



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31st December 2020



ZCCM INVESTMENTS HOLDINGS PLC

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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COMPANY OVERVIEW

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

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



Our Vision

To be a world-class investment holding company with a focus on mining



Our Mission

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



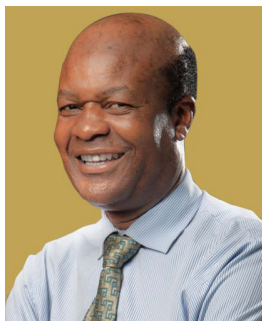
Our values

- **Integrity**
- **Teamwork**
- **Respect**
- **Transparency and Accountability**
- **Environmental, Social, and Governance Awareness**

BOARD OF DIRECTORS (As at 12 April 2022)



Ms. Dolika E S Banda
Board Chairperson
(Non - Executive Director)



Mr Moses Smart Nyirenda
(Non - Executive Director)



Mr Mateyo C. Kaluba
(Non - Executive Director)



Mr Phillipe G. Taussac
(Non - Executive Director)



Mr Gregory Kabwe
(Non - Executive Director)



Bishop John Mambo
(Non - Executive Director)

EXECUTIVE MANAGEMENT TEAM



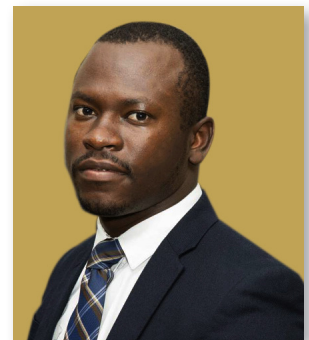
Mr Tisa R. Chama
Acting Chief Executive Officer



Mr Brian Musonda
Chief Investments Officer



Mr Chabby Chabala
Company Secretary



Mr Shepherd Mwanza
Chief Internal Audit Officer



Ms Yadika E. Mkandawire
Chief Legal Officer



Ms Chilandu Sakala
Chief Financial Officer



Ms Betty Meleki
**Chief Human Resources and
Administration Officer**



Ms Loisa Mbatha
Corporate Affairs Manager



Ms Mulima Chileyia
Acting Risk Manager

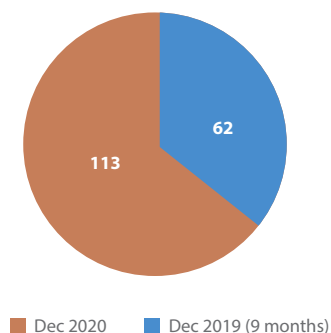


Ms Katongo Kabwe
Procurement Manager

PERFORMANCE OVERVIEW

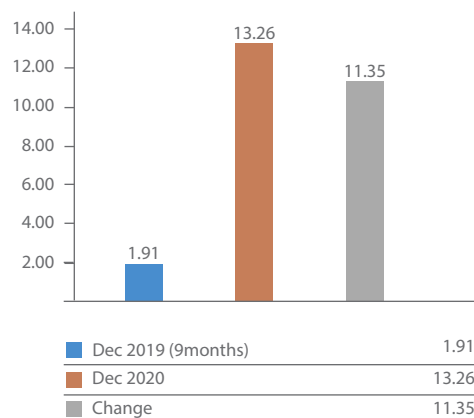
Turnover: ZMW 113m (82%) ▲

Group Turnover- ZMW 'million



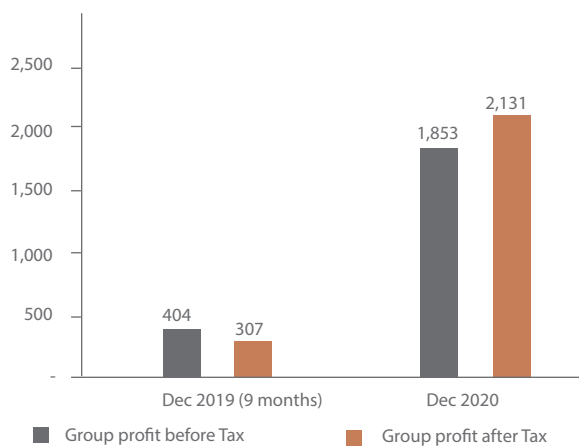
EPS: ZMW 13.26 (594%) ▲

Basic Earnings per Share - ZMW



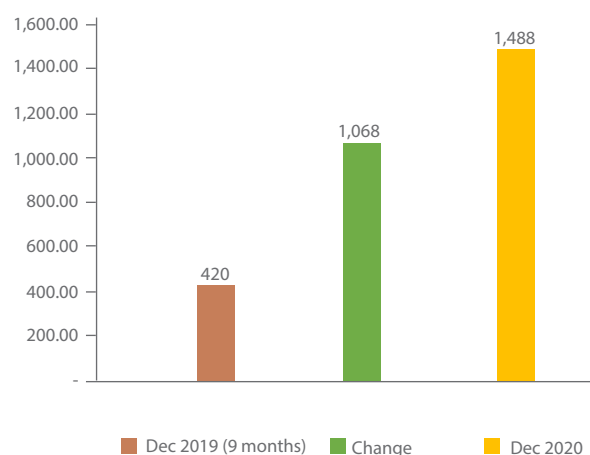
PBT- ZMW 1,853m (359%) ▲
PAT- ZMW 2,131m (594%) ▲

Group Profitability - ZMW 'million



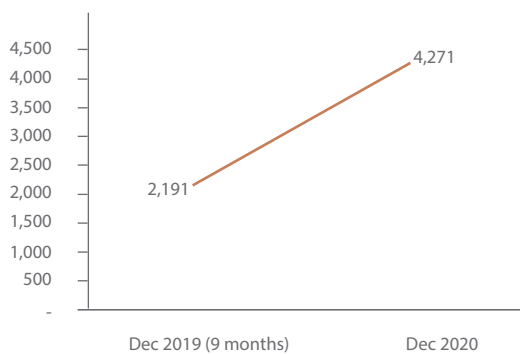
Share of profit of equity accounted investees:
ZMW 1,488 (254%) ▲

Investee Companies share profit - ZMW million



Retained Earnings: ZMW4,271 (95%) ▲

Group's Retained Earnings - ZMW 'million



CHAIRPERSON'S STATEMENT



The Board shares with you the performance of ZCCM Investments Holdings Plc (ZCCM-IH) as a Company and that of its investee companies during the financial year ended 31 December, 2020. The year was a challenging one partly on account of disruptions in international trade caused by the Novel Corona Virus (COVID-19) pandemic, inability to influence operations within investee companies due to minority shareholding and financing constraints. These major factors negatively affected operating companies in which ZCCM-IH has invested. Despite the challenges that faced the Company during the year, ZCCM-IH rose above these and posted a profit for the year.

During the year under review, the Company revised and developed a new Strategic Plan (SP) to cover the period 2020 to 2026 (2026 SP). In the 2019 nine-month period performance review, we stated that the Company would exert more focus on mining and mining-related investments. Thus, in line with this theme, the 2026 SP goals focus on extracting value from the existing portfolio and investing in greenfield mining and mining-related ventures. The other goals of the 2026 SP are to achieve operational and financial excellence and generate greater shareholder value through stock-exchange price discovery.

In 2020, we revised ZCCM-IH's business model which revisions include taking steps to enhance value extraction through diverse means other than dividend income. It also includes broadening the Company's activities in the mining sector to include the whole value chain across a diverse mineral portfolio.

Global economy

The COVID-19 Pandemic led to a contraction in the 2020 global growth which was estimated at -3.5%, 0.9% higher than consensus projections (reflecting stronger-than-expected momentum in the second half of 2020). The U.S. GDP declined -3.5%, its worst performance since at least the end of World War II, as a pandemic-induced recession took hold in February 2020. It grew rapidly in the fourth quarter and was forecast to continue recovering. On the other hand, China's recovery from COVID-19 was swift. Aided by the containment of the COVID-19 outbreak since March 2020 and supported by accommodative financial and fiscal policies and resilient exports, China recorded +2.3% real GDP growth in 2020.

Globally, COVID infection rates increased significantly towards the end of 2020 in many countries, boosted by new, more easily transmissible variants of the virus.

National lockdowns were introduced in many countries with immediate adverse economic consequences. More positively, the approval and rollout of several vaccines offering a high degree of immunity raised hopes of a more permanent resolution of the COVID crisis. Emerging and Frontier markets were set for modest recovery, though risks remain mainly due to accessibility to vaccines.

Zambian economy

The domestic economy contracted by 3.0% in 2020, due to the adverse effects of the COVID-19 pandemic. Particularly hard hit were the wholesale and retail trade, education, construction and tourism sectors. The mining, agriculture, information and communication sectors performed strongly, mitigating the effects of the recession.

Inflationary pressures heightened during 2020 causing overall inflation to average about 15.7% from 9.1% in 2019, deviating further away from the upper bound of the 6-8 percent target range. This was mainly driven by the sharp depreciation of the Kwacha against the US dollar.

