

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	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 201
Profit/(loss) before income tax	404,037	398,758	175,601	(269,950)
Less: share of profit from equity accounted associates	(420,348)	(973,213)	-	-
	(16,311)	(574,455)	175,601	(269,950)
Tax calculated at rates applicable to profits @ 35% Tax effect of:	(5,709)	(201,059)	61,460	(94,482)
Non-deductible expenses	73,827	39,357	5,953	(32,830)
Income taxed at a lower rate*	(44,701)	(34,650)	(44,701)	(34,644)
Over recognition in prior years	(546)	(21,693)	(546)	(470)
Unrecognised deferred tax losses	-	168,940	-	-
	22,871	(49,105)	22,166	(162,426)

* 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	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Opening balance 1 April	177,114	222,837	218,650	226,298
Acquisition of subsidiary	(209)	(44,847)	-	-
Charge for the year	897	15,365	830	15,328
Tax paid	(9,115)	(16,241)	(5,272)	(22,976)
Classified to assets held for sale (Note 19)	41,217	-	-	-
Closing balance	209,904	177,114	214,208	218,650

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

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)

	31 Dec 2019	31 Mar 2019
Group		
Profit attributable to owners of the Company	307,187	447,863
Company		
Profit/(loss) attributable to ordinary shareholders	153,435	(107,524)

ii) Weighted average number of shares (basic)

	31 Dec 2019	31 Mar 2019
Opening balance at 1 April	160,800	160,800
Closing balance	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.

(b) Diluted earnings per share

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

16 Dividends per share

A dividend of ZMW 0.33 per share was declared during the period (March 2019: ZMW 0.33 per share).

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

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 2018	79,266	322,352	186,303	73,592	557,750	1,219,263
Acquisition of subsidiary	27,973	9,772	-	1,288	3,881	42,914
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	116,869	335,902	186,303	81,641	563,295	1,284,010
Balance at 1 April 2019	116,869	335,902	186,303	81,641	563,295	1,284,010
Acquisition of subsidiary	320	9,093	-	535	-	9,948
Additions	27,259	3,838	-	9,249	116,095	156,441
Transfers	429	(814)	1,226	-	(841)	-
Transfer to Intangible assets	-	-	-	-	(5,209)	(5,209)
Disposal	(286)	-	-	(3,130)	-	(3,416)
Revaluation	16,706	847	-	(200)	-	17,353
Classified to Assets held for sale	(54,232)	(14,915)	-	(1,288)	(1,886)	(72,321)
Balance at 31 December 2019	107,065	333,951	187,529	86,807	671,454	1,386,806
Accumulated depreciation and impairment losses						
Balance at 1 April 2018	5,495	291,642	181,461	61,296	536,205	1,076,099
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	8,154	302,938	183,033	66,412	536,205	1,096,742
Balance at 1 April 2019	8,154	302,938	183,033	66,412	536,205	1,096,742
Charge for the year	12,211	5,276	259	6,668	-	24,414
Eliminated on revaluation	(218)	(6,292)	-	(2,392)	-	(8,902)
Disposal	-	-		(2,692)	-	(2,692)
Impairment	-	-	-	-	11	11
Classified to Assets held for sale	(14,102)	(6,717)	-	(1,073)	-	(21,892)
Balance at 31 December 2019	6,045	295,205	183,292	66,923	536,216	1,087,681
Carrying amounts						
Non-current	83,079	23,045	-	18,276	116,312	240,712
Current	17,941	15,701	4,237	1,608	18,926	58,413
Balance at 31 December 2019	101,020	38,746	4,237	19,884	135,238	299,125
Balance at 31 March 2019	108,715	32,964	3,270	15,229	27,090	187,268

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. Kariba Minerals leasehold property, mining plant and fixtures, fittings and equipment were revalued as at 31 December 2019 by an independent registered valuations surveyor, Premier Reality Consultants Limited on the basis of an open market value. The carrying values of the properties were adjusted to their revalued amounts and the resultant surplus net of deferred income tax was credited to the revaluation surplus in shareholders' equity. The carrying values of property, plant and equipment approximates to their fair values. Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value. Fair value measurement for property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation methods and assumptions

Valuation technique	Significant unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
The valuation technique used is the direct comparison method. This valuation method involves comparing the subject property to similar properties that have recently been sold, which are referred to as comparable sales. The comparable sales are adjusted for the physical condition of property, location and other economic conditions associated with the property.	Unobservable inputs such as price changes, condition of the property, void period and occupancy rate were assumed to be constant.	The estimated fair value would increase or decrease if there is a change in the unobservable inputs.

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

The carrying amounts of property would have been ZMW55.1 million (March 2019: ZMW53.13 million) had it been measured using the cost model.

Leased plant and equipment
The Group did not have any assets under lease as at 31 December 2019 (March 2019: nil).

Borrowing costs
There were no borrowing costs included in property, plant and equipment during the period (March 2019: 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 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
Balance at 1 April 2019	66,411	15,234	25,519	2,171	109,335
Additions	208	715	5,142	3,612	9,677
Transfers	429	412	-	(841)	-
Transfer to Intangible assets				(70)	(70)
Disposal	-	-	(2,561)	-	(2,561)
Balance at 31 December 2019	67,048	16,361	28,100	4,872	116,381
Accumulated depreciation and impairment losses					
Balance at 1 April 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
Balance at 1 April 2019	256	9,318	12,955	987	23,516
Charge for the period	953	2,075	3,805	-	6,833
Disposal	-	-	(2,407)	-	(2,407)
Balance at 31 December 2019	1,209	11,393	14,353	987	27,942
Carrying amount					
Balance at 31 December 2019	65,839	4,968	13,747	3,885	88,439
Balance at 31 March 2019	66,155	5,916	12,564	1,184	85,819

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 approximates their fair values. Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.

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

The carrying amounts of property would have been ZMW45.7 million (March 2019: ZMW46.5 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 2018	2,468	2,120
Acquisition of subsidiary	9,028	-
Additions	1,635	535
Balance at 31 March 2019	13,131	2,655
Transfer from fixed assets (note 17)	5,209	-
Additions	427	139
Transfer from work in progress (note 17)	-	70
Impairment	(1,100)	-
Classified to assets held for sale (note 20)	(14,455)	-
Balance at 31 March 2019	3,212	2,864
Amortisation		
Balance at 1 April 2018	2,101	1,753
Amortisation (Note 11)	2,498	231
Balance at 31 March 2019	4,599	1,984
Amortisation (Note 11)	3,081	232
Classified to assets held for sale (note 20)	(5,116)	-
Balance at 31 December 2019	2,564	2,216
Carrying amount		
Balance at 31 December 2019	648	648
Balance at 31 March 2019	8,532	671

19 Investment property

(a) Reconciliation of carrying amounts

	Group		Company	
	31 Dec 2019	31 March 2019	31 Dec 2019	31 March 2019
Balance at 1 April	251,230	64,473	157,606	64,473
Acquisition of subsidiary	-	95,320	-	-
Additions	33	79,630	33	79,630
Change in fair value (Note 9)	10,331	11,807	10,331	13,503
Change in fair value (Note 20) *	(1,180)	-	-	-
Classified to assets held for sale (note 20)	(92,444)	-	-	-
Closing balance	167,970	251,230	167,970	157,606

** Fair value change disclosed under discontinued operations.*

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. 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 ZMW7.09 million (March 2019: ZMW 4.88 million) at Group level have been included in other income (see note 9). Maintenance expenses incurred during the period were ZMW 1.6 million (March 2019: ZMW 2.2 million).

Fair value hierarchy

The fair value of investment property for the Company was determined, as at 31 December 2019 by Mark Associates Valuation Consultants and 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 168 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 42 (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 Assets held for sale

a) Description

In April 2019, the Board of ZCCM Investments Holdings PLC granted Management approval to commit to a plan to sell the investments in Investrust Bank Plc and Mushe Milling Company Limited to its holding Company, the Industrial Development Corporation (IDC) through the Group Restructuring and Rationalization initiative. The objective of the Group Restructuring is to rationalize the overall group portfolio that will result in a higher efficiency in managing assets.

The Group Restructuring will involve ZCCM-IH swapping its stake in Investrust Bank Plc and Mushe Milling Limited ("MML") for IDC's stake in Kagem Mining Limited. This is because IDC has stronger competencies in overseeing banking and milling assets while the mining expertise in investment management lies with ZCCM-IH. Investments in MML was acquired on 30th September 2019 with a view to disposing off jointly with Investment Bank PLC.

Efforts to sell the disposal group have started and a sale is expected by June 2021.

The fair value and net assets of the investments to be disposed of are as follows:

	Group		Company
	Assets	Liabilities	Fair value
Investrust Bank Plc (note (c) below)	1,083,437	(1,191,270)	343,214
Mushe Milling Company Limited	43,896	-	43,896
Total	1,127,333	(1,191,270)	387,110

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for nine-month period ended 31 December 2019.

	31 Dec	31 March
Revenue	95,234	78,941
Other income	31,381	66,352
Cost of sales and expenses	(200,294)	(199,931)
Loss before income tax	(73,979)	(54,638)
Income tax credit	-	(51,138)
Loss for the period	(73,979)	(105,776)
Non-controlling interest	**(21,158)**	**(30,252)**
Net cash outflow from operating activities	(361,112)	(133,229)
Net cash outflow from investing activities	(1,528)	(3,937)
Net cash inflow/(outflow)from financing activities	284,898	(2,954)
Net cash outflow by the subsidiary	(77,742)	(140,120)

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

20 Assets held for sale *(continued)*

c) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to Investrust Bank Plc as at 31 December 2019;

	31 Dec	31 March
Assets classified as held for sale		
Property, plant and equipment	50,429	36,774
Intangible assets	9,339	7,861
Investment property	92,444	93,624
Financial assets at fair value through profit or loss	584	584
Trade and other receivables	322,773	302,800
Term deposits	402,157	140,831
Inventories	49,897	49,330
Other assets	44,126	40,318
Cash and cash equivalents (note 27)	111,688	47,316
Total assets of disposal group held for sale	1,083,437	719,438
Liabilities directly associated with assets classified as held for sale		
Liabilities directly associated with assets classified as held for sale		
Borrowings	-	(1,086)
Trade and other payables	(1,091,602)	(938,539)
Preference shares	(99,668)	(99,668)
Total liabilities directly associated with assets classified as held for sale	(1,191,270)	(1,039,293)
Net assets/(liabilities) held for sale	(107,833)	(319,855)
Accumulated non-controlling Interest	(23,226)	(2,068)

Investrust Bank Plc's going concern

The Bank recorded a loss after tax of ZMW74 million for the period ended 31 December 2019 (2018: ZMW106 million). As at that date, the Bank was in net liability position of ZMW108 million (2018: K220 million). In addition, as at 31 December 2019, the Bank had a shortfall in meeting the minimum regulatory capital amount of ZMW104 million by ZMW39 million (2018: ZMW196 million).

The Bank will be negatively affected by the Covid 19 pandemic. This will impact the Bank's fee and commission income, the interest from loans and advances and the level of recoveries on loans. The Bank will invest in infrastructure to improve overall efficiency.