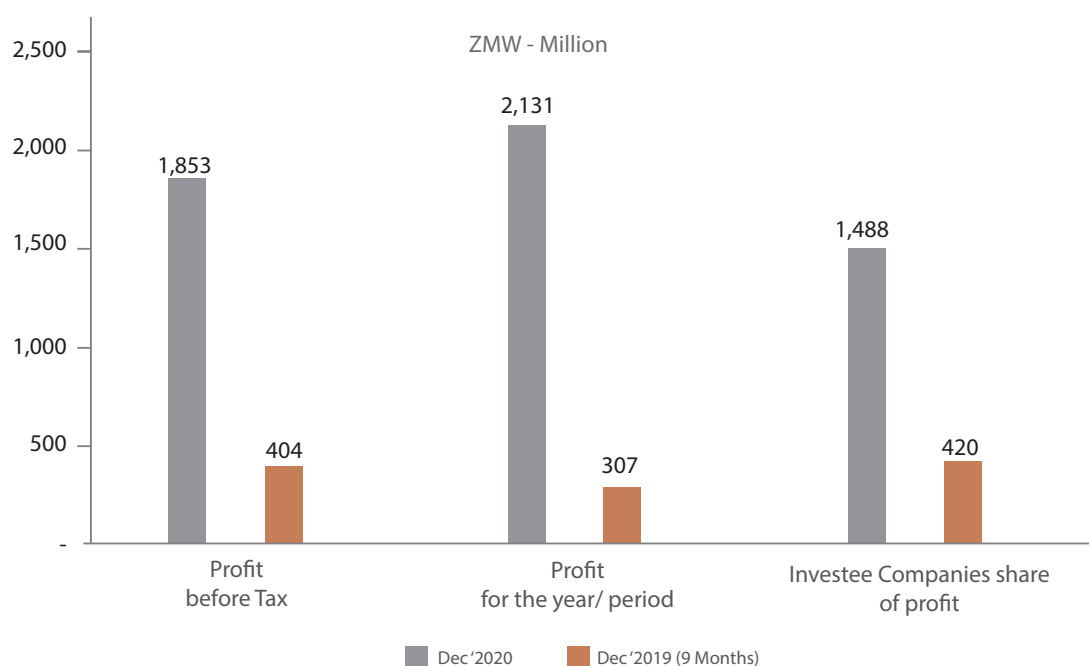
In the mining sector, copper production rose on the back of the commissioned refurbished plants at some mines, higher capacity utilisation, favourable ore grades, and reduction in cash costs. Copper prices were mostly supported by the pick-up in demand in China in the second half of the year.

To shore up international reserves, there was a new requirement by the Zambian Government that mining companies pay the remaining tax obligations directly in US dollars effective June 2020. In addition, on December 11, the Bank of Zambia (BOZ) signed two-year contracts with Kansanshi Mining Plc and Zambia Gold Company (ZGC) to purchase locally produced gold. On December 31, the Bank purchased 47.96 kilogrammes of gold doré from ZGC.

Financial performance

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). The prior period runs for nine (9) months from 1st April 2019 to 31st December 2019, whilst the current period covers twelve (12) months from 1st January 2020 to 31st December 2020 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.



ZCCM-IH's performance, both as a Group and Company, improved when compared to the previous period. The comparative performance for the year under review to 2019 should, however, be understood from the point of view that the period to December 2019 was nine months on account of the change in financial year as announced during the time of change.

The Group reported a profit before tax of ZMW1,853 million (2019: ZMW 404 million) and a share of profit of equity accounted investees for the year ended of ZMW1,488 million (2019: ZMW420 million). The increase in profitability is largely attributable to exchange gains recorded from the Group's foreign denominated assets combined with improved performance of investee companies.

Financial performance (continued)



The Group's retained earnings as at 31 December 2020 were positive at ZMW4,271 million (2019: ZMW 2,191 million). The increase in retained earnings is attributed to recorded Group profit of ZMW2,131 million (2019: ZMW307 million). The Company's retained earnings increased by 53 percent to ZMW1,494 million (31 December 2019: ZMW978 million) on account of profit recorded for the period of ZMW568 million.



CHAIRPERSON'S STATEMENT *(continued)*

Strategic developments

During the period under review, the Board approved the upgrading of the listing of the ZCCM-IH shares on the Euronext Stock Exchange from the Access tier to the Growth tier. This will ensure that ZCCM-IH improves the liquidity of its shares on Euronext via access to a greater pool of investors than is currently the case.

Earlier in the year, we announced the partnership between the Ministry of Finance and ZCCM-IH relating to the gold sector. At the beginning of 2020, this partnership was cemented through incorporation of Zambia Gold Company Ltd (ZGC) which is 51% owned by ZCCM-IH and 49% by the Ministry of Finance. ZGC's main objective is to lead the development of the Zambian gold sector from the current state of activities, which are characterized by illegal mining and trading, to a commercially viable sector. Thus, ZGC will undertake the following, amongst others:

- Acquire exploration licences with a specific focus on gold tenements in Zambia;
- Raise funding or identify potential partners for the purpose of carrying out mineral exploration and evaluation on the acquired tenements;
- Develop tenements into fully operational gold and other precious mineral mines in subsequent years;
- Refining, processing, and grading of gold and other precious minerals;
- Active trading of gold and other precious minerals; and
- Support artisanal mining operations and transforming these into commercially viable activities.

In line with the 2026 SP, the Board of ZCCM-IH approved the proposed IDC/ZCCM-IH Group reorganization exercise whereby the Company will transfer its investment in non-mining assets (100% of Mushe Milling and 71.4% of Investrust Bank PLC) to the IDC in exchange for a mining asset (25% of Kagem Mining Ltd).

The Group reorganization objective is to achieve optimisation of operations and unlock opportunities for synergy within the IDC /ZCCM-IH Group. The proposed Group Reorganization is subject to approval by shareholders necessary and statutory regulatory authorities. The Group Reorganisation is expected to be finalised in the 2022 financial year.

As part of the ongoing diversification initiatives, we intend to participate in the mining supply chain (MSC) going forward. To this effect necessary preliminary work was undertaken in 2020 to prepare for the ZCCM-IH's entrance into this subsector of the mining industry i.e. Supply of Consumables such as flocculants, mill balls, explosives valves and pumps. It is our intention that the MSC initiative will lead to greater participation in the mining value chain and therefore more synergy with all Investee Companies.

Shareholders will recall that in 2019 we announced the filing by ZCCM-IH of a petition in the High Court of Zambia for the winding-up of Konkola Copper Mines PLC. On 20th November 2020, the Court of Appeal overturned the decision of the High and stayed the liquidation proceedings, referring the parties to arbitration. During the year under review, the winding up proceedings were stayed pending the conclusion of the Arbitration Proceedings in South Africa. As at the close of financial year, the Arbitration proceedings (which are confidential as between the parties) are underway, (See note 42(ii)).

In 2020, ZCCM-IH disposed of its 20% shareholding in CEC Africa Plc. Proceeds from the disposal will be applied on other opportunities in the mining and other mining related sectors of the domestic economy.

CHAIRPERSON'S STATEMENT *(continued)*

Capital market

The ZCCM-IH share price on the Lusaka Securities Exchange closed at ZMW38.80 (Dec 2019; ZMW28.49) showing a 27% improvement. Consequently, the market capitalisation as at 31 December 2019 was ZMW6.2 billion compared to ZMW4.58 billion, as at the end of December 2019.

Significant event posts the reporting date

Towards the end of the period under review, the Company announced that it was in discussions with Glencore Finance (Bermuda) Ltd (the majority shareholder of Carlisa Investments Corporation) regarding the future of Mopani Copper Mines PLC ("Mopani"). Subsequent to the year end, ZCCM-IH completed acquisition of 90% shareholding in Mopani to make it a wholly owned subsidiary. The details on the financial impact have been disclosed on note 42(i). The transaction is in line with the 2026 SP and forms a key milestone for ZCCM-IH.

Outlook

The mining sector is generally expected to benefit from high commodity prices which analysts predicted to be bullish in 2021 and into the medium to long term.

With renewed focus, ZCCM-IH is committed to enhance value creation for its shareholders. Thus, ZCCM-IH will accelerate efforts to diversify its revenue whilst extracting more value from existing investments.

Acknowledgement

I express great appreciation to my fellow Board members for their resilience, advice and for providing clear direction to Management during a very difficult year of unprecedented global disruption caused by COVID-19. I also recognise the courage, commitment and professionalism of the Management and Staff of ZCCM-IH during the past year.

Finally, I again extend my gratitude to the shareholders for their continued confidence in their Company, ZCCM-IH.



Ms Dolika E S Banda
Board Chairperson

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of ZCCM Investments Holdings Plc ('the Company') and its subsidiaries (together "the Group").

Shareholding

The Company had the following interests in the undernoted companies as at 31 December 2020:

Investee Companies

1	Ndola Lime Company Limited	100.00%
2	Nkandabwe Coal Mine Limited	100.00%
3	Kariba Minerals Limited	100.00%
4	Kabundi Resources Limited	100.00%
5	Mushe Milling Limited	100.00%
6	Limestone Resources Limited	100.00%
7	Misenge Environmental and Technical Services Limited	100.00%
8	Investrust Bank Plc	71.40%
9	Zambia Gold Company Limited	51.00%
10	Central African Cement Company Limited	49.00%
11	Rembrandt Properties Limited	49.00%
12	Consolidated Gold Company of Zambia	45.00%
13	Maamba Collieries Limited	35.00%
14	Konkola Copper Mines Plc	20.60%
15	Kansanshi Mining Plc	20.00%
16	Copperbelt Energy Corporation Plc	24.10%
17	Lubambe Copper Mine Plc	20.00%
18	CNMC Luanshya Copper Mines Plc	20.00%
19	Copper Tree Minerals Limited	15.58%
20	NFC Africa Mining Plc	15.00%
21	Chibuluma Mines Plc	15.00%
22	Mopani Copper Mine Plc	10.00%
23	Chambishi Metals Plc	10.00%
24	Oranto Oil Block	10.00%
25	Nkana Alloy Smelting Company Limited	10.00%

Share capital

The authorised share capital of the Company rank 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.

Class "A" Ordinary Shares and Class "B" Ordinary Shares all rank pari passu in all respects.

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

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

REPORT OF THE DIRECTORS (continued)

The shares were held as follows:

SHAREHOLDER	Class	Shareholding		Amount ZMW
		Number of Shares	%	
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	15.00	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 2020 were held by 4,258 non-controlling shareholders.

Directors' interests in shares

As at 31 December 2020, 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.

Principal Activities

ZCCM-IH ("the Company") is an investment holding company which has a primary listing on the Lusaka Securities Exchange and secondary listings on the London and Euronext Paris Stock Exchanges. The Company has the majority of its investments held in the copper mining sector of Zambia. The Company's focus going forward will include the following:

- Developing and implementing investment 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.

Strategic focus areas of the Company

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

- Extract value from current portfolio.
- Invest in portfolio's 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

During the year the company declared a dividend of ZMW0.53 per share (31 December 2019: ZMW0.33 per share).

Changes to the Directorate

Subsequent to the year end, the following were changes in the directorate:

Name of Director	Nature of Change
Mr Eric S Silwamba (Board Charman)	Retired on 12 October 2021
Mr Yollard Kachinda (Investment Committee Chairman)	Retired on 6 April 2022
Mr Mabvuto T Chipata (chief executive officer)	Retired on 30 March 2022
Mr F K Yamba (Non – Exécutive Director)	Retired on 9 September 2021
Mr. B.B. Mulenga (Non – Exécutive Director)	Retired on 31 May 2021
Ms Dolika E S Banda (Board Charman)	Appointed on 13 December 2021
Mr Moses Smart Nyirenda (Non – Exécutive Director)	Appointed on 13 December 2021
Mr Gregory Kabwe (Non – Executive Director)	Appointed on 13 December 2021
Mr Tisa R. Chama (Acting Chief Executive officer)	Appointed on 30 March 2022
Bishop John Mambo (Non – Executive Director)	Appointed on 13 December 2021

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, 2017 of Zambia, and the Lusaka Securities Exchange (LuSE) Corporate Governance (CG) Code, publicly available on the Company's website and from the LuSE upon request.

The Companies diversity policy is embedded in the Human Resource Policy under the clause titled "Equal Opportunity, Diversity and Positive Action", which states in part that, "ZCCM-IH will provide equal employment opportunity to the Zambian nationals on the basis of merit without unlawful discrimination on the basis of age, gender, colour, tribe, disability, race or religion".

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 31 December 2020, is indicated below:

Audit Committee	Remuneration Committee
Mr. Mateyo C Kaluba (Chairman)	Mr Y Kachinda
Mr Yollard Kachinda	Mr F K Yamba
Mr Philippe G Taussac	Mr. B.B. Mulenga
Mr Vincent Nyambe	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 (Retired in June 2020)
Mr Mabvuto T Chipata	Chief Executive Officer
Mr. Brian Musonda	Chief Investments Officer
Mr. Charles Mpundu	Co-opted Member
Mr. Basil Nundwe	Co-opted Member
Mr. Mukula Makasa	Co-Opted Member (Appointed in September 2020)

Record of attendance of Board and Committee meetings held during the period to 31 December 2020.

Board Meetings:

Name of Director	13/01/20	31/03/20	15/04/20	23/06/20	16/09/20	30/09/20	29/10/20	17/11/20	12/12/20
Mr Eric S Silwamba, SC (Chairman)	√	√	√	√	√	√	√	√	√
Mr Fredson K Yamba (Vice Chairman)	√	X	√	X	X	X	√	√	√
Mr. Yollard Kachinda	X	√	√	√	√	√	X	√	√
Mr. Mateyo C Kaluba	√	√	√	√	√	√	√	√	√
Mr Philippe G Taussac	√	√	√	√	√	√	√	√	√
Mr. B. B Mulenga	X	√	√	√	√	√	√	√	√
Mr Mabvuto T Chipata	√	√	√	√	√	√	√	√	√

Audit Committee Meetings:

Name of Director	18/03/20	26/03/20	22/09/20	16/10/20	14/12/20
Mr Mateyo C Kaluba (Chairman)	√	√	√	√	√
Mr Philippe G Taussac	√	√	√	√	√
Mr Yollard Kachinda	√	√	√	√	√
Mr Vincent Nyambe	√	X	X	√	√
Mr Mabvuto T Chipata	√	√	√	√	√

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

REPORT OF THE DIRECTORS (continued)

Investments Committee Meetings:

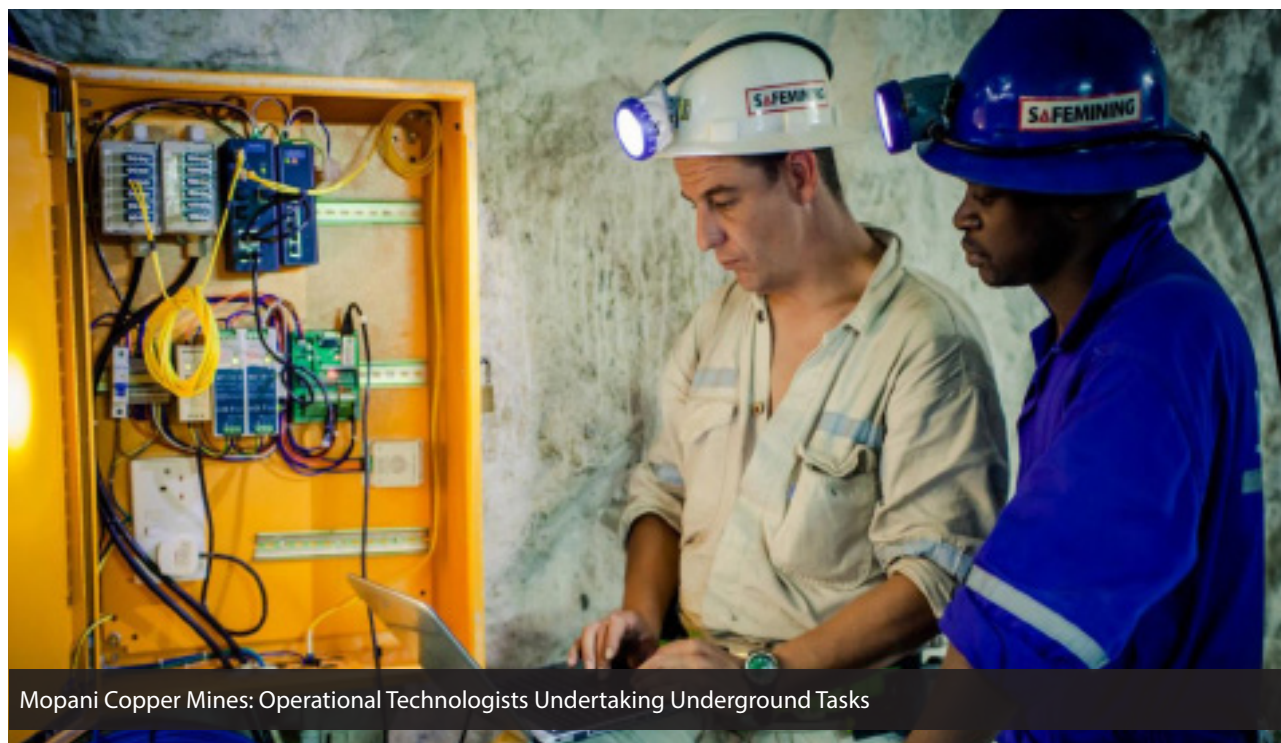
Name of Director	24/03/20	30/03/20	19/06/20	24/09/20	16/11/20	15/12/20
Mr Philippe G Taussac (Chairman)	✓	✓	✓	✓	✓	✓
Mr. B. B Mulenga	✓	✓	✓	✓	✓	✓
Mr Mateyo C Kaluba	✓	✓	✓	✓	✓	✓
Mr Charles Mpundu	✓	✓	✓	✓	✓	✓
Mr Basil Nundwe	✓	✓	✓	✓	✓	✓
Mr. M. Matamwandi	✓	✓	□	□	□	□
Mr. M. Makasa	□	□	□	✓	✓	✓
Mr Mabvuto T Chipata	✓	✓	✓	✓	✓	✓
Mr Cosam Ngoma	□	□	✓	□	□	□

Remuneration Committee Meetings:

Name of Director	17/03/20	28/09/20	16/12/20	22/12/20
Mr Yollard Kachinda (Chairman)	✓	✓	✓	✓
Mr. B Mulenga	✓	✓	✓	✓
Mr Fredson K Yamba	✓	X	✓	X
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 amount paid as remuneration to employees during the year amounted to ZMW103.5 million (2019: ZMW108.8 million) for the Group and ZMW87.5 million (2020: ZMW58.5 million) for the Company. The average number of employees was as follows:

Month	Company	Subsidiaries	Group	Month	Company	Subsidiaries	Group
January 2020	84	800	884	July 2020	84	753	837
February 2020	84	794	878	August 2020	84	743	827
March 2020	84	791	875	September 2020	85	716	801
April 2020	82	734	816	October 2020	86	705	791
May 2020	83	730	813	November 2020	88	729	817
June 2020	83	754	837	December 2020	88	748	836

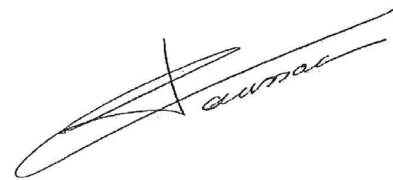
Staff expenses

	31 December 2020 ZMW'000	31 December 2019 ZMW'000
Subsidiary Companies	16,045	50,305
ZCCM-IH	87,453	58,486
	103,498	108,791

Signed on their behalf by:



Director



Director



Mopani Copper Mines: Copper Cathodes Being Arranged in Readiness for Export

OPERATIONS REPORT

(a) Subsidiary Companies

The performance of the subsidiary companies for the year ended 31 December 2020 is summarised below:

1 Zambia Gold Company Limited (ZGC)

Zambia Gold Company (ZGC) commenced operations in the year 2020 and reported revenue of ZMW59.70 million for the period ended 31 December 2020. The revenue was generated from the first sale of 47.96Kg of gold to the Bank of Zambia. The net profit recorded for the year was ZMW32.02 million.