The past few years have been underlined by tough economic conditions such as relatively high interest rates, depreciation of the local currency, recently rising inflation, high fuel prices, poor electricity generation, poor agricultural output, downgrade in Zambia's long term issuer rating and liquidity constraints on the market largely due to the austerity measures announced by the Government to gradually condense the fiscal deficit and maintain a sustainable debt position. These challenges may adversely impact the overall quality of the loan portfolio, deposit mobilisation and operating costs.

Over the next twelve months and beyond, the Bank will continue to look outward, focusing on putting in place longterm measures that will ensure the Bank fulfils its potential.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

20 Assets held for sale *(continued)*

Investrust Bank Plc's going concern *(continued)*

The directors have assessed the ability of the Bank to continue operating as a going concern by considering the following matters:

Liquidity/Profitability

The Bank has continued to manage its liquid resources prudently and as at year end, the Bank maintained positive cash and cash equivalents balances of ZMW132 million (2018: ZMW211 million). The Bank's cash flow forecast for the 12 months to 31 December 2021 indicates that the liquidity gap will be covered mainly by:

- the capital injection from the shareholders
- a potential external investor which has been guaranteed by IDC in the event of failure to commit by the potential investor,
- increase in deposit base; and
- continued recoveries of non-performing loans and advances from customers.

Subsequent to 31 December 2019, the Bank has operated without additional loans and borrowings from lenders. The Bank has complied with the terms and conditions of borrowings and balances due to other banks. Additionally, the balance owed to the EIB amounting to ZMW1.065 million as at 31 December 2019, has been repaid subsequent to the year end. The Bank has also met all its other obligations during the normal course of business.

Capital adequacy

The Bank had a shortfall of ZMW39 million in meeting its minimum regulatory capital of ZMW104 million as at 31 December 2019. Subsequent to 31 December 2019, the Meanwood Financial Services subscription for the non-cumulative, redeemable, non-voting preference shares of ZMW1.00 par value each at a subscription price of ZMW5,000 each with a term to maturity of 20 years was cancelled. The impact of the cancellation of this transaction is a reduction in the shareholders capital by ZMW100,122,000 with a consequent reduction in Tier 1 Capital after 31 December 2020.

Due to the critical need to recapitalize the Bank, the board of directors have continued to engage the shareholders on the following fronts:

- In 2019, ZCCM-IH (the Bank's largest shareholder) and the Bank signed a share subscription agreement for a Share Programme of ZMW400 million, which has received a 'no objection' from the Bank of Zambia and this is now pending the approval of other regulators for the allotment of the shares. The Bank received a total of K286 million from ZCCM-IH during the year ended 31 December 2019. ZMW100 million of the total funds received comprised a term deposit placement, which was converted to equity with the balance being cash. The Bank is expected to receive an additional ZMW114 million from the minority shareholders and issue new shares via a Rights issue following the approval by the Bank's shareholders in June 2020.

- The Bank obtained a letter of support and capital commitment from its ultimate parent, the Industrial Development Corporation (IDC) stating that it will provide assistance to the Bank in sourcing financing through a long-term loan facility and any other assistance as may be required to ensure that the Bank meets its obligations and maintains its capital and liquidity levels to enable it to continue as a going concern. The IDC is currently pursuing a ZMW200 mmillion capital intervention program to support the Bank's capital position and restore market confidence.

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

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

20 Assets held for sale *(continued)*

The Bank's intervention has been structured as follows:

(i) The capitalization will be by way of a long-term note instrument.
(ii) The instrument will have a ten (10) year maturity period.
(iii) The instrument will have a five (5) moratorium on principal repayments.
(iv) The instrument will pay a quarterly coupon that will be indexed against prevailing interest on Government Securities of a similar profile.
(v) The notes will be secured by Government Securities to the extent of 70%, while 30% of the value of the outstanding notes will be secured by a Parent Company Guarantee from IDC. The IDC will underwrite up to 30% of the borrowing of K200million to strengthen the Bank's balance sheet, increase the loans/borrowing base and enhance the overall efficiencies.
(vi) The IDC has further made a commitment that, in the event of failure to commit by the key stakeholders, the IDC will inject capital into the Bank to the extent of the shortfall by 30 June 2021. The cash flow and profit/loss forecasts for the 12 months to 31 December 2021 have been prepared on this basis.

The structure of the subject long-term note instrument has been carefully considered to meet Tier II qualification as per the Banking & Financial Services Act. Further, despite not meeting the minimum regulatory capital requirements, the Bank obtained, on 10 February 2021, an exemption from Bank of Zambia allowing it to continue in operation, provided that the expected capital injections are made into the Bank on or before 30 June 2021.

Accordingly, the financial statements of the Bank, presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. However, should the additional capital not be raised to cover the current and expected future regulatory capital deficits, a material uncertainty exists over the Bank's ability to continue as a going concern.

21 Investment in subsidiaries

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

December 2019

Company	Country of incorporation	Held % Interest	Opening carrying amount	Addition	Change in fair value	Closing carrying amount
Ndola Lime Company Limited	Zambia	*100*	-	-	-	-
Misenge Environmental and Technical Services	Zambia	*100*	-	-	-	-
Nkandabwe Coal Mines Limited (ii)	Zambia	*100*	-	-	-	-
Kariba Minerals Limited (iv)	Zambia	*100*	-	32,814	-	32,814
Kabundi Resources Limited (v)	Zambia	*100*	-	4,107	-	4,107
Limestone Resources Limited (vi)	Zambia	*100*		110,396	-	110,396
Total balance			-	147,317	-	147,317

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

21 Investment in subsidiaries *(continued)*

March 2019

Company	Country of incorporation	Held % Interest	Opening carrying amount	Addi-tion	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

(i) *Investrust Bank Plc*

During the period to 31 December 2019, ZCCM-IH invested ZMW286 million in Investrust Bank Plc aimed at recapitalising the bank. The amount was invested as equity awaiting allotment of shares as at 31 December 2019. The investment will improve the operations of the bank and strengthen its competitive position.

(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 December 2019, the company was in the process of being wound up.

(iii) *Mushe Milling Company Limited*

On 30th September 2019, ZCCM-IH acquired 100% stake in Mushe Milling Company Limited. Mushe Milling Company Limited is a milling company that manufactures and sales mealie meal throughout the country.

(iv) *Kariba Minerals Limited*

On 30th June 2019, ZCCM-IH acquired additional 50% stake in Kariba Minerals Limited which resulted in ZCCM-IH owning 100% of Kariba minerals effective 30th June 2019.

(v) *Kabundi Resources Limited (KRL)*

On 8th May 2019, ZCCM-IH incorporated a wholly owned subsidiary Kabundi Resources Limited. KRL is a mining operating company whose main activities include mining of manganese and other non – ferrous metals. During the period under review, ZCCM-IH, invested ZMW4.1 million in KRL as equity towards KRL's commencements of operations, however, KRL was yet to commence its operations as at 31 December 2019.

(vi) *Limestone Resources Limited (LRL)*

During the period to 31 December 2019, ZCCM-IH incorporated a wholly owned subsidiary Limestone Resources Limited. LRL, will take over the assets of Ndola Lime Company Limited and its principal activities will include mining and manufacturing of limestone and limestone products.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

21 Investment in subsidiaries *(continued)*

(a) Reconciliation of carrying amounts

	Company	
	31 Dec 2019	31 March 2019
Balance at 1 April	69,987	69,987
Additions	477,213	-
Change in fair value	(12,773)	-
Transfer to assets held for sale (note 20)	(387,110)	-
Closing Balance	147,317	69,987

***Cash and cash equivalents reconciliation:**

Transfer to assets held for sale (note 20)	387,110
Add fair value change	12,773
Less opening balance	(69,987)
	329,896

(b) Measurement of fair value

Valuation technique and significant unobservable inputs

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

Subsidiary	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Ndola Lime Company Limited, Nkandabwe Coal Mine Limited Misenge Environmental and Technical Services. Kariba Minerals Limited Kabundi Resources Limited Limestone Resources Limited	Discounted cash flows: It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows 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 (Dec 2019: 39%, March 2019: 39%). • Equity to total capitalisation (Dec 2019:61%, March 2019: 61%) • Cost of debt Cost of debt (Dec 2019: 12.3%, March 2019: 12.8%) Effective tax rate (Dec 2019:35 %, March 2019: 35%) After tax cost of debt (Dec 2019:8%, March 2019: 8.3%) • Cost of equity Risk free rate (2019:1.9 %, March 2019: 4.4%) Market risk premium (Dec 2019:19.4 %, March 2019:18.5%) Levered beta (Dec 2019: 1.9%, March 2019: 0.71). • Mineral Royalty tax is assumed at 7.5%.	The estimated fair value would increase (decrease) if: • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/ (lower). • Coal/limestone/ manganese sales prices (increase)/ decrease. • Capital Expenditure (increase)/ decrease

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

21 Investment in subsidiaries *(continued)*

(b) Measurement of fair value (continued)

Valuation technique and significant unobservable inputs

Kariba Minerals Limited, Kabundi Resources Limited and Limestone Resources Limited
Investments in these entities have been measured at fair value as follows

Company investments in subsidiaries analysis	Fair value - ZMW
Kariba Minerals Limited	32,814
Kabundi Resources Limited	4,107
Limestone Resources Limited	110,396
Total	**147,317**

Fair value hierarchy

The fair value measurement for the Company's investment in subsidiaries of ZMW147.32 million has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

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

December 2019	Level 2	Level 3	Total
Balance at 1 April	69,987	-	69,987
Additions	-	147,317	147,317
Change in fair value	(12,773)	-	(12,773)
Transfer to assets held for sale (note 20)	(57,214)	-	(57,214)
Balance at 31 December	-	147,317	147,317
March 2019			
Balance at 1 April	69,987	-	69,987
Balance at 31 March	69,987	-	69,987

(c) Acquisition of subsidiary (Group)

On 30th June 2019, the Group increased its stake in Kariba Minerals Limited (Kariba) to 100% from the 50% previously owned to command a controlling interest in the company.

For the nine month period to 31 December 2019 Kariba contributed revenue and profit of ZMW4.2 million and ZMW48.6 million respectively.

Consideration transferred

The summary of the consideration is as detailed below;

Entity	Consideration - ZMW
Kariba Minerals Limited	32,814

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

21 Investment in subsidiaries *(continued)*

(d) 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	Kariba
Property, plant and equipment	17	9,948
Deferred tax assets	33	3,730
Inventories	24	4,484
Trade and other receivables	25	4,167
Cash and cash equivalents	27	571
Loans and borrowings	32	(53,637)
Trade and other payables	28	(56,287)
Total identifiable net assets acquired		(87,024)

Measurement of fair values

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

(e) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Kariba
Consideration	32,814
Fair value of identifiable net assets	(87,024)
Goodwill*	119,818

Goodwill is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Kariba Minerals' workforce and expected cost synergies.

22 Investment in associates

(a) Reconciliation of carrying amounts

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Balance at 1 April	10,276,405	7,355,864	9,703,369	4,694,323
Share of profit of equity accounted associates	420,348	973,213	-	-
Share of OCI	3,987	5	-	-
Dividend received	(122,536)	(133,323)	-	-
Additions*	-	146,634	32,814	146,634
Reclassification to subsidiary (note 20)	-	(69,987)	(32,814)	(69,987)
Change in fair value	-	-	1,043,449	4,932,399
Currency translation adjustment	1,276,863	2,003,999	-	-
	11,855,067	10,276,405	10,746,818	9,703,369

22 Investment in associates *(continued)*

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

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 ZMW1,043,449 is mainly due to the increase in fair value of Kansanshi Mining Plc and Maamba Collieries Limited.

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	US$
Kansanshi Mining Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	7,936	US$
Copperbelt Energy Corporation Plc	Strategic way of promoting Zambian participation in the power and energy sector	Zambia	24.1%	490	US$
CEC Africa Investments Limited	Diversification of investments in energy sector	Mauritius	20%	62	US$
CNMC Luanshya	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	Nil	US$
Maamba Collieries Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	35%	2,239	US$
Lubambe Copper Mines Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	Nil	US$
Rembrandt Properties Limited	Diversification of investments in real estate	Zambia	49%	20	US$

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.

Many of the investee companies have United States Dollars (US$) 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

22 Investment in associates *(continued)*

(b) Investment in associates' analysis

Group
Summary of financial information for material equity accounted investees

Dec 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%	4,096,454	23,226,727	(12,544,693)	(17,855,014)	(3,076,526)	5,571,966	(1,264,576)	-	(260,503)	-
Kansanshi Mining Plc	31-Dec	Zambia	20.0%	20,917,253	39,411,627	(2,871,759)	(8,489,594)	48,967,527	15,438,188	1,082,289	216,458	-	9,793,505
Copperbelt Energy Corporation Plc	31-Dec	Zambia	24.1%	2,551,382	6,384,064	(1,749,811)	(2,251,627)	4,934,008	4,101,923	(26,896)	(6,482)	-	1,189,096
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.0%	1,999,742	3,360,055	(2,823,526)	(2,765,455)	(229,184)	2,992,914	274,912	-	54,982	-
Maamba Collieries Limited	31-Mar	Zambia	35.0%	3,947,705	7,799,673	(2,039,531)	(7,273,710)	2,434,137	2,140,067	601,062	210,372	-	851,948
Lubambe Copper Mines Limited	31-Dec	Zambia	20.0%	723,710	3,142,860	(1,129,145)	(12,312,566)	(9,575,141)	997,115	(871,678)	-	(174,336)	-
CEC Africa	31-Dec	Mauritius	20.0%	2,722,167	5,980,598	(11,910,281)	(1,294,222)	(4,501,738)	2,758,075	(2,180,998)	-	(436,200)	-
Rembrandt Properties Limited	31-Dec	Zambia	49.0%	3,677	44,133	(5,936)	-	41,874	-	-	-		20,518
Totals				36,962,090	89,349,737	(35,074,682)	(52,242,188)	38,994,957	34,000,248	(2,385,885)	420,348	(816,057)	11,855,067

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, Lubambe Copper Mines Limited and CEC Africa Investments Limited as at 31 December 2019. There was no profit or loss from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22 Investment in associates' analysis *(continued)*

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

Group

Summary of financial information for material equity accounted investees

March 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	31-Dec	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	Mauri-tius	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

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

22 Investment in associates *(continued)*

(b) Investments in associates' analysis

Company

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

		% Interest	31 Dec 2019	% Interest	31 March 2019
Copperbelt Energy Corporation Plc	c(i)		489,744	24.1	587,693
CEC Africa Investments Limited	c(ii)		61,750	20.0	65,000
Kansanshi Mining Plc	c(iii)		7,936,000	20.0	7,171,377
Konkola Copper Mines Plc	c(iv)		-	20.6	-
Lubambe Copper Mine Limited	c(v)		-	20.0	-
Maamba Collieries Limited	c(vi)		2,239,000	35.0	1,858,975
CNMC Luanshya Copper Mines Plc	c(viii)		-	20.0	-
Rembrandt Properties Limited			20,324	49.0	20,324
			10,746,818		9,703,369

(c) 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 ZMW 9.7 billion in March 2019 to ZMW10.75 billion in December 2019.

The fair value measurement for the Company's investment in associates of ZMW10.2 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, ZMW490 million and ZMW62 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 it to be classified as a level 1 fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22 Investment in associates *(continued)*

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

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

December 2019	Level 2	Level 3	Total
Balance at 1 April	652,692	9,050,677	9,703,369
Change in fair value	(101,198)	1,144,647	1,043,449
Balance at 31 December	551,494	10,195,324	10,746,818
March 2019			
Balance at 1 April	797,543	3,896,780	4,694,323
Additions	126,310	20,324	146,634
Reclassification to subsidiary (note 21)	(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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22 Investment in associates *(continued)*

(c) Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in 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 flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	▪ *Target capital structure* Debt to total capitalisation (Dec 2019:14.3%, March 2019:23.6%). ▪ *Equity to total capitalisation* (Dec 2019:85.7%, March 2019:76.4%) ▪ *Cost of debt* Cost of debt (Dec 2019: 12.3%, March 2019: 12.8%) Effective tax rate (Dec 2019: 30%, March 2019: 30%) After tax cost of debt (Dec 2019: 8.6%, March 2019: 9%) ▪ *Cost of equity* Risk free rate (Dec 2019:1.9%, March 2019: 2.4%) Market risk premium (Dec 2019: 19.4%, March 2019: 18.5%) Levered beta (Dec 2019: 0.72, March 2019: 0.64). ▪ 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. - It is assumed that 100% of gold produced is exported and attracts an export levy of 15% - Projected annual capex of US$75 million from FY21P to FY35P, reducing to US$50 million from FY36P to FY40P and US$25 thereafter. - Projected copper production of 230Kilo Tonnes in FY20P and this is expected to steadily decline to 50 kilo tonnes in FY42P. - Copper price was estimated at US$6,349 per tonne in 2020 increasing to US$6,393 per tonne in 2023 and thereafter US$6,548 per tonne. Life of mine was estimated to be 23 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

22 Investment in associates *(continued)*

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

Valuation technique and significant unobservable inputs

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

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 flows 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 (Dec 2019: 39%, March 2019: 39%). ▪ *Equity to total capitalisation* (Dec 2019:61%, March 2019: 61%) ▪ *Cost of debt* Cost of debt (Dec 2019: 12.3%, March 2019: 12.8%) Effective tax rate (Dec 2019:35 %, March 2019: 35%) After tax cost of debt (Dec 2019:8%, March 2019: 8.3%) ▪ *Cost of equity* Risk free rate (2019:1.9 %, March 2019: 4.4%) Market risk premium (Dec 2019:19.4 %, March 2019:18.5%) Levered beta (Dec 2019: 1.9%, March 2019: 0.71). ▪ *The assumptions considered were as follows:* - PPA is valid until 2036 - The MRT is projected at 5% throughout the forecast period - Plant Availability is assumed to be 90% - Projected to produce an annual average of 1.9 million MWH - Projected to mine an annual average of 184,000 tonnes of high-grade coal - Projected to mine an annual average of 1.5 million tonnes 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

22 Investment in associates *(continued)*

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

(i) Copperbelt Energy Corporation Plc (CEC)

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

	Mark to market	
	31 Dec 2019	31 March 2019
Details		
Spot price per share at 31 December (March) (ZMW)	1.25	1.5
Number of issued shares owned	391,795,562	391,795,562
Market value	489,744	587,693

(ii) CEC Africa Investments Limited

CEC Africa Investments Limited (CECA) is 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	
	31 Dec 2019	31 March 2019
Spot price per share at 31 December (March) (ZMW)	0.19	0.2
Number of issued shares owned	325,000,000	325,000,000
Market value	61,750	65,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22 Investment in associates *(continued)*

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

Equity value and sensitivity analysis for investment in associates

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

(iii) 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:

Dec 2019

	Equity Value Sensitivity Analysis					
		Long-Term Average Copper Price (US$/lb)				
		2.67	2.28	2.97	3.12	3.27
WACC	**9.8%**	7,390,000	7,811,000	8,449,000	9,087,000	9,585,000
	12.3%	7,342,000	7,721,000	8,309,000	8,897,000	9,337,000
	14.8%	7,465,000	7,822,000	**7,936,000**	8,962,000	9,368,000
	17.3%	7,611,000	7,954,000	8,518,000	9,081,000	9,463,000
	19.8%	7,634,000	7,961,000	8,510,000	9,059,000	9,418,000

March 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 ZMW7,954 million (March 2019: ZMW6,679 million) to ZMW8,897 million (March 2019: ZMW7,974 million) with the calculated equity value being ZMW7,936 million (March 2019: ZMW7,171 million).

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

22 Investment in associates *(continued)*

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

(iv) Konkola Copper Mines Plc (KCM)

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (March 2019: nil).

(v) 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) (March 2019: nil).

(vi) 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:

Dec 2019

		MRT AND ERB FEES				
		10%	7.2%	5.7%	4.2%	5.0%
WACC	7.4%	3,807,000	3,925,000	4,122,000	4,319,000	4,404,000
	9.9%	2,976,000	3,081,000	3,259,000	3,437,000	3,514,000
	12.4%	2,032,000	2,110,000	**2,239,000**	2,368,000	2,422,000
	14.9%	860,000	892,000	933,000	973,000	984,000
	17.4%	419,000	444,000	473,000	501,000	507,000

March 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

The equity value ranges from ZMW892 million (March 2019: ZMW1,491 million) to ZMW3,437 million (March 2019: ZMW 2,321 million) with the calculated equity value being K2,239 million (March 2019: K1,859 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22 Investment in associates *(continued)*

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

(vi) Maamba Collieries Limited *(continued)*

As at 31 December 2019, Maamba Collieries Limited (MCL) Project Finance loan facilities amounted to US$413 million. These facilities are subject to financial and other loan covenants in accordance with the Common Terms Agreement (CTA). During the period MCL, was in breach of a significant clause "events of default" as defined by the loan agreement with the lenders. Maamba Collieries breached the loan covenants twice in 2019. Maamba was required to repay the loans on 25 March 2019 of US$ 50,121,479 (principal and interest). Maamba managed to settle the loan repayment on 28 March 2019 of USD 50,121,479. Maamba was required to repay USD 48,320,675 on 25 September 2019 (principal and interest). Maamba managed to make the payment on 3 October 2019. In both instances, Maamba managed to cure the breaches within 5 days as stipulated in the Common Terms agreement section 10 paragraph 24.

Maamba had not paid the lenders the amount due on 25 March 2020 of USD 45,576,560. The conditions of the loan agreement provide the lenders the ability to recall the loans in the event of a breach, hence the loan would be payable on demand. By 31 March 2020 the lenders did not provide a waiver letter in respect to the material breach, however the lenders provided a reservation of rights letter on 25 March 2020.

Management do not believe that a material uncertainty exists for the following reasons:

- The MCL obtained Insurance cover on some of the Project Finance loans at the commencement of the project. In the unlikely event of the Company's default on payments, the impact on the Company's cash flows should the lenders call in the insurance claim will be reduced significantly, as the Insurance Company would pay the specified amounts as per the provisions of the insurance policy.

- The Government of the Republic of Zambia issued a sovereign guarantee for the Project Finance loans. In the unlikely event of the Company's default on payments, the impact on the Company's cash flows should the lenders call for immediate repayment will be reduced significantly, as the Government of Zambia would pay the specified amounts as per the provisions of the Guarantee.