Since production commenced in July 2020, ZGC has been conducting exploration activities to determine the available resource.

ZGC continued with the second phase of hiring key staff including a Procurement Officer, Company Accountant, Metallurgist and Technical Officer, as well as establishing a corporate office in Lusaka.

No dividend was declared or paid during the year.

2 Ndola Lime Company Limited (NLC)

For the year ended 31st December 2020, Ndola Lime Company Limited (NLC) reported total revenues of ZMW61.71 million (2019: ZMW55.42 million) and profit after tax of ZMW1,152 million (2019: Loss ZMW267 million loss). The Company was declared insolvent on 31st August 2020.

During the period under review, amounts owed to all former employees were settled in full. Amounts owed to deceased employees were paid to their estates. All other employee related arrears including unremitted loan schemes and pension obligations were settled. An out of court settlement was reached with all Trade Creditors of NLC and they have since been paid

No dividends were paid during the year under review (31 December 2019: Nil)

OPERATIONS REPORT *(continued)*

(a) **Subsidiary Companies** *(continued)*

3 Limestone Resources Limited (LRL)

Limestone Resources Limited (LRL) commenced operations on 1st September 2020 transitioning from Ndola Lime Company Limited (NLC).

Limestone Resources Limited (LRL) reported total revenues for the financial year ended 31st December 2020 of ZMW 34.76 million and a loss after tax of ZMW3.7 million.

There were no dividends declared during the year under review (31 December 2019: Nil).

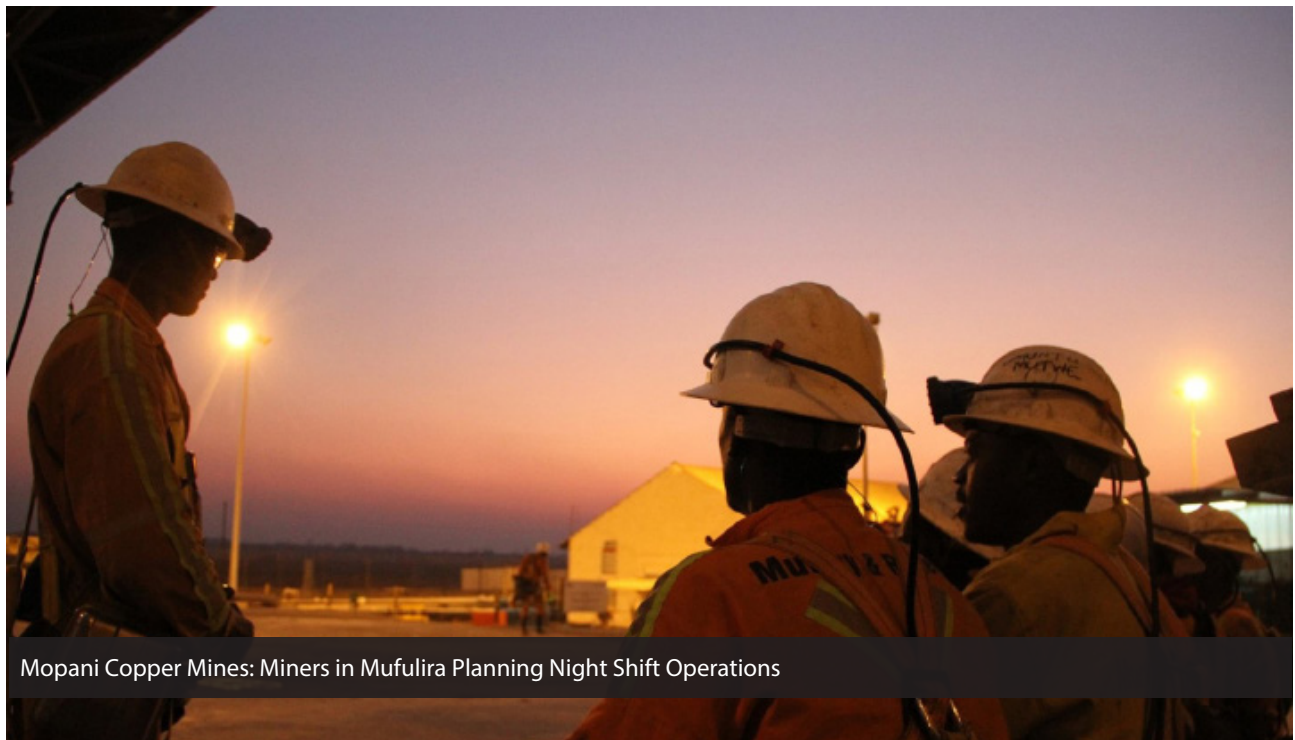
4 Investrust Bank PLC

Over the twelve-month financial reporting period ended 31st December 2020, results of the Bank's performance indicate an improvement as compared to the prior period, with operational losses reducing to ZMW57.58 million (31 December 2019: ZMW74.0 million).

The Bank's net interest income increased by 99% to ZMW 94 million (2019: ZMW 47 million) owing to an increase in total interest income by 64 to ZMW192 million (2019: K117 million). The increase in interest income was mainly as a result of the increased investment in Government securities.

In April 2019, the ZCCM-IH Board resolved to dispose off the Company's investments in Investrust Bank Plc through the ZCCM-IH and IDC Group Rationalisation and Restructuring initiative. The Group Restructuring involves ZCCM-IH swapping its stake in Investrust Bank and Mushe Milling for IDC's stake in Kagem to leverage on the portfolio management competencies of IDC and ZCCM-IH. The group restructuring has been granted approvals from relevant regulatory bodies. The completion of transaction is pending ZCCM-IH shareholder approval which is expected to be sought in 2022.

No dividends were declared during the financial period ended 31st December 2020 (2019: Nil).



Mopani Copper Mines: Miners in Mufulira Planning Night Shift Operations

OPERATIONS REPORT *(continued)*

(a) **Subsidiary Companies** *(continued)*

5 Misenge Environmental and Technical Services Limited (METS)

Misenge Environmental and Technical Services Limited (METS) generated a total of ZMW 24.49 million in revenue for the year ended 31st December 2020 (December 2019: ZMW16.27 million). METS reported a net profit of ZMW3.12 million (2019: ZMW2.6 million).

During the period under review, METS commenced the formulation of its Strategic Turnaround and Marketing Plan. The Turnaround Plan is intended to address, among other issues, market expansion through the acquisition of new customers, business development and additional services, improvements in the provision of environmental services, and the formation of strategic alliances and partnerships in the provision of environmental services.

No dividends were paid during the year under review (2019: Nil).

6 Kariba Minerals Limited (KLM)

For the period under review, Kariba Minerals Limited (Kariba) reported total revenues of ZMW12.44 million (2019: ZMW4.18 million) with a net loss of ZMW11.19 million (2019: ZMW48.64 million profit).

During the period under review, ZCCM-IH provided an extension on the USD550,000 cash cover for Kariba's USD500,000 working capital facility with Investrust Bank Plc. The facility was set to expire during the period under review, and KML requested for the extension of the facility for an additional 12 months. This was requested due to challenges the business faced during the financial year caused by the adverse effects of the Covid-19 pandemic and the suspension of exports for a prolonged period.

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

7 Mushe Milling Company Limited

In September 2019, ZCCM-IH Plc and Multi Invetec Solutions ("Multi Invetec") executed a Share Purchase Agreement ("SPA") which saw ZCCM-IH acquire 100% shareholding in Mushe Milling Limited. Mushe Milling Limited (MML) earned a total of ZMW 107.46 million in revenue for the year ended 31st December 2020 (31 December 2019: ZMW36.69 million). MMCL recorded a net loss of ZMW36.58 million (31 December 2019: ZMW12.63 million loss).

8 Kabundi Resources Limited

Kabundi Resources Limited (KRL) appointed a Board and Project Manager to operationalise their manganese mining activity. Manganese mining commenced, and as at 31st December 2020 12,000 tonnes of manganese ore had been stockpiled. A 40 tonne per hour wash plant and 75 tonne per hour crusher were installed on site. The installation of office containers, construction of a community clinic, Project Affected Persons (PAP) houses and school blocks were completed. KRL reported total revenues for the financial year ended 31st December 2020 of ZMW 912 thousand and a loss after tax of ZMW958 thousand.

There were no dividends declared during the year under review.

9 Nkandabwe Coal Mine Limited.

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

OPERATIONS REPORT *(continued)*

The performance of associate companies for the year ended 31 December 2020 is summarised below:

1. Maamba Collieries Limited (MCL)

Maamba Collieries Limited (MCL) reported total revenue of ZMW4,392.69 million (US\$ 235,781million) for the period under review [2019: ZMW2,140.07 million (US\$160.97 million)] and had profit after tax of ZMW1,466.08 million (US\$78.69 million), [(2019: ZMW601.06 million (US\$45.12 million))].