- Subsequent to year-end, the Company has commenced good faith negotiations with ZESCO in order to reach a settlement arrangement. Management are confident that an acceptable arrangement will be agreed upon between the Company and ZESCO.

- The company does not believe that there will be a withdrawal of financial support from the lenders and shareholders. Continued financial support has been provided by all stakeholders.

- The lenders have not yet demanded for immediate repayment of the loans. Management do not believe that the lenders will demand for immediate repayment of the loans at this point, as discussions are currently underway on how the loans may be restructured as demonstrated above.

  Accordingly, the financial statements of MCL, are prepared on the basis of accounting applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

22 Investment in associates *(continued)*

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

(vii) CNMC Luanshya Copper Mines Plc

The equity value of CNMC Luanshya Copper Mines Plc is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (March 2019: nil).

23 Financial assets at fair value through profit or loss

(a) Reconciliation of carrying amounts

	Group	
	31 Dec 2019	31 Mar 2019
Balance at 1 April	584	336,082
Changes in fair value	-	(336,082)
Acquisition of subsidiary	-	584
Classified to assets held for sale (note 20)	(584)	-
	-	584

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

		Group	
		31 Dec 2019	31 Mar 2019
Unlisted equities – at fair value			
- Equity securities in Zambia		584	584
Mopani Copper Mines Plc	b(i)	-	-
Chibuluma Mines Plc	b(ii)	-	-
Chambishi Metals PLC	b(iii)	-	-
NFC Africa Mine PLC	b(iv)	-	-
Prima Reinsurance Zambia Plc	b(v)	-	370
Swift International Share Subscription	b(vi)	-	127
Zambia Electronic Clearing House Limited	b(vii)	-	87
		-	584

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

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

(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 measurement for the Company's investments of ZMW 0.584 million (March 2019: ZMW0.584 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Level 2 and 3 fair value

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

Dec 2019	Level 2	Level 3	Total
Balance at 1 April	-	584	584
Net change in fair value**	-	-	-
Balance at 31 December	-	584	584
March 2019			
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

(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) (March 2019: 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) (March 2019: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

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

(b) Measurement of fair value *(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) (March 2019: 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) (March 2019: nil).

(v) Prima Reinsurance Zambia Plc

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

(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

24 Inventories

	Group	
	31 Dec 2019	31 Mar 2019
Consumable stores	4,049	13,782
Limestone production stock	38,928	36,415
Stock piles	1,970	5,154
Stationery	-	947
Gemstones	7,110	-
Repossessed assets*	-	48,383
	52,057	104,681

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to ZMW24 million (March 2019: ZMW32 million). There were no inventory write-offs and no inventories placed as security during the period (March 2019: nil).

** Repossessed asset relates to repossessed property which was pledged as collateral for a loan facility which was in default after obtaining court order to foreclose and have been valued based on IAS 2 Inventory requirements.*

25 Trade and other receivables

Group

Dec 2019

Current	Gross	Expected credit loss	Net
Trade receivables	13,059	(3,352)	9,707
Dividend receivable	78,066	(78,066)	-
Other receivables and prepayments*	92,783	(75,055)	17,728
Amounts due from related parties (note 36b(iii))	317,102	(317)	316,785
Price participation receivable (see note below)	92,634	(92,634)	-
	593,644	(249,424)	344,220
Non-current			
Amounts due from related parties (note 36b(iii))	1,307,152	(921,687)	385,465
	1,307,152	(921,687)	385,465
Total balance	1,900,796	(1,171,111)	729,685

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

25 Trade and other receivables *(continued)*

Group

March 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 36b(iii))	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
Amounts due from related parties (note 36b(iii))	513,622	(101,697)	411,925
	806,713	(244,211)	562,502
Total balance	2,438,111	(1,284,875)	1,153,236

Company

Dec 2019

Current	Gross	Expected credit loss	Net
Dividend receivable	78,066	(78,066)	-
Other receivables *	86,121	(75,055)	11,066
Amounts due from related parties (note 36b(iii))	789,996	(466,672)	323,324
Price participation receivable (see note below)	92,634	(92,634)	-
	1,046,817	(712,427)	334,390
Non-current			
Amounts due from related parties (note 36b(iii))	1,307,152	(921,687)	385,465
Total balance	2,353,969	(1,634,114)	719,855

Company

March 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 36b(iv))	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 36b(iv))	513,622	(101,697)	411,925
Total balance	2,369,647	(1,526,983)	842,664

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

25 Trade and other receivables *(continued)*

Other receivables analysis

Group

	31 December 2019			31 March 2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Government receivables	7,223	(7,223)	-	10,364	(7,223)	3,141
Staff receivables	7,355	(628)	6,727	7,543	(104)	7,439
Management fees receivable	11,169	(11,169)	-	11,169	(11,169)	-
Other sundry debtors	67,036	(56,035)	11,001	188,176	(47,199)	140,977
	92,783	(75,055)	17,728	217,252	(65,695)	151,557

Company

	31 December 2019			31 March 2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Government receivables	7,223	(7,223)	-	10,364	(7,223)	3,141
Staff receivables	7,355	(628)	6,727	7,543	(104)	7,439
Management fees receivable	11,169	(11,169)	-	11,169	(11,169)	-
Other Sundry debtors	60,374	(56,035)	4,339	161,455	(47,199)	114,256
	86,121	(75,055)	11,066	190,531	(65,695)	124,836

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

Price participation receivable (Gross amount)

	Group and Company	
	31 Dec 2019	31 March 2019
Opening balance	134,801	552,345
Payment received	(42,450)	(530,089)
Interest on Konkola Copper Mine Plc price participation receivables	283	10,864
Exchange gain	-	101,681
	92,634	134,801

The price participation debt of ZMW92.6 million mostly relates to Konkola Copper Mines Plc outstanding amount of ZMW83.59 million (March 2019: 125.76 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

25 Trade and other receivables *(continued)*

Price participation impairment analysis

	31 Dec 2019	31 Mar 2019
Opening balance	92,613	9,044
Addition	21	83,569
Impaired balance	92,634	92,613

26 Term deposits

Term deposits relate to fixed deposits placed in various banks.

The movement in term deposits is as follows:

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Current				
Balance at 1 April	740,349	535,384	727,554	535,384
Acquisition of subsidiary	-	203,830	-	-
Matured during the period	(740,349)	(739,214)	(727,554)	(535,384)
Additions	677,117	740,349	273,717	727,554
Classified to assets held for sale	(402,157)	-	-	-
Total	274,960	740,349	273,717	727,554
Non-current				
Balance at 1 April	14,089	-	-	-
Acquisition of subsidiary	-	14,089	-	-
Matured during the year	(14,089)	-	-	-
Additions	-	-	-	-
Classified to assets held for sale	-	-	-	-
Total	-	14,089	-	-
Balance as at 31 December	274,960	754,438	273,717	727,554

(i) A lien/charge in the sum of US$550,000 was created over the term deposit as security for the payment of an overdraft facility and a balance is included in the total of ZMW273,717 thousand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

27 Cash and cash equivalents

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

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Cash and bank balances	56,632	26,987	54,311	26,223
Balances with central Bank of Zambia	-	18,246	-	-
Cash in hand	184	29,247	48	53
Cash and cash equivalents in the statement of financial position	56,816	74,480	54,359	26,276
Bank overdraft	(2,641)	-	-	-
Cash and cash equivalence	54,175	74,480	54,359	26,276
Under assets held for sale	111,688	-	-	-
Cash and cash equivalents at 31 Dec/Mar	165,863	74,480	54,359	26,276

28 Trade and other payables

Current

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Trade payables	24,995	30,583	-	-
Deposits from customers	-	561,852	-	-
Amounts due to banks	-	25,734	-	-
Statutory liabilities	574,838	485,634	-	-
Other payables and accrued expenses	124,488	137,909	52,271	77,342
	724,321	1,241,712	52,271	77,342
Non- current				
Deposits from customers	-	181,523	-	-
Preference shares	-	99,668	-	-
Other payables and accrued expenses	14,591	30,268	-	-
	14,591	311,459	-	-
Total	738,912	1,553,171	52,271	77,342

(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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

28 Trade and other payables *(continued)*

(iii) Other payables and accrued expenses analysis*

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Staff payables	19,516	18,651	2,507	1,642
Dividends received in advance*	10,724	10,724	10,724	10,724
Treasury security deposits	-	5,186	-	5,186
Accrued expenses	758	23,300	758	23,300
Sundry payables	108,081	110,316	38,232	36,490
	139,079	168,177	52,221	77,342

**Dividends received in advance relates to dividends received from investee companies which are not payable but will be offset against future dividends*

29 Provisions

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Provisions for legal cases	61,549	118,712	61,549	118,712
Provisions – others	21,569	8,878	21,569	8,878
Legal provision	83,118	127,590	83,118	127,590
Opening balance	118,712	122,012	118,712	122,012
Amounts used during the period	(57,163)	(3,300)	(57,163)	(3,300)
Closing balance	61,549	118,712	61,549	118,712

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.

Below is a table indicating nature, counterparties and timing of various legal matters against ZCCM-IH.

ZCCM-IH legal case against	Number of cases/Claims	Nature of case	Counter parties	Claim/ obligation - ZMW	Estimated timing of payment
Contractors and suppliers	7	Various claims regarding breach of contracts	Contractors and suppliers	2,901	Under one year
Legacy cases from former ZCCM Limited	87	Disputes on sale of houses and other property	Former employees/ Sitting Tenants	32,250	Under one year
Employment related	52	Various claims relating to wrongful termination of employment and others	Former employees	26,398	Under one year
Totals	**146**			**61,549**	

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

30 Share capital and premium

(i) *Ordinary shares*

	Group and Company					
	Class A shares		Class B shares		Total	
	31 Dec 2019	31 March 2019	31 Dec 2019	31 March 2019	31 Dec 2019	31 March 2019
Balance at 31 Dec	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	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
In issue at 31 December – 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) *Share premium*

	Class A shares		Class B shares		Total	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Share premium	1,259,407	1,259,407	829,936	829,936	2,089,343	2,089,343

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

31 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 42 (d (iii)).

32 Borrowings

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Current				
Bank borrowings	-	104,357	-	103,271
	-	104,357	-	103,271
	-	104,357	-	103,271

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Opening balance	104,357	133,703	103,271	-
Acquisition of subsidiary	85,984	1,086	-	-
Additions	-	-	-	103,271
Repayments	(136,702)	(65,293)	(103,271)	-
Reversal	(53,639)	-	-	-
Exchange differences & interest	-	34,861	-	-
Closing balance	-	104,357	-	103,271

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

33 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% (March 2019: 35%).

	Assets		Liabilities		Net	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Recognised deferred tax assets and liabilities						
Property plant and equipment	(8,084)	(9,477)	-	-	(8,084)	(9,477)
Property plant and equipment – revaluation	-	-	15,732	8,177	15,732	8,177
Exchange difference	-	-	197,168	214,749	197,168	214,749
Provisions for gratuity and leave pay	(2,447)	(2,581)	-	-	(2,447)	(2,581)
Other provisions	(15,543)	(14,244)	-	-	(15,543)	(14,244)
Bad debt provision	(467,609)	(430,114)	-	-	(467,609)	(430,114)
Legal provision	(21,542)	(41,549)	-	-	(21,542)	(41,549)
Employee provision	-	-	14,821	15,681	14,821	15,681
Change in investment property	-	-	7,651	4,035	7,651	4,035
Change on financial assets at fair value through profit or loss	-	-	2,813	2,813	2,813	2,813
Environmental provision	(19,340)	(39,517)	-	-	(19,340)	(39,517)
On losses from derivatives	(4,919)	(8,582)	-	-	(4,919)	(8,582)
Tax losses	(24,820)	(55,525)	-	-	(24,820)	(55,525)
	(564,304)	(601,589)	238,185	245,455	(326,119)	(356,134)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

33 Deferred tax *(continued)*

Group	Balance 1 April 2018	On acquisition of subsidiary	Recognised in profit or loss	Recognised OCI	Balance 31 March 2019	On acquisition of subsidiary	Recognised in profit or loss	Classified to assets held for sale	Recognised in OCI	Balance 31 Dec 2019
Movement in temporary differences during the year										
Property, plant and equipment	(5,380)	(1,678)	(2,419)	-	(9,477)	(3,730)	1,467	3,656	-	(8,084)
Property, plant and equipment – Revaluation	2,621	1,683	-	3,873	8,177	-	-	(1,557)	9,112	15,732
Unrealised exchange gains	125,179	-	92,804	-	217,983	-	(18,084)	-	-	199,899
Provision for gratuity and leave pay	(1,464)	(1,125)	8	-	(2,581)	-	(676)	810	-	(2,447)
Other provisions	(17,676)	-	3,432	-	(14,244)	-	(1,299)	-	-	(15,543)
Bad debt Provision	(361,730)	-	(68,384)	-	(430,114)	-	(37,495)	-	-	(467,609)
Legal Provision	(42,704)	-	1,155	-	(41,549)	-	20,007	-	-	(21,542)
Employee provision	16,091	-	(331)	(79)	15,681	-	(610)	-	(250)	14,821
Change in investment property	(691)	-	4,726	-	4,035	-	3,616	-	-	7,651
Change in financial assets at fair value through profit or loss	120,442	-	(117,629)	-	2,813	-	-	-	-	2,813
Environmental provision	(30,298)	-	(9,219)	-	(39,517)	-	20,177	-	-	(19,340)
On losses from derivatives	192	-	(8,774)	-	(8,582)	-	3,663	-	-	(4,919)
Unrealised exchange losses	(8,453)	-	5,219	-	(3,234)	-	503	-	-	(2,731)
Tax losses	(37,666)	(52,801)	34,942	-	(55,525)	-	30,705	-	-	(24,820)
	(241,537)	*(53,921)*	*(64,470)*	*3,794*	*(356,134)*	*(3,730)*	*21,974*	*2,909*	*8,862*	*(326,119)*

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

33 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	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Recognised deferred tax assets and liabilities						
Property, plant and equipment	(897)	(1,726)	-	-	(897)	(1,726)
Property, plant and equipment – Revaluation	-	-	7,165	7,242	7,165	7,242
Provisions for gratuity and leave pay	(2,480)	(1,804)	-	-	(2,480)	(1,804)
Change on financial assets at fair value through profit or loss	-	-	2,079	2,079	2,079	2,079
Change on investment property	-	-	7,651	4,035	7,651	4,035
Fair value change on equity accounted investment and subsidiaries	-	-	3,125,109	2,764,373	3,125,109	2,764,373
Other provisions	(2,021)	(722)	-	-	(2,021)	(722)
Bad debt provision	(571,939)	(534,444)	-	-	(571,939)	(534,444)
Legal provision	(21,542)	(41,549)	-	-	(21,542)	(41,549)
Employee provision	(2,789)	(1,929)	-	-	(2,789)	(1,929)
Environmental provision	(19,340)	(39,517)	-	-	(19,340)	(39,517)
Exchange difference	-	-	197,407	214,988	197,407	214,988
On losses from derivatives	(5,111)	(8,774)	-	-	(5,111)	(8,774)
Tax losses	(24,820)	(55,525)	-	-	(24,820)	(55,525)
	(650,939)	(685,990)	3,339,411	2,992,717	2,688,472	2,306,727

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

33 Deferred tax *(continued)*

Company *(continued)*

	Balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Balance 31 March 2019	**Recognised in profit or loss**	**Recognised in OCI**	**Balance 31 Dec 2019**
Movement in temporary differences during the year							
Property, plant and equipment	(1,285)	(441)	-	(1,726)	829	-	(897)
Property, plant and equipment – Revaluation	3,243	-	3,999	7,242	-	(77)	7,165
Unrealised exchange gains	123,951	92,804	-	216,755	(18,084)	-	198,671
Provision for gratuity and leave pay	(1,497)	(307)	-	(1,804)	(676)	-	(2,480)
Change in financial assets at fair value through profit or loss	119,708	(117,629)	-	2,079	-	-	2,079
Change in investment property	(691)	4,726	-	4,035	3,616	-	7,651
Fair value change on investments in subsidiaries	(231,309)	-	-	(231,309)	-	(4,471)	(235,780)
Fair value change on investments in associates	1,269,342	-	1,726,340	2,995,682	-	365,207	3,360,889
Other provisions	(4,154)	3,432	-	(722)	(1,299)	-	(2,021)
Bad debt Provision	(403,914)	(130,530)	-	(534,444)	(37,495)	-	(571,939)
Legal Provision	(42,704)	1,155	-	(41,549)	20,007	-	(21,542)
Employee provision	(1,519)	(331)	(79)	(1,929)	(610)	(250)	(2,789)
Environmental provision	(30,298)	(9,219)	-	(39,517)	20,177	-	(19,340)
Unrealised exchange Losses	(6,986)	5,219		(1,767)	503		(1,264)
On losses from derivatives	-	(8,774)	-	(8,774)	3,663	-	(5,111)
Tax losses	(37,666)	(17,859)	-	(55,525)	30,705	-	(24,820)
	754,221	(177,754)	1,730,260	2,306,727	21,336	360,409	2,688,472

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Retirement benefits

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

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Present value of unfunded obligations	34,669	34,180	7,971	5,513

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

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Balance at 1 April	34,180	32,422	5,513	4,340
Acquisition of subsidiary	626	-	-	-
Charge for the period – expense	3,557	3,322	1,743	947
Charge for the period – other comprehensive income	715	226	715	226
Benefits paid during the period	(4,409)	(1,790)	-	-
Closing balance	34,669	34,180	7,971	5,513
Non-current liability	7,971	5,513	7,971	5,513
Current liability*	26,698	28,667	-	-
	34,669	34,180	7,971	5,513

* 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	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Current service cost	745	160	745	160
Interest cost	998	787	998	787
Personnel expenses (note 12)	1,743	947	1,743	947
Interest expense	1,814	2,375	-	-
Total employees benefit expensed	3,557	3,322	1,743	947

Included in OCI for the year as follows:

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Experience adjustment	133	30	133	30
Financial assumptions	582	196	582	196

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of kwacha

34 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:

	31 Dec 2019	31 Mar 2019
▪ Discount rate	17.50%	18.50%
▪ Future salary increases	11.5.0%	12.50%

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 December 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:

	31 December 2019	March 2019
	Present value of obligation	Present value of obligation
1% increase in discount rate	(537)	(419)
1% decrease in discount rate	603	476

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 Provisions for environmental rehabilitation

	Group		Company	
	31 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
Balance at 1 April	145,460	118,081	112,905	86,566
Acquisition of subsidiary	1,758			
Charge for the year	(55,540)	1,633	(55,885)	1,633
Exchange movement	8,245	24,706	8,245	24,706
Unwinding of discount	29,337	1,040	-	-
Payment	(10,007)	-	(10,007)	-
Closing balance	119,253	145,460	55,258	112,905
Current liability	61,892	-	-	-
Non-current liability	57,361	145,460	55,258	112,905
	119,253	145,460	55,258	112,905

The year-end balance represents restoration, rehabilitation and environmental provisions for the Company and its subsidiaries Ndola Lime Company Limited and Kariba Minerals 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 provisions have been assessed to cost ZMW119 million as at 31 December 2019 as compared to ZMW145 million as at 31 March 2019. This gives a decrease of 18% in the cost of the Group's environmental liabilities. The decline is largely on account of taking over of TD 10 and OB 54 for closure by Ministry of Mines and Mineral Development under a World Bank supported project (Zambia Mining and Environmental Remediation and Improvement Project (ZMERIP) and the licencing of TD 8 to a local investor who in turn assumes all responsibilities.

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 period ended 31 December 2019 and 31 March 2019. 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 December 2019 was performed by Misenge Environmental and Technical Services Limited and reviewed by an independent expert Knight Piesold Consulting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 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 1.69 % (March 2019: 2.23%) and an inflation rate of 2.3% (March 2019: 1.5%) being the US Dollar inflation rate. The liability for restoration, rehabilitation and environmental obligations for Group and Company on undiscounted basis before inflation is estimated to be US$9.52 million (approximately ZMW 132.83 million) (March 2019:US$13.04 million (approximately K158,96 million) and US$5.10 million (approximately ZMW71.16 million) (March 2019: US$9.6 million) approximately ZMW117.02 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.

36 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

	31 Dec 2019	31 Mar 2019
Salaries and other short-term employment benefits	20,563	30,265
Directors' fees	6,717	7,584
	27,280	37,849
Post-employment benefit	3,578	1,544

Key management compensation relates to directors and the management committee.

(ii) Dividend income from related parties

Company

Relationship	31 Dec 2019	31 Mar 2019
Kansanshi Mines – Associate	122,536	44,760
Copperbelt Energy Corporation – Associate	-	88,563
Total dividends (note 7)	122,536	133,323

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 Related party transactions *(Continued)*

(iii) Amounts due from related parties

Group 2019

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	605,659	(220,194)	385,465
Lubambe Copper Mines Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mines Plc (vii)	Associate	313,931	(314)	313,617
Industrial Development Corporation (ix)	Parent	3,171	(3)	3,168
Sub total		1,624,254	(922,004)	702,250
Price participation receivable	Associate	92,634	(92,634)	-
Dividends receivable	Associate	78,066	(78,066)	-
Sub total		170,700	(170,700)	-
Total amounts due from related parties		1,794,954	(1,092,704)	702,250

Group March 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 (ix)	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 parties		1,703,635	(992,127)	711,508

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

36 Related party transactions *(Continued)*

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

Company
December 2019

	Relation-ship	Gross	Impairment	Carrying amount
Ndola Lime Company Limited (iii)	Subsidiary	436,985	(436,985)	-
Kariba Minerals Limited (iv)	Subsidiary	5,839	(5,839)	-
Nkandabwe Coal Mine (v)	Subsidiary	23,524	(23,524)	-
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	6,546	(7)	6,539
Mushe Milling Company Limited (viii)	Subsidiary	20,659	-	20,659
Maamba Collieries Limited (i)	Associate	605,659	(220,194)	385,467
Lubambe Copper Mines Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mine Plc (vii)	Associate	313,931	(314)	313,617
Industrial Development Corporation(ix)	Parent	3,171	(3)	3,168
Sub total		2,117,807	(1,388,359)	729,488
Price participation receivable	Associate	92,634	(92,634)	-
Dividends receivable:	Associate	78,066	(78,066)	-
		170,700	(170,700)	-
Total amounts due from related parties		2,288,507	(1,559,059)	729,488

Company
March 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 (ix)	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 parties		2,179,116	(1,461,288)	717,828

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 Related party transactions *(Continued)*

(iii) Amounts due from related parties *(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. This loan is subordinated to the financier's loans of Mamba Project.