During the period under review, MCL continued to experience liquidity challenges because of late receipts 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 shut-down one of its two plants temporary during the period under review. Power production was thus negatively impacted due to lower plant availability. However, MCL recorded higher profits during the year under review because MCL recorded a net tax credit of US\$2.31 million compared to net tax expenses of US\$45.00 million in 2019.

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 (31 Dec 2019: Nil).

2. Konkola Copper Mines Plc

During the year, the Provisional Liquidator announced plans to restructure the company by forming two subsidiaries, one responsible for the mining while the other would be responsible for processing.

There were no dividends declared during the year under review (31 Dec 2019: Nil).

3. Kansanshi Mining Plc

Kansanshi Mining reported annual production of 221,488 tonnes of copper (2019: 232,000 tonnes). There was a reduction in total production volumes but also a decline in the copper ore grades from 0.89% in the previous reporting period to 0.99% currently. A total of 128,408 ounces of gold was produced.

However, despite the reduction in production volumes, total revenue for the year increased to ZMW28,758.45 million (US\$1,543.64 million) from ZMW15,438.19 million (US\$1,159 million) reported for the period ended 31 December 2019 due to increased price of copper during the year. The net profit also increased to ZMW4,274.67 million (US\$229.45 million) from ZMW1,082.29 million (US\$81.2 million) recorded as at 31 December 2019.

The decline in total production from the previous period was offset by relatively higher realised metal prices which ensured that total revenue over the two periods remained largely flat. The notable increase in net profit was largely driven by an adjustment (write-back) for VAT receivable from ZRA.

Dividends declared and paid during the year amounted to ZMW48.65 million (US\$2.3 million) [(31 December 2019: ZMW131.15 million) (US\$9.4 million)].

OPERATIONS REPORT *(continued)*

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

4. Consolidated Gold Company of Zambia Limited (CGCZ)

Consolidated Gold Company of Zambia Limited is a joint venture partnership between ZCCM-IH (45%) and Karma Mining Services and Rural Development (55%). Incorporated in the year 2020, this Special Purpose Vehicle is focused on developing a gold processing and trading hub in Zambia. Phase 1 will be undertaken in Rufunsa District and will require ZCCM-IH to invest US\$1.4 million towards the total set-up cost of US\$3.5 million.

All the gold produced was sold to Zambia Gold Company. Income for the year ended 31st December 2020 was ZMW610 Thousand (December 2019: Nil). CGCZ recorded a loss for the year of ZMW19.16 million.

5. Copperbelt Energy Corporation Plc (CEC)

The Bulk Supply Agreement between CEC and ZESCO expired on 31st March 2020. A new agreement was not signed as the two parties could not agree on terms and conditions that were acceptable to both. This is likely to impact CEC negatively especially when it comes to planning for CAPEX.

ZCCM-IH is monitoring the impact of the new Energy Regulation Board (ERB) and Electricity Acts are going to have on the operations of CEC with the key one being the increased powers granted to the ERB and the government to have more oversight in important dynamics such as tariff rates and Power Purchase Agreements (PPA's) with end users including the mines.

During the year under review CEC reported total revenue of ZMW6,910.59 million (US\$370.93 million), [2019: ZMW4,101.92 million (US\$307.93 million)] and profit after tax of ZMW104.5 million (US\$5.61 million), [December 2019: ZMW26.90 million (US\$2.02 million) loss]

During the year, the CEC share price opened at ZMW 1.25 per share closing at ZMW 1.10.

Dividends declared and paid during the year amounted to ZMW164.9 million (US\$8.2 million) (December 2019: nil).

6. CEC Africa Investments Plc (CEC Africa)

In August 2020, the Group disposed of its 20% shareholding in CEC Africa Investments Plc.

7. Lubambe Copper Mine Limited

Lubambe Copper Mine Limited (Lubambe) reported total revenue of ZMW2,145.18 million (US\$115.15 million) for the year ended 31 December 2020 [December 2019: ZMW997.12 million (US\$ 74.85 million)]. The loss for the year was at ZMW1,580.03 million (US\$84.81 million) US\$28.34 million [2019: ZMW871.68 million (US\$65.44 million)]

During the year under review, ZCCM-IH continued to engage with Morgan Stanley regarding EMR's intention to offer some equity to new partners. The ZCCM-IH Board approved Lubambe's additional US\$25 million loan from Trafigura, bringing Lubambe's total indebtedness to \$75 million.

Dividends declared and paid during the year amounted to nil (December 2019: nil).

OPERATIONS REPORT *(continued)*

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

8. CNMC Luanshya Copper Mines Plc (CLM)

CLM increased its production volumes in 2020 with total copper output of 55,976 tonnes, up from 55,000 tonnes in 2019. This was due to increased mining activities and increased slag reclamation at Muliashi and Baluba.

During the year, revenue increased to ZMW6,435.79 million (US\$345.45 million) from ZMW2,992.91 million (US\$ 224.67 million) as at December 2019 with net profit increasing to ZMW784.97 million (US\$42.13 million) from ZMW 274.91 million (US\$20.64 million).

In the quarter under review, ZCCM-IH signed a loan facility with CLM. With a positive equity position, the company shall continue to explore the possibility of dividend payments in 2021 so as to reduce this loan amount.

No dividends were declared during the year (31 December 2019: nil).

(C) Other Investments

1 Mopani Copper Mines plc (MCM)

During the financial year to 31 December 2020, Mopani Copper Mines (MCM) recorded net revenue of ZMW4.93 billion (US\$ 714.44 million) [December 2019: ZMW4.93 billion (US\$369.84 million)]. The net loss for the period under review was ZMW9.31 billion (US\$ 474.56 million) [December 2019: ZMW9.31 billion (US\$ 698.92 million net loss)].

During the year ended 31 December 2020, MCM produced a total of 90,050 tonnes of copper (2019: 21,554 tonnes). On 31st March 2021, ZCCM-IH and Glencore signed an agreement in which ZCCM-IH would purchase the 90% interest in Mopani held by Carlisa Investments Corp. ("Carlisa"), in which Glencore holds 81.2% of the shares for a US\$1 consideration and US\$1.50 billion in Transaction Debt.

There were no dividends paid during the financial year ended 31st December 2020 (2019: Nil).

2 NFC Africa Mining Plc (NFCA)

For the financial year ended 31st December 2020, NFCA reported revenue of ZMW1.84 billion (US\$229.38 million), [December 2019: ZMW1.84 billion (US\$138.36 million)] and profit after tax of ZMW171.48 million (US\$19.30 million), [December 2019: ZMW171.48 million (US\$12.87 million)].

There were no dividends paid during the year ended 31st December 2020 (2019: Nil).

3 Chibuluma Mines Plc

Following the sale of Chibuluma South Crown Pillar Mine, Chibuluma Mines could not sustain operations with ore from Chifupu Underground Mine alone. Therefore, the Chibuluma Mines Plc Board, Metorex Executive Committee and Jinchuan Group Limited, jointly resolved to place the operations of Chibuluma Mine Plc under care and maintenance with effect from 1 July 2020. All Chibuluma Mine employees were consequently declared redundant with only a few re-employed on short-term contracts for the care and maintenance period.

In September 2020, in order to assess the viability of re-opening Chifupu Mine, Chibuluma Mines engaged Integrated Geological Solutions of South Africa (IGS) to conduct an evaluation of the Chifupu Mine resources and reserves.

OPERATIONS REPORT *(continued)*

(c) Other Investments *(continued)*

This indicated that the current resources amount to 3,118,000 tonnes of Copper Ore, with an average Grade of 2%, containing 65,478 tonnes of Copper metal. And recoverable reserves of 1.346 million tonnes of Copper Ore, with an average grade of 1.83%, containing 24,592 tonnes of Copper metal. Subsequently, Chibuluma Mines in conjunction with Metorex (Pty) Limited engaged the services of Ernest and Young (EY) to conduct a valuation of Chibuluma Mines Plc including the reserves at Chifupu Mine and the assets at the processing plant.

The EY valuation report indicated that based on current mining costs and current (forecast) Copper prices, re-opening Chifupu Mine operations would result in an overall loss of USD 28 million over the 5-year period to 2025.

No dividends were paid for the financial year ended 31st December 2020 (December 2019: nil).

4 Chambishi Metals Plc

Chambishi is currently under care and maintenance due to lack of feedstock for the plant.

Chambishi sourced feedstock (Copper and Cobalt concentrates) from Eurasian Resource Group (ERG) Frontier and Boss Mining companies (both ERG companies) as well as other mines in Democratic Republic of Congo (DRC). ERG is the majority shareholder in Chambishi.

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



Mopani Copper Mines: Copper Cathodes Store Room

OPERATIONS REPORT *(continued)*

(d) Corporate Social Responsibility and Environmental Review

(i) Corporate Social Responsibility (CSR)

ZCCM Investments Holdings Plc (ZCCM-IH) has aligned its corporate social investment (CSI) initiatives with the new mining focused investment strategy of the company by undertaking such initiatives in areas where Greenfield projects are being established. In line with this, one notable CSI activity in the year is the building of various infrastructure at Kampumpu Resettlement Area in Serenje for nine (9) households that were relocated from the Kabundi Mineral Resources Ltd mine area licence. The infrastructure built includes:

- Nine 3-bedroomed standard houses for households relocated from Kabundi to pave way for mining operations;
- a new rural health post, solar powered with a complete water reticulation system;
- an additional one-by-two classroom block at Kampumpu Primary School; and,
- two 3-bedroomed staff houses.