On 25 March 2019, ZCCM-IH advanced a short-term liquid support of $10 million to MCL payable within 60 days from the date of disbursement, and when Maamba receives payment for its power sales to ZESCO.

During the period under review, ZCCM Investments Holdings Plc instituted legal proceedings against MCL in the Lusaka High Court seeking the payment of the US$10 million plus damages and interest. MCL entered appearance and filed a defence in which MCL acknowledged owing the USD10 million. ZCCM-IH on the background of this acknowledgement made an application for Judgment on admission which was heard and the ruling is yet to be rendered by the court.

(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.

(iii) *Ndola Lime Company Limited*

The total loans and advances due from Ndola Lime Company Limited, including interest amounts was ZMW436 million (March 2019: ZMW434 million) which is fully impaired. The advances are not secured over any Ndola Lime Company Limited (NLC) assets. Subsequently, ZCCM-IH commenced the process of restructuring NLC with a view to address the debt burden and optimise its operations. The restructuring process involves the settlement of NLC's creditors through a Court Order and subsequent transfer of NLC's core assets to a newly incorporated company, Limestone Resources Limited.

(iv) *Kariba Minerals Limited*

On 22 January 2019, ZCCM-IH advanced a loan to Kariba Minerals Limited amounting to ZMW5.84 million (US$489,520) for the purchase of equipment. The loan attracts an interest rate of 6 % per annum. The loan has a moratorium of two years. This loan is fully impaired.

(v) *Nkandabwe Coal Mine Limited*

ZCCM – IH advanced a loan to Nkandabwe Coal Mine of ZMW34.4 million. During the period to 31 December 2019, a total of ZMW10.9 million was recovered from Ministry of Finance through a debt swap. The balance of ZMW23.5 million is fully impaired.

(vi) *Misenge Environmental and Technical Services Limited*

The loans totalling ZMW6.5 million includes ZMW 3.6 million with no repayment terms and is interest free. The other balance of ZMW2.9million comprises initial loans of ZMW1.7million and ZMW1.2 million at interest rate of 17.5% and 12.5% payable quarterly respectively.

(vii) *Konkola Copper Mine Plc (KCM)*

Following the High Court order to appoint a provisional liquidator for KCM, ZCCM-IH advanced ZMW139.53 million (US$10 million) to KCM through the liquidator. The advance is indemnified by the liquidator. Further, on 23rd August 2019, ZCCM-IH advanced a loan of ZMW174.41 million (US$12.5 million) to KCM. The US$12.5 million loan attracts an interest rate of 6 % per annum and has a final repayment date of 31st March 2020 but not later than 31st December 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 Related party transactions *(Continued)*

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

(Viii) Mushe Milling Company

On 12 December 2019, ZCCM-IH and Mushe Milling Company Limited entered into a loan facility agreement amounting to ZMW20.48 million. The facility attracts interest computed as the Bank of Zambia average commercial lending rate plus 2% per annum. Payment of interest to commence six months from the date of the facility. The principal repayment of the loan has a moratorium of 12 months, thereafter, the principal to be paid in 24 equal monthly instalments.

(ix) 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) which was paid in April 2019, save for the ZMW3.17 million withholding tax on interest.

37 Contingent liabilities

(i) *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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Commitments

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

	31 Dec 2019	31 March 2019
Group and Company		
Property, plant and equipment	11,435	4,484

39 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 Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Financial risk management *(continued)*

(ii) Market risk *(continued)*

Exposure to currency risk

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

Group

Dec 2019	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	8,266	592
Trade and other receivables	702,541	50,352
Term deposits	219,565	15,737
Assets held for sale	131,888	9,453
Trade and other payables	(15,137)	(1,085)
Liabilities directly associated with assets classified as held for sale	(171,772)	(12,311)
Net exposure	875,351	62,738

March 2019	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
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	947,498	77,727

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Financial risk management *(continued)*

(ii) Market risk *(continued)*

Exposure to currency risk *(continued)*

Company

Dec 2019	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	7,000	502
Financial assets at fair value through comprehensive income	10,175,000	729,260
Trade and other receivables	699,082	50,104
Term deposits	219,565	15,737
Trade and other payables	(8,333)	(597)
Net exposure	11,092,314	795,006

Company

March 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

39 Financial risk management *(continued)*

(ii) Market risk *(continued)*

Exposure to currency risk (continued

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

	Average rate		Reporting date spot rate	
	31 Dec 2019	31 March 2019	31 Dec 2019	31 March 2019
Kwacha				
US$ 1	13.3211	11.1958	13.9525	12.1900

Sensitivity analysis

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

	Equity and profit or loss	
	Group	Company
31 Dec 2019		
ZMW	87,535	1,109,231
31 March 2019		
ZMW	94,750	1,018,807

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

39 Financial 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	31 December 2019				31 March 2019			
	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
Cash and cash equivalents	56,816	-	-	56,816	74,480	-	-	74,480
Trade and other receivables	729,685	2,498	-	727,187	1,153,236	138,544	251,274	763,418
Term deposits	274,960	-	-	274,960	754,438	-	-	754,438
Assets held for sale	1,127,333	-	-	1,127,333	-	-	-	-
Investments in associates	11,855,067	-	-	11,855,067	10,276,405	-	-	10,276,405
Total assets	14,043,861	2,498	-	14,041,363	12,259,143	138,544	251,274	11,869,325
Liabilities								
Borrowings	-	-	-	-	(104,357)	-	(104,357)	-
Trade and other payables	(738,912)	(738,912)	-	-	(1,453,503)	(1,128,140)	(325,363)	-
Liabilities directly associated with assets classified as held for sale	(1,091,622)	(1,091,622)	-	-	-	-	-	-
Total liabilities	(1,830,534)	(1,830,534)	-	-	(1,557,860)	(1,128,140)	(429,720)	-
Gap	12,213,327	(1,828,036)	-	14,041,363	10,701,283	(989,596)	(178,446)	11,869,325

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Financial risk management *(continued)*

(ii) Market risk *(continued)*

Company

Interest rate risk

	31 December 2019				31 March 2019			
	Total	**Zero rate instruments**	**Floating rate instruments**	**Fixed rate instruments**	Total	Zero rate instruments	Floating rate instruments	Fixed rate instruments
Assets								
Cash and cash equivalents	54,359	-	-	54,359	26,276	-	-	26,276
Financial assets at fair value through other compressive income	10,746,818	-	-	10,746,818	9,703,369	-	-	9,703,369
Trade and other receivables	719,855	15,230	-	704,625	842,664	124,472	-	718,192
Assets held for sale	387,110			387,110				
Term deposits	273,717	-	-	273,717	727,554	-	-	727,554
Total assets	12,181,859	15,230	-	12,166,629	11,299,863	124,472	-	11,175,391
Liabilities								
Borrowings	-	-	-	-	(103,271)	-	(103,271)	-
Trade and other payables	(52,271)	(52,271)	-	-	(77,342)	(77,342)	-	-
Total liabilities	(52,271)	(52,271)	-	-	(180,613)	(77,342)	(103,271)	-
Gap	12,129,588	(37,041)	-	12,166,629	11,119,250	(47,130)	(103,271)	11,175,391

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Financial risk management *(continued)*

(ii) Market risk *(continued)*

Interest rate risk

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

Cash flow sensitivity analysis of variable rate instrument

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

Group

Effect in thousands of Kwacha	Profit or loss	
	Increase	Decrease
31 Dec 2019		
Variable rate instruments	-	-
31 March 2019		
Variable rate instruments	178.45	(178.45)

Company

Effect in thousands of Kwacha	Profit or loss	
	Increase	Decrease
31 Dec 2019		
Variable rate instruments	-	-
31 March 2019		
Variable rate instruments	103.27	(103.27)

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 December 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 ZMW0.24 million (March 2019: ZMW0.76 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 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 December 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 ZMW27.57 million (March 2019: ZMW30.91 million) 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 advisers in this regard. Certain investments are designated as at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

(iii) Credit risk

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

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its counterparty base, including the default risk associated with the industry.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iii) Credit risk *(continued)*

Risk management

The Group through risk and audit committee has established a credit procedure under which each new customer or counterparty is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and monitored regularly by line management.

To limit the amount of credit exposure to financial institution for term deposits, the Group obtains collateral from financial institutions which are rated "B" and below. As at 31 December 2019, ZMW74 million (March 2019: ZMW259 million) of term deposits, collateral was held in the form of treasury bills. No collateral is obtained as security for trade and other receivables. Instead, the Group requests for advance payments where necessary to reduce credit risk on some customers.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December 2019 is made up as follows:

	Group		Company	
	31 Dec 2019	31 March 2019	31 Dec 2019	31 March 2019
Cash and cash equivalents	56,816	74,480	54,359	26,276
Trade and other receivables	722,734	1,125,738	719,566	841,887
Term deposits	274,960	754,438	273,717	727,554
Assets held for sale	1,127,333	-	387,110	-
	2,181,843	1,954,656	1,434,752	1,595,717

Impairment of financial assets

The Group applies the Simplified Approach to assess and measure expected credit losses (ECLs) for cash and cash equivalents, financial instruments at amortised costs and contract assets. The simplified approach entails recognising the ECL on the lifetime of the balance due to the Group. It involves the calculation of the loss rates to categories of the third parties that is then applied to the balance. The categorization is done both per unique characteristics and time the balances are outstanding.

The loss rates will be derived using the Croup's own historical credit loss experience and adjust them for both current and forward-looking information. The information is evaluated for its appropriateness in light of market changes so as to remain relevant and provide valid assessments results. To calculate ECL, outstanding receivables are grouped according to credit characteristics using the provision matrix.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iii) Credit risk *(continued)*

Risk management

Impairment of financial assets (continued)

The use of the provision matrix is based on the premise that the available historical data to track the performance of all the trade debtors evaluated is based on their relationship with the relevant macro-economic factors. These macro-economic factors include Copper prices, GDP and inflation. This is in line with the accounting policy which provides for credit loss allowance on trade receivable balances in the following age analysis, 0-29 days, 30-60 days, 61-90 days, 91- 120 and over 121 days.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company

The loss allowance as at reporting date was determined as follows:

	Group		Company	
	31 Dec 2019	31 March 2019	31 Dec 2019	31 March 2019
Cash and cash equivalents	56,816	74,480	54,359	26,276
Trade and other receivables	722,734	1,125,738	719,566	841,887
Term deposits	274,960	754,438	273,717	727,554
Assets held for sale	1,127,333	-	387,110	-
	2,181,843	1,954,656	1,434,752	1,595,717

Impairment of financial assets

The Group applies the Simplified Approach to assess and measure expected credit losses (ECLs) for cash and cash equivalents, financial instruments at amortised costs and contract assets. The simplified approach entails recognising the ECL on the lifetime of the balance due to the Group. It involves the calculation of the loss rates to categories of the third parties that is then applied to the balance.