In addition, the relocated household each receive a twelve-hectare farm land with farming input packages.

Further, ZCCM-IH continued undertaking other social interventions during the year by supporting various social, cultural events and educational programs among others. In total, the Company spent ZMW 4.68 million (December 2019: ZMW0.44 million) in supporting various corporate social responsibility activities.



ZCCM-IH: Kampumpu Primary School (Serenje) classroom block donation - July 23, 2020.

OPERATIONS REPORT *(continued)*

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

(ii) Environmental Review

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

- i. Routine Radiation Surveillance of the Radiation Waste Storage Building and the Uranium Tailings Engineered Disposal Cell continued throughout the year. This is a statutory requirement by the Radiation Protection Authority to ensure compliance.
- ii. Routine monitoring of environmental liabilities in Kitwe District on the Copperbelt Province and Kabwe in Central Province continued throughout the year. However, routine monitoring of environmental liabilities in Mufulira district on the Copperbelt Province were discontinued in March 2020 as TD8 and TD10 were transferred to the Ministry of Mines and Minerals Development.
- iii. Monitoring of children affected by lead poisoning continued through Integrated Case Management (ICM) activities in Kabwe. This included medical reviews and where necessary for clinical assessment at clinics in Makululu, Kasanda and Chowa Health Centres. Other activities involved home visitations 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 carried out on the Radiation Waste Storage facility in Kalulushi during the financial year under review. The fault that had developed at the Surveillance Guard House Security System for the Radiation Waste Storage Building in October 2019 was rectified by Golden Security System, a United States of America based company engaged to carry out maintenance works at the RWSB during the financial year under review.
- v. METS continued with the Demolition and Site Clean-up of the No.1 Nkana Cobalt Plant and Rehabilitation of Overburden Dump No. 53 in Kitwe during the year under review. The project was aimed at addressing ZCCM-IH's environmental liabilities as per purchase and sales agreement to comply with Zambian Environmental Legislation during the financial year under review.

Following the completion of the demolition and site clean-up of the No. 1 Nkana Cobalt Plant in October 2020, METS has since stopped undertaking monthly routine inspections at the facility as the land has now been freed for other developments.

- vi. METS conducted a Resettlement Action Plan (RAP) on behalf of ZCCM-IH for Kabundi Resources Limited to relocate the project affected people from Kabundi Manganese Mine licence area to an alternative place in Serenje District.

OPERATIONS REPORT *(continued)*

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

(ii) Environmental Review *(continued)*



Photos: METs Nuclear gauge (for checking radiation) and Lead testing laboratory in Kabwe.

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 2020, 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 chairman's statement, report of the directors operations report and, page 149 to 154 corporate information and appendices.

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.

To the best of the Directors knowledge, the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

To the best of the Directors knowledge, the management report includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

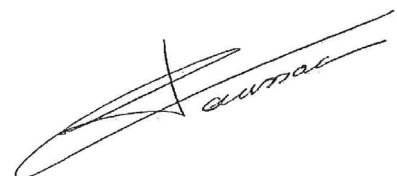
The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia and the Securities Act of Zambia.

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 12 April 2022 and signed on its behalf by:



Director



Director



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

Report on the Audit of the Financial Statements

Qualified Opinion

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

We have audited the financial statements of ZCCM Investments Holdings Plc, (the 'Company') and its subsidiaries (the 'Group') which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, 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 2020, and of the consolidated and Company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act and the Securities Act of Zambia.

Basis for Qualified Opinion

The Company holds 71.47% shareholding in Investrust Bank Plc (the bank) which shareholding the Company decided to dispose of. In the consolidated statement of financial position, the assets of the bank with a total balance of ZMW 1,258 million have been presented as assets held for sale and liabilities with a total balance of ZMW 1,424 million have been presented as liabilities associated with assets classified as held for sale. The Group's share of the bank's loss of ZMW 58 million has been included in consolidated profit and loss account as loss from discontinued operations. We were unable to obtain sufficient appropriate evidence about the amounts relating to Investrust Bank Plc which are included in these financial statements because we were unable to have access to the financial information. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 the basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial

Partners: Edgar Hamuwele (Managing), Christopher Mulenga, Wesley Beene
Rodia Musonda, Chilala Banda

Risk • Tax • Advisory

Chartered Accountants
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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
<p>Classification, measurement and impairment of financial assets</p> <p>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.</p> <p>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.</p>	<p>We checked the classification of the financial assets to ensure compliance with the reporting standards.</p> <p>We checked the valuation and verified the calculation of the fair values. We also verified the inputs used in the valuations.</p> <p>In considering the reasonableness of the impairment provision, we reviewed the assumptions used in impairment calculations.</p>
<p>Valuation and Measurement of Investments in associates</p> <p>As at 31 December 2020, the investments in associates and the financial assets at fair value through profit or loss in the company's financial statements of ZMW 20,667 million and ZMW 292 million represented 87% of the total assets that were subject to significant estimations.</p> <p>The valuation of the 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 2020.</p> <p>These models require significant judgements and estimation over significant unobservable inputs and assumptions.</p>	<p>We evaluated the competence, experience and independence of the external valuation expert.</p> <p>We compared the assumptions used to the preceding period and considered the reasonableness.</p> <p>In considering the appropriateness of the valuation model we compared the models used to that of the prior year.</p> <p>We had continuous discussions with the valuation experts and challenged assumptions used in the valuation report provided.</p> <p>We corroborated the inputs used against publicly available information and the reasonableness of the comparable universe.</p> <p>The data used by the valuation experts was scrutinised and tested. Key financial information was matched against latest available audited results.</p> <p>For investments valued using the market approach we agreed the prices of the listed shares to the Lusaka Securities Exchange lists.</p>

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
<p>Completeness and Accuracy of Environmental rehabilitation provision</p> <p>The valuation of environmental rehabilitation provision was performed by an independent external environmental expert. A significant degree of judgement and estimation is applied to determine the environmental rehabilitation provision.</p>	<p>We evaluated the competence, experience and independence of the external environmental expert.</p> <p>We further obtained a report on the review of the assessment of the environmental liability.</p> <p>We performed a recalculation of the provision and compared it to the provision recorded in the financial statements.</p> <p>We challenged the assumptions of the rates used through comparison to independently sourced information that was readily available.</p>

Other information

Management is responsible for the other information. The other information comprises the information included in the Chairperson's statement, report of the Directors and Operations report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.
- 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.
- 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.

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

The Companies Act, 2017 requires that in carrying out our audit, we consider and report to you on whether:

As required in Section 259 (3) of the Companies Act 2017;

- There is a relationship, interest or debt which we have, as the Group and Company Auditors, with the Group and Company; and
- There are serious breaches of corporate governance principles or practices by the directors.
- As regards to loans made to a Group or Company Officer (a director, group or company secretary or executive officer of the group or company), the Group or Company does not state the: -
 - particulars of any relevant loan made during the financial year to which the accounts apply including any loan which was repaid during the year; and
 - amount of any relevant loan, whenever made, which remain outstanding at the end of the financial year.

In respect of the foregoing requirements we have no matter to report.

In accordance with Schedule IV, Rule 18, of the Securities Act of Zambia Cap 254 of the Laws of Zambia we are required in carrying out our audit to report on whether:

- The Group and Company have throughout the financial year kept proper accounting records in accordance with the requirements of the Securities and Exchange Commission Rules;
- The statements of financial position and statements of profit or loss and other comprehensive income in agreement with the Group's and Company'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

In respect of the foregoing requirements, we have no matters to report

nga (AUD/F000178)

..... Signing on behalf of the Firm

Lusaka

Date: 12 April 2022

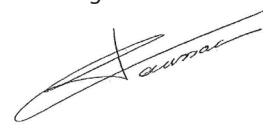
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		31 December 2020 ZMW'000	31 December 2019 ZMW'000
	Note		
Assets			
Property, plant and equipment	17	167,023	240,712
Exploration and evaluation asset	18	20,704	-
Intangible assets	19	749	648
Investment property	21	183,917	167,970
Investment in associates	24	19,351,000	11,855,067
Financial assets at fair value through profit or loss	25	292,000	-
Trade and other receivables	27	785,269	385,465
Deferred tax assets	35	661,277	564,304
Goodwill	20	-	119,818
Non-current assets		21,461,939	13,333,984
Property, plant and equipment	17	-	58,413
Inventories	26	55,728	52,057
Trade and other receivables	27	510,325	344,220
Assets held for sale	22	1,307,400	1,127,333
Term deposit	28	194,369	274,960
Cash and cash equivalents	29	181,209	56,816
Current assets		2,249,031	1,913,799
Total assets		23,710,970	15,247,783
Equity			
Share capital	32(i)	1,608	1,608
Share premium	32(iii)	2,089,343	2,089,343
Other reserves	33	14,561,120	8,370,716
Retained earnings		4,271,145	2,191,390
Equity attributable to shareholders		20,923,216	12,653,057
Non-controlling interest		(24,004)	(23,226)
Total equity		20,899,212	12,629,831
Liabilities			
Borrowings	34	161,370	-
Trade and other payables	30	18,335	14,591
Deferred tax liabilities	35	519,877	238,185
Retirement benefits	36	10,792	7,971
Provisions for environmental rehabilitation	37	173,522	57,361
Non-current liabilities		883,896	318,108
Bank Overdraft	29	10,034	2,641
Trade and other payables	30	156,053	724,321
Liabilities associated with assets classified as held for sale	22	1,423,669	1,191,270
Provisions	31	121,177	83,118
Current tax liabilities	14	214,527	209,904
Retirement benefits	36	2,402	26,698
Provisions for environmental rehabilitation	37	-	61,892
Current liabilities		1,927,862	2,299,844
Total liabilities		2,811,758	2,617,952
Total equity and liabilities		23,710,970	15,247,783

The financial statements were approved for issue by the Board of Directors on 12 April 2022 and signed on its behalf by:



Director



Director

The notes on pages 40 to 148 are an integral part of these consolidated and separate financial statements.


SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 December 2020 ZMW'000	31 December 2019 ZMW'000
Assets			
Property, plant and equipment	17	79,052	88,439
Intangible assets	19	749	648
Investment property	21	183,917	167,970
Investments in subsidiaries	23	276,678	147,317
Investment in associates	24	20,666,806	10,746,818
Financial assets at fair value through P&L	25	292,000	-
Trade and other receivables	27	785,269	385,465
Deferred tax assets		748,435	650,939
Non-current assets		23,032,906	12,187,596
Inventories	26	13,743	-
Trade and other receivables	27	471,310	334,390
Assets held for sale	22	392,357	387,110
Term deposits	28	194,369	273,717
Cash and cash equivalents	29	120,639	54,359
Current assets		1,192,418	1,049,576
Total assets		24,225,324	13,237,172
Equity			
Share capital	32(i)	1,608	1,608
Share premium	32(iii)	2,089,343	2,089,343
Other reserves	33	12,874,097	6,415,617
Retained earnings		1,494,288	978,367
Equity attributable to shareholders		16,459,336	9,484,935
Liabilities			
Borrowings	34	161,370	-
Deferred tax liabilities	35	7,099,183	3,339,411
Retirement benefits	36	10,792	7,971
Provisions for environmental rehabilitation	37	66,595	55,258
Non-current liabilities		7,337,940	3,402,640
Trade and other payables	30	102,551	52,271
Provisions	31	119,716	83,118
Current tax liabilities	14	205,781	214,208
Current liabilities		428,048	349,597
Total liabilities		7,765,988	3,752,237
Total equity and liabilities		24,225,324	13,237,172

The financial statements were approved for issue by the Board of Directors on 12 April 2022 and signed on its behalf by:



Director



Director

The notes on pages 40 to 148 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 ZMW'000	31 December 2019 (9 months) ZMW'000
Revenue from contracts with customers	7	113,088	62,432
Cost of sales		(57,348)	(53,015)
Gross profit		55,740	9,417
Investment income	8	16,938	48,364
Investment expenses	8	-	(305)
Net investment income	8	16,938	48,059
Other income	9(a)	100,131	139,066
Net impairment losses on financial assets	10	(141,614)	(129,541)
Administration expenses	11	(610,785)	(222,386)
Operating loss		(579,590)	(155,385)
Finance income	13	969,606	170,348
Finance costs	13	(24,728)	(31,274)
Net finance income	13	944,878	139,074
Share of profit of equity-accounted investees, net of tax	24(a)	1,487,537	420,348
Profit before tax		1,852,825	404,037
Income tax expense	14	(221,737)	(22,871)
Profit from continuing operations		1,631,088	381,166
Profit/(loss) from discontinued operations	9(b)	500,399	(73,979)
Profit for the year		2,131,487	307,187
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation gain on property, plant and equipment	17	-	26,255
Revaluation surplus on transfer of property, plant and equipment to investment property	21	2,761	-
Deferred tax on revaluation reserve	35	77	(9,112)
Actuarial gain on defined benefit pension plans	36	514	(715)
Deferred tax on defined benefit actuarial loss	35	(180)	250
		3,172	16,678
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	24(a)	6,187,787	1,276,863
Equity-accounted investees- share of other comprehensive income	24(a)	-	3,987
		6,187,787	1,280,850
Other comprehensive income, net of tax		6,190,959	1,297,528
Total comprehensive income		8,322,446	1,604,715
Profit/(loss) attributable to:			
Owners of the company		2,132,265	328,345
Non-controlling interests		(778)	(21,158)
		2,131,487	307,187
Total comprehensive income attributable to:			
Owners of the company		8,323,224	1,625,873
Non-controlling interests		(778)	(21,158)
		8,322,446	1,604,715
Earnings per share			
Basic earnings per share (ZMW)	15	13.26	1.91
Diluted earnings per share (ZMW)	15	13.26	1.91

The notes on pages 40 to 148 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		31 December 2020 ZMW'000	31 December 2019 (9 months) ZMW'000
	Note		
Revenue from contracts with customers	7	3,695	-
Cost of sales		(3,000)	-
Gross profit		695	-
Investment income	8	226,169	171,163
Other income	9(a)	99,640	85,193
Net impairment losses on financial assets	10	(144,784)	(130,974)
Administration expenses	11	(355,914)	(108,286)
Operating (loss)/profit		(174,194)	17,096
Finance income	13	969,592	161,717
Finance costs	13	(14,552)	(3,212)
Net finance income	13	955,040	158,505
Profit before tax		780,846	175,601
Income tax expense	14	(212,415)	(22,166)
Profit for the year		568,431	153,435
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation surplus on transfer of property, plant and equipment to investment property	21	2,761	-
Deferred tax on amortisation of revaluation reserve	35	77	77
Actuarial gain on defined benefit pension plans	36	514	(715)
Deferred tax on defined benefit actuarial gain	35	(180)	250
Fair value change in Investments in subsidiaries		-	(12,773)
Fair value change in Investments in associates	24	9,932,097	1,043,449
Deferred tax on fair value change on investments in subsidiaries	35	-	4,471
Deferred tax on fair value change on investments in associates	35	(3,476,234)	(365,207)
Other comprehensive income, net of tax		6,459,035	669,552
Total comprehensive income		7,027,466	822,987
Earnings per share			
Basic earnings per share (ZMW)	15	3.54	0.95
Diluted earnings per share (ZMW)	15	3.54	0.95

The notes on pages 40 to 148 are an integral part of these consolidated and separate financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

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 2019	1,608	2,089,343	251,646	6,827,364	(2,068)	1,857,223	11,025,116
(Loss)/profit for the period	-	-	-	-	(21,158)	328,345	307,187
Other comprehensive income (9 Months)							
Revaluation surplus on property, plant and equipment	-	-	26,034	-	-	221	26,255
Deferred tax on revaluation reserve	35	-	(9,112)	-	-	-	(9,112)
On acquisition of subsidiary	-	-	-	-	-	-	-
Currency translation – equity accounted investees	24	-	-	1,276,863	-	-	1,276,863
Amortisation of revaluation reserve	-	-	(2,079)	-	-	2,079	-
Actuarial loss on defined benefit	36	-	-	-	-	(715)	(715)
Share of associates other comprehensive income	24	-	-	-	-	3,987	3,987
Deferred tax on defined benefit actuarial gains	35	-	-	-	-	250	250
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
(Loss)/profit for the year	-	-	-	-	(778)	2,132,265	2,131,487
Other comprehensive income							
Revaluation surplus on transfer from property, plant and equipment to investment property	-	-	2,761	-	-	-	2,761
Deferred tax on revaluation reserve	35	-	77	-	-	-	77
Currency translation – equity accounted investees	24	-	-	6,187,787	-	-	6,187,787
Amortisation of revaluation reserve	-	-	(221)	-	-	221	-
Actuarial gain on defined benefit	36	-	-	-	-	514	514
Deferred tax on defined benefit actuarial gain	35	-	-	-	-	(180)	(180)
Share of associates' other comprehensive income	24	-	-	-	-	-	-
Total comprehensive income	-	-	2,617	6,187,787	(778)	2,132,820	8,322,446
Transaction with owners of the Company – Distributions							
Dividends	-	-	-	-	-	(53,065)	(53,065)
Balance at 31 December 2020	1,608	2,089,343	269,106	14,292,014	(24,004)	4,271,145	20,899,212

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 148 are an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital ZMW'000	Share Premium ZMW'000	Revaluation reserve ZMW'000	Fair value reserve ZMW'000	Retained earnings ZMW'000	Total ZMW'000
Balance at 1 April 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 (9 Months)							
Amortisation of revaluation surplus			-	(221)		221	-
Deferred tax on revaluation surplus	35			77			77
Actuarial loss on defined benefit	36	-	-	-	-	(715)	(715)
Deferred tax on defined benefit actuarial loss	35	-	-	-	-	250	250
Change in fair value of investments in associates	24	-	-	-	1,043,449	-	1,043,449
Deferred tax on change in fair value of investments in associates	35	-	-	-	(365,207)		(365,207)
Change in fair value of investments in subsidiary	23				(12,773)		(12,773)
Deferred tax on change in fair value of investments in subsidiary	35				4,471		4,471
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
Total comprehensive income							
Profit for the year		-	-	-	-	568,431	568,431
Other comprehensive income							
Revaluation surplus on transfer from property, plant and equipment to investment property		-	-	2,761	-	-	2,761
Amortisation of revaluation surplus		-	-	(221)	-	221	-
Deferred tax on amortisation of revaluation surplus	35	-	-	77	-	-	77
Loss on retirement benefits	36	-	-	-	-	514	514
Deferred tax on defined benefit actuarial loss	35	-	-	-	-	(180)	(180)
Change in fair value of investments in associates	24	-	-	-	9,932,097	-	9,932,097
Deferred tax on fair value change on investments in associates	35	-	-	-	(3,476,234)	-	(3,476,234)
Total comprehensive income		-	-	2,617	6,455,863	568,986	7,027,466
Transactions with owners of the company – distributions							
Dividends		-	-	-	-	(53,065)	(53,065)
Balance at 31 December 2020		1,608	2,089,343	19,892	12,854,205	1,494,288	16,459,336