The loss rates will be derived using the Croup's own historical credit loss experience and adjust them for both current and forward-looking information. The information is evaluated for its appropriateness in light of market changes so as to remain relevant and provide valid assessments results.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iii) Credit risk *(continued)*

Impairment of financial assets (continued)

The loss allowance as at reporting date was determined as follows: .

Group

31 December 2019

	Gross	Life time expected credit loss	Net
Not due	1,469,367	(748,451)	720,916
Past due 30 - 60 days	3,431	(517)	2,914
Past due 61 – 90 days	1,264	(59)	1,205
Past due 91 - 120 days	6,005	(3,325)	2,680
Over 121 days	420,729	(418,759)	1,970
	1,900,796	(1,171,111)	729,685

	Current days past due	30 - 60 days past due	61 - 90 days past due	91 - 120 days past due	Over 121 days past due	Total
Gross carrying amount	1,469,367	3,431	1,264	6,005	420,729	1,900,796
Default rate	50.937%	15.068%	4.667%	55.371%	99.532%	-
Lifetime expected ECL	748,451	517	59	3,325	418,759	1,171,111

31 March 2019

	Gross	Life time expected credit loss	Net
Not due	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

	Current days past due	30 - 60 days past due	61 - 90 days past due	91 - 120 days past due	Over 121 days past due	Total
Gross carrying amount	1,506,036	24,198	13,203	17,114	877,560	2,438,111
Default rate	35.49%	13.117%	5.946%	30.291%	84.536%	-
Lifetime expected ECL	533,875	3,174	785	5,184	741,857	1,284,875

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iii) Credit risk *(continued)*

Company

Dec 2019

	Gross	Life time expected credit loss	Net
Not due	1,459,792	(741,912)	717,880
Past due 30 - 60 days	243	(241)	2
Past due 61 - 90 days	60	(59)	1
Past due 91 - 120 days	250	(248)	2
Over 121days	893,624	(891,654)	1,970
	2,353,969	(1,634,114)	719,855

	Current days past due	30 - 60 days past due	61 - 90 days past due	91 - 120 days past due	Over 121 days past due	Total
Gross carrying amount	1,459,792	243	60	250	893,624	2,353,969
Default rate	50.823%	99.177%	98.333%	99.200%	99.780%	-
Lifetime expected ECL	741,912	241	59	248	891,654	1,634,114

March 2019

	Gross	Life time 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

	Current days past due	30 - 60 days past due	61 - 90 days past due	91 - 120 days past due	Over 121 days past due	Total
Gross carrying amount	1,350,026	30	106	134	1,019,351	2,369,647
Default rate	38.376%	100.000%	99.057%	65.672%	98.953%	-
Lifetime expected ECL	518,084	30	105	88	1,008,676	1,526,983

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

39 Financial risk management *(continued)*

(iii) Credit risk *(continued)*

The movement in expected credit loss in respect of trade and other receivables during the year was as follows:

Group

	31 Dec 2019	31 March 2019
Balance at 1 April	1,284,875	864,295
Acquisition of subsidiary	383	240,186
Recognised expected credit loss	129,541	204,806
Recovery of impairment loss	(11,425)	(24,412)
Classified to assets held for sale	(219,845)	-
Conversion to equity	(12,418)	-
Closing balance	1,171,111	1,284,875

Company

	31 Dec 2019	31 March 2019
Balance at 1 April	1,526,983	1,154,040
Impairment recognised	130,974	373,017
Recovery	(11,425)	(74)
Conversion to equity	(12,418)	-
Closing balance	1,634,114	1,526,983

As at 31 December 2019 an expected credit loss of ZMW130.94 million mainly relates to the receivables from Maamba Collieries Limited and Kapiri Glass in Liquidation of ZMW 2.5 million and ZMW118.35 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 behaviour 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

39 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 December 2019				
Financial liabilities				
Trade and other payables	131,721	131,721	117,130	14,591
Liabilities directly associated with assets classified as held for sale	1,191,270	1,191,270	1,191,270	-
	1,322,991	1,322,991	1,308,400	14,591
At 31 March 2019				
Financial liabilities				
Borrowings	104,357	104,357	104,357	-
Trade and other payables	741,777	741,777	643,261	107,516
	846,134	846,134	747,618	107,516

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

39 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 Dec 2019:				
Financial liabilities				
Trade and other payables	36,992	36,992	36,992	-
	36,992	36,992	36,992	-
At 31 March 2019:				
Financial liabilities				
Borrowings	103,271	103,271	103,271	-
Trade and other payables	63,041	63,041	63,041	-
	166,312	166,312	166,312	-

Capital management

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

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

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

The Group monitors capital on the basis of the average gearing ratio for the mining industry in Zambia which currently stands at 76.4% 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 Dec 2019 and 31 March 2019 were as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(iv) Liquidity risk *(continued)*

Capital management *(continued)*

	Group		Company	
	31 Dec 2019	31 March 2019	31 Dec 2019	31 March 2019
Borrowings	-	104,357	-	103,271
Less: cash and cash equivalents	(56,816)	(74,480)	(54,359)	(26,276)
Net debt	(56,816)	29,877	(54,359)	76,995
Total equity	12,629,831	11,025,116	9,484,935	8,661,948
Total capital	12,573,015	11,054,993	9,430,576	8,738,943
Gearing ratio	0%	0.27%	0%	0.88%

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:

	31 Dec 2019	31 March 2019
Loans and borrowings	14.18%	10.41%

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

(v) 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:

Dec-19	**Level 2**	**Level 3**	**Total**
Assets			
Financial investments at fair value through other comprehensive income (note 21 and 22)	551,494	10,342,641	10,894,135
Assets held for sale (note 20)	57,214	329,896	387,110
	608,708	10,672,537	11,281,245
Mar-19			
Assets			
Financial investments at fair value through other comprehensive income (note 21 and 22)	652,693	9,120,663	9,773,356
	652,693	9,120,663	9,773,356

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(v) 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:

	31 December 2019		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss	-	-	584	584
Cash and cash equivalents	56,816	56,816	74,480	74,480
Trade and other receivables	722,734	722,734	1,125,738	1,084,824
Term deposits	274,960	274,960	754,438	754,438
Assets held for sale	1,127,333	1,127,333	-	-
Investment in associates	11,855,067	10,746,818	10,276,405	9,703,369
	14,036,910	12,928,661	12,231,645	11,617,695
Financial liabilities				
Borrowings	-	-	(104,357)	(104,357)
Liabilities directly associated with assets classified as held for sale	(1,191,270)	(1,191,270)	-	-
Trade and other payables	(131,721)	(131,721)	(741,777)	(741,777)
	(1,322,991)	(1,322,991)	(846,134)	(846,134)
Net position	12,713,919	11,605,670	11,385,511	10,771,561

Company

	31 December 2019		31 March 2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Cash and cash equivalents	54,359	54,359	26,276	26,276
Financial assets at fair value through other comprehensive income	10,894,135	10,894,135	9,773,356	9,773,356
Trade and other receivables	719,566	719,566	841,887	774,252
Assets held for sale	387,110	387,110		
Term deposits	273,717	273,717	727,554	727,554
	12,328,887	12,328,887	11,369,073	11,301,438
Financial liabilities				
Borrowings	-	-	(103,271)	(103,271)
Trade and other payables	(36,992)	(36,992)	(63,041)	(63,041)
Total	(36,992)	(36,992)	(166,312)	(166,312)
Net position	12,291,895	12,291,895	11,202,761	11,135,126

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

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

(v) 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 US$ 5-year treasury bill rate of 1.69% as debt is denominated in US$; 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

40 Subsequent events

1 Novel coronavirus (COVID-19) pandemic.

Novel coronavirus (COVID-19) pandemic, has been rapidly spreading across the global and reached Zambia in March 2020 resulting in lower than projected GDP of below 2% as compared to the initial projection of 3.1%. Copper prices declined by 23% to US$4,754 per metric ton in March 2020 from US$6,165 per metric ton in January 2020.The 31 December 2019 valuation of the Group's investment in subsidiaries, associates and financial assets at fair value through profit or loss contains material valuation uncertainty clause due to the market disruption caused by the COVID-19 coronavirus pandemic. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. In view of the uncertainty, the disclosure note includes a sensitivity analysis on the assumptions used in producing the valuation of the investments as disclosed under note 21, 22 and 23 of the financial statements.

2 Ndola Lime Company Limited

In September 2018, Two (2) former employees of Ndola Lime Company Limited (NLC) instituted business rescue proceedings in the Lusaka High Court 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.

Subsequent to 31 December 2019, ZCCM-IH commenced the process of restructuring NLC with a view to address the debt burden and optimise its operations. The restructuring process involves the settlement of NLC's creditors through a Court Order and subsequent transfer of NLC's core assets to a newly incorporated company, Limestone Resources Limited.

ZCCM-IH will provide details of the outcome of the restructuring process in due course.

3 Zambia Gold Limited (''Zambia Gold")

Subsequent to the reporting date, Zambia Gold was incorporated on 10 January 2020. Zambia Gold has been incorporated to spearhead and manage gold mining activities in Zambia. Its activities include but are not limited to gold exploration, mining, processing, marketing and value addition.

Zambia Gold is owned 51% by ZCCM-IH and 49% by the Government of the Republic of Zambia through the Minister of Finance. Zambia Gold provides an opportunity for ZCCM-IH to expand its activities in the mining sector and contribute positively to the Zambian economy.

4 Consolidated Gold Company of Zambia Limited

On 23 December 2019, the Board of Directors of ZCCM-IH approved the proposal to enter into a Joint Venture partnership with Karma Mining Services and Rural Development Company ("Karma") under Consolidated Gold Company of Zambia Limited (CGZ), which was incorporated on 10 February 2020. The purpose of the CGZ 's primary objective is to develop a gold processing and trading operation in Zambia. The main source of the gold ore is from Artisanal and Small-Scale Gold Miners. CGZ is owned 45% by ZCCM-IH and 55% by Karma.

5 Mopani Copper Mines Plc

Subsequent to the year end, ZCCM-IH has reached an agreement with Glencore, representing Carlisa Investments Corp. ("Carlisa"), for the acquisition of the 90% stake not currently held by ZCCM-IH in Mopani Copper Mines Plc ("the Acquisition"). The Acquisition presents a significant opportunity for ZCCM-IH and will transform the Company from an investment holding company into a world-class copper and cobalt mining company which will have the ability to create substantial value for its shareholders today and well into the future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 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

42 Significant accounting policies

The Group has consistently applied the following accounting policies to all policies to all periods presented in these financial statements. Certain comparative amounts in the statement of profit or loss and OCI have been re-presented, as a result of change in accounting policy (see Note 7,8 and 13).

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

(a) Basis of consolidation
(b) Foreign currency
(c) Discontinued operation
(d) Financial instruments
(e) Property, plant and equipment
(f) Investment property
(g) Intangible assets
(h) Assets held for sale
(i) Inventory
(j) Impairment
(k) Employee benefits
(l) Provisions
(m) Revenue from contracts with customers
(n) Investments income
(o) Finance income and costs
(p) Exploration costs
(q) Income tax
(r) Earnings per share
(s) Segment reporting
(t) Leases
(u) Share capital

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

42 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 fair value through other comprehensive income (OCI).

(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.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(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's interest in equity accounted investees comprise interests in associates.

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

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

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

In the separate financial statements investments in associates is subsequently measured at fair value. These are classified as fair value through other comprehensive income.

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.

(vii) 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.

(viii) *Reporting date*

The financial statements of the company and subsidiaries used in the preparation of the current consolidated financial statements have the same reporting date of 31 December. When the end of the reporting date of the company is different from that of the subsidiary or associates, the company consolidates the financial information of the subsidiaries or associates using the most recent financial statements of the subsidiaries or associates adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(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 and presented within finance costs.

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 (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.

(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.

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

42 Significant accounting policies *(continued)*

(d) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets (continued)

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;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A **debt investment** is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 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 any 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.

The 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

42 Significant accounting policies *(continued)*

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

(i) ***Recognition and measurement*** *(continued)*

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.

(ii) 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.

(iii) ***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. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 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 and goodwill

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(h) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) 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

42 Significant accounting policies *(continued)*

(j) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (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 debtor 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

42 Significant accounting policies *(continued)*

(j) Impairment *(continued)*

(i) Non-derivative financial assets *(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

42 Significant accounting policies *(continued)*

(j) Impairment *(continued)*

(i) Non-derivative financial assets *(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.

(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.

Determining whether goodwill is impaired requires an estimation of the present value of future cash flows generated from the cash generating units to which the goodwill has been allocated. The present value calculation requires an estimation of the future cash flows expected to arise and a suitable discount rate in order to calculate present value.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(k) 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 ZMW1.4 million (31 March 2019: ZMW 2.4 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

42 Significant accounting policies *(continued)*

(k) 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.

(l) 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

42 Significant accounting policies (continued)

(l) ***Provisions*** *(continued)*

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, is accounted for in accordance with:

(a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

(i) a decrease in the liability is (subject to (b)) be recognised in other comprehensive income and increase the revaluation surplus within equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss;

(ii) an increase in the liability is recognised in profit or loss, except that it shall be recognised in other comprehensive income and reduce the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in profit or loss.

(c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be recognised in profit or loss or in other comprehensive income under If a revaluation is necessary, all assets of that class are revalued.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability shall be recognised in profit or loss as they occur. This applies under both the cost model and the revaluation model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(m) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer

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 following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
	Customers obtain control of the products when the goods are delivered. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days. No discounts, loyalty points or returns are offered for the products.	Revenue is recognised in the period in which the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customers.
Services rendered	The Group is involved in provision of environmental consultancy services, analytical services, surveying services and radiation safety. Invoices for services rendered are issued on a monthly basis and are usually payable within 30 days	Revenue is recognised over time as the services are provided and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed and the Group has an enforceable right to payment for the work completed to date. When services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services

Contract assets primarily relate to the Group's right to consideration for the work completed but not billed at the reporting date on the customer contracts. Contract liabilities primarily relate to the advance consideration received from the customer for which revenue is recognised when the goods and services are provided. The Group had no contract assets or liabilities as at period end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(n) Investment income and expenses

The Group's investments income and expenses costs include:

Dividends receivables;
Interest income; and
Interest expense.

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.

Interest income or expense is recognised using the effective interest method.

(o) Finance income and finance costs

The Group's finance income and finance costs include:

- 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.

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

(p) Exploration costs

The Group is involved in exploration and evaluation of mineral resources including, oil and gas and other similar non – regenerative resources in specific licence areas where the Group has legal rights. This process also involves the determination of both the technical feasibility and commercial viability of extracting the mineral resource.

All costs incurred in connection with exploration and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstratable, are expensed in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(q) 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

42 Significant accounting policies *(continued)*

(q) 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.

(r) 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.

(s) 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

42 Significant accounting policies *(continued)*

(t) Leases

As described in Note 5, the Group has applied IFRS 16 using the modified retrospective approach and therefore, comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

Accounting policy applicable from 1 January 2019

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of us

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(t) Leases *(continued)*

Accounting policy applicable from 1 January 2019 *(Continued)*

(i) The Group as a lessee *(continued)*

Measurement and recognition of leases as a lessee

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

(ii) The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Accounting policy applicable before 1 January 2019

The Group as a lessee

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Significant accounting policies *(continued)*

(t) Leases *(continued)*

Accounting policy applicable before 1 January 2019 *(continued)*

The Group as a lessee *(continued)*

Finance leases *(continued)*

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group as a lessor

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

(u) *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.

CORPORATE INFORMATION

Registered and Corporate Office

Stand No. 16806
Alick Nkhata Road
Mass Media Complex Area
P O Box 30048
Lusaka 10101, Zambia

UK Registrars

Link Asset Service
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Brokers for Lusaka Securities Exchange Listing

Stockbrokers Zambia Limited
32 Lubu Road
Longacres
P O Box 38956
Lusaka, Zambia

Auditors

Grant Thornton Zambia
5th Floor, Mukuba Pension House
5309 Dedan Kimathi Road
P O Box 30885
Lusaka, Zambia

Principal Bankers:

Barclays Bank (Zambia) Plc
Standard Chartered Bank (Zambia) Plc
Zambia National Commercial Bank Plc

Transfer Secretaries

Corpserve Transfer Agents Limited
Mwaleshi Road, Olympia Park
P O Box 37522
Lusaka 10101, Zambia

Phone: + 260 211 256969/70
Fax : +260 211 256975
Email: info@corpservezambia.com.zm

Shareholder Contact

Chabby Chabala
Company Secretary

Monica Mwananshiku Chikonde
Acting Corporate Services Manager

Loisa Mbatha Kakoma
Public Relations Manager

Phone : +260 211 221023/388000

E-mail : corporate@zccm-ih.com.zm

Website: www.zccm-ih.com.zm

Appendix i

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	31-Dec 2019 US$'000	31-Mar 2019 US$'000
Assets		
Property, plant and equipment	19,192	15,362
Intangible assets	135	700
Investment property	14,643	20,610
Investment in associates	956,164	843,019
Financial assets at fair value through profit or loss	-	48
Trade and other receivables	27,627	46,145
Term deposits	-	1,156
Deferred tax assets	40,445	49,351
Goodwill	8,588	-
Non-current assets	1,066,794	976,391
Property, plant and equipment	4,187	-
Inventories	4,815	8,587
Trade and other receivables	24,671	48,461
Assets held for sale	80,798	-
Term deposit	19,707	60,734
Cash and cash equivalents	40,72	6,110
Current assets	138,250	123,892
Total assets	1,205,044	1,100,283
Equity		
Share capital	132	132
Share premium	171,398	171,398
Other reserves	671,263	580,724
Retained earnings	178,618	154,668
Equity attributable to shareholders	1,021,411	906,922
Non-controlling interest	(3,998)	(2,482)
Total equity	1,017,413	904,440
Liabilities		
Trade and other payables	1,046	25,550
Deferred tax liabilities	17,071	20,136
Retirement benefits	571	452
Provisions for environmental rehabilitation	4,111	11,933
Non-current liabilities	22,799	58,071
Bank overdraft	189	-
Borrowings	-	8,561
Trade and other payables	51,913	101,863
Liabilities associated with assets classified		-
as held for sale	85,380	-
Provisions	5,957	10,467
Current tax liabilities	15,044	14,529
Retirement benefits	1,913	2,352
Provisions for environmental rehabilitation	4,436	-
Current liabilities	164,832	137,772
Total liabilities	187,631	195,843
Total equity and liabilities	1,205,044	1,100,283

Translated in accordance with note 42b

Appendix ii

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	31-Dec 2019 US$'000	31-Mar 2019 US$'000
Assets		
Property, plant and equipment	7,237	7,040
Intangible assets	53	55
Investment property	13,707	12,929
Investments in subsidiaries	11,546	5,741
Investment in associates	874,341	796,011
Trade and other receivables	27,627	33,792
Non-current assets	934,511	855,568
Trade and other receivables	23,966	35,335
Assets held for sale	29,060	-
Term deposit	19,618	59,684
Cash and cash equivalents	3,896	2,156
Current assets	76,540	97,175
Total assets	1,011,051	952,743
Equity		
Share capital	132	132
Share premium	171,398	171,398
Other reserves	538,054	471,354
Retained earnings	79,193	67,693
Equity attributable to shareholders	788,777	710,577
Liabilities		
Deferred tax liabilities	192,687	189,231
Retirement benefits	571	452
Provisions for environmental rehabilitation	3,960	9,262
Non-current liabilities	197,218	198,945
Borrowings	-	8,472
Trade and other payables	3,746	6,345
Provisions	5,957	10,467
Current tax liabilities	15,353	17,937
Current liabilities	25,056	43,221
Total liabilities	222,274	242,166
Total equity and liabilities	1,011,051	952,743

Translated in acordance with note 42b

Appendix iii

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2019

	31-Dec 2019 US$'000	31-Mar 2019 US$'000
Revenue from customer with contracts	4,687	6,848
Cost of sales	(3,980)	(2,814)
Gross profit	707	4,034
Investment income	3,631	10,508
Investment expenses	(23)	(4,430)
Net investment income	3,608	6,078
Other income	10,439	7,943
Net impairment losses on financial assets	(9,724)	(18,293)
Administration expenses	(16,694)	(51,593)
Operating loss	(11,664)	(51,831)
Finance income	12,788	36,713
Finance costs	(2,348)	(36,192)
Net finance income	10,440	521
Share of profit of equity-accounted investees, net of tax	31,555	86,926
Profit before tax	30,331	35,616
Income tax (expense)/credit	(1,717)	4,386
Profit from continuing operations	28,614	40,002
Loss from discontinued operations	(5,554)	-
Profit for the year	23,060	40,002
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation on property, plant and equipment	1,971	944
Deferred tax on revaluation reserve	(684)	(346)
Actuarial gain on defined benefit pension plans	(54)	(20)
Deferred tax on defined benefit actuarial loss	19	7
	1,252	585
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences - equity - accounted investees	95,852	178,995
Equity-accounted investees- share of other comprehensive income	299	-
	96,151	178,995
Other comprehensive income, net of tax	97,403	179,580
Total comprehensive income	120,463	219,582

Translated in acordance with note 42b

Appendix iv

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2019

	31-Dec 2019 US$'000	31-Mar 2019 US$'000
Investment income	12,849	16,133
Other income	6,395	2,030
Net impairment losses on financial assets	(9,832)	(33,317)
Administration expenses	(8,129)	(13,389)
Operating profit/(loss)	1,283	(28,543)
Finance income	12,140	36,713
Finance costs	(241)	(32,280)
Net finance income	11,899	4,433
Profit/(loss) before tax	13,182	(24,110)
Income tax (expense)/credit	(1,664)	14,508
Profit/(loss) for the year	11,518	(9,602)
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation of property, plant and equipment	-	944
Deferred tax on amortisation of revaluation reserve	6	(357)
Actuarial gain on defined benefit pension plans	(54)	(20)
Deferred tax on defined benefit actuarial gain	19	7
	(29)	574
Items that are or maybe reclassified to profit or loss		
Fair value change in Investments in subsidiaries	(959)	-
Fair value change in Investments in associates	78,330	440,557
Deferred tax on fair value change on investments in subsidiaries	336	-
Deferred tax on fair value change on investments in associates	(27,416)	(154,195)
	50,291	286,362
Other comprehensive income, net of tax	50,262	286,936
Total comprehensive income	61,780	277,334

Translated in acordance with note 42b

Notes

Notes