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 148 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		31 December 2020 ZMW' 000	31 December 2019 (9 months) ZMW'000
Cash flows from operating activities			
Profit for the year		2,131,487	307,187
Adjustments for:			
Depreciation	17,18	24,374	24,414
Amortisation	19	582	3,081
(Loss)/profit on disposal of property, plant and equipment	11(9)	(271)	440
Impairment of assets of property, plant and equipment		110,396	1,111
Interest income from related parties and term deposits	8,13	(81,108)	(70,594)
Interest expense	8	-	305
Interest expense on borrowings	34	2,715	-
Reversal of borrowings		-	(53,639)
Impairment of goodwill		119,818	-
Change in fair value on financial assets at fair value through profit or loss	25	(292,000)	-
Profit on disposal of subsidiary	23	(64,278)	-
Fair value change on investment property	21	(3,969)	(9,151)
Defined benefits expense	36	39,760	3,557
Share of profit of equity – accounted investees, net of tax	24	(1,487,537)	(420,348)
Unrealised foreign currency gain		(6,240)	(214)
Discontinued operation tax receivable		2,405	-
Tax expense	14	221,737	22,871
		717,871	(190,980)
Change in:			
Inventories		(4,406)	7,211
Trade and other receivables		(571,445)	104,736
Trade and other payables and provisions		(490,319)	311,002
Assets and liabilities held for sale		194,474	-
Provision for environmental rehabilitation		54,269	(27,965)
Cash (used)/generated from operating activities		(99,556)	204,004
Interest paid	8	-	(305)
Tax paid	14	(34,903)	(9,115)
Benefits paid	36	(2,646)	(4,409)
Dividends paid		(53,065)	-
Net cash from operating activities		(190,170)	190,175
Cash flows from investing activities			
Interest received	8,13	81,108	70,594
Dividend received	24	208,898	122,536
Acquisition of property and equipment	17	(34,450)	(156,441)
Acquisition of intangible assets	19	(683)	(427)
Proceeds on disposal of property, plant and equipment		1,563	285
Acquisition of investment property	21	(238)	(33)
Acquisition of investment in associates	24	(29,507)	(32,814)
Cash from acquisition of subsidiary		-	571
Acquisition of held for sale assets	22	-	(43,896)
Disposal of subsidiary		(437)	-
Investments in exploration and evaluation asset	18	(22,428)	-
Proceeds from term deposits	28	274,960	754,438
Investments in term deposits	28	(194,369)	(677,117)
Net cash generated from investing activities		284,417	37,696
Cash flows from financing activities			
Proceeds from borrowings	34	158,655	-
Repayment of borrowings	34	-	(136,702)
Net cash used in financing activities		158,655	(136,702)
Net increase/(decrease) in cash and cash equivalents		252,902	91,169
Effect of movement in exchange rates on cash held		6,240	214
Cash and cash equivalents at 1 January/ April		165,863	74,480
Cash and cash equivalents at 31 December/ March	29	425,005	165,863
Included in the statement of financial position		171,175	54,175
Included in assets held for sale	22	253,830	111,688
		425,005	165,863

The notes on pages 40 to 148 are an integral part of these consolidated and separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		31 December 2020	31 December 2019
	Note	ZMW'000	(9 months) ZMW'000
Cash flows from operating activities			
Profit		568,431	153,435
<i>Adjustments for:</i>			
Depreciation	17	11,378	6,833
Amortisation	19	582	232
Profit on disposal of property, plant and equipment	11	(271)	155
Fair value changes of financial assets at fair value through profit or loss	25	(292,000)	-
Defined benefits expense	36	3,335	1,743
Fair value change on investment property	21	(3,969)	(10,331)
Interest expense on borrowings	34	2,715	-
Interest receivable on price participation and held to maturity investments	13,8	(81,441)	(71,140)
Unrealised foreign currency gain		(6,240)	(214)
Tax expense	14	212,415	22,166
		414,935	102,879
<i>Change in:</i>			
Inventory		(13,743)	-
Trade and other receivables		(536,724)	122,808
Trade and other payables		50,281	(25,071)
Provisions		36,598	(44,472)
Assets held for sale		(5,247)	-
Provision for environmental rehabilitation		11,337	(57,647)
Cash generated from operating activities		(42,563)	98,497
Tax paid	14	(34,903)	(5,272)
Dividends paid		(53,065)	-
Net cash from (used in) operating activities		(130,531)	93,225
Cash flows from investing activities			
Interest received	13,8	81,441	71,140
Acquisition of property, plant and equipment	17	(13,011)	(9,677)
Acquisition of intangible assets	19	(683)	(139)
Acquisition of investment property	21	(238)	(33)
Proceeds on disposal of property, plant and equipment		1,563	-
Proceeds from term deposits	28	273,717	727,554
Investments in term deposits	28	(194,369)	(273,717)
Acquisition of investments in associates	24	(29,507)	-
Proceeds on disposal of investments in associates		41,616	-
Acquisition of investments in subsidiary	23	(128,613)	(147,317)
Acquisition of held for sale assets	22	-	(329,896)
Net cash flows (used in)/from investing activities		31,916	37,915
Cash flows from financing activities			
Proceeds from borrowings	34	158,655	-
Repayment of borrowings	34	-	(103,271)
Net cash used in financing activities		158,655	(103,271)
Increase in cash and cash equivalents		60,040	27,869
Effect of movement in exchange rates on cash held		6,240	214
Cash and cash equivalents at 1 April		54,359	26,276
Cash and cash equivalents at 31 March	30	120,639	54,359

The notes on pages 40 to 148 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 44.

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 23 and 24.

4 Use of estimates and judgements

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

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

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements are included in:

- **Note 17 – impairment of property, plant and equipment.**

In assessing impairment of property plant, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The Group recognised an impairment loss on property, plant and equipment of ZMW110.4 million.

NOTES TO THE FINANCIAL STATEMENTS

4 Use of estimates and judgements (*continued*)

(a) Judgements

- **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in the tax jurisdictions.

- **Note 23, 24 and 25 – 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.**

Valuation of the Group's unquoted investments is an area of judgement which involves the use significant estimates and assumptions. Management uses various valuation techniques when determining the fair values of unquoted investee companies whose outcome is dependent on a number of significant unobservable inputs and assumptions as disclosed under Note 23, 24 and 25.

- **Note 44(a) iv – consolidation: whether the Group has whether the Group has significant influence over an investee or de facto control over an investee.**

Management has reassessed its involvement in Rembrandt Properties Limited (49%) and Consolidated Gold Company Limited (45%) in accordance with IFRS 10's control definition and guidance. It has concluded it has significant influence but not outright control. In making its judgement, management considered the Group's voting rights, the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings.

(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 2020 is included in the following notes:

- Notes 23 – 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 23, 24 and 25 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions;
- Notes 35 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 36 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 31 and 37 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 41 (iii) measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 44(j) - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 31 December 2020 is included in the following notes:

- Notes 23 – 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 23, 24 and 25 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions;
- Notes 35 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 36 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 31 and 37 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 41 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 44(j) - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.

(c) **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

(c) Measurement of fair values (*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 41- financial instruments;
- Note 21 - Investment property
- Note 23 – Investment in subsidiaries; and
- Note 24 – Investment in associates.

5 New or revised Standards or Interpretations

New Standards adopted as at 1 January 2020

The Group adopted the applicable new, revised or amended accounting pronouncements as issued by the IASB, which were effective for the Group from 1 January 2020.

The adopted accounting pronouncements which became effective from 1 January 2020 do not have a significant impact on the Group's financial results or position. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

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:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- References to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

6 Operating segments

(a) Basis for segmentation

The Group has seven (Dec 2019: Six) reportable segments, as described below, which are the Group's strategic divisions. The change on the number of segments from prior period is due to the acquisitions and disposals done during the year. 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	3,695	3,695	-	277,461	263,718	13,743
Limestone Resources Limited	Mining and manufacturing of limestone products	34,756	26,751	8,005	52,772	29,506	23,266
Misenge Environmental and Technical Services Limited	Environmental and technical services	24,488	24,488	-	2,421	2,421	-
Kabundi Resources Limited	Mining and sale of manganese	912	912	-	10,941	10,941	-
Zambia Gold Company Limited	Mining and sale of Gold	59,701	59,701	-	38,780	34,833	3,947
Kariba mineral Limited	Mining and sale of semi-precious stones	12,435	-	12,435	47,349	32,577	14,772
Intra group transactions		(22,899)	-	-	-	-	-
Totals		113,088	115,547	20,440	429,724	373,996	55,728

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 2020

	ZCCM-IH ZMW'000	Limestone Resources Limited ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Zambia Gold Company Limited ZMW'000	Central African Cement ZMW'000	Kabundi Resources Limited ZMW'000	Kariba minerals Limited ZMW'000	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Revenue from external customers:									
Sales	3,695	34,756	-	59,701	-	912	12,435	-	111,499
Services	-	-	1,589	-	-	-	-	-	1,589
Total revenue from external customers	3,695	34,756	1,589	59,701	-	912	12,435	-	113,088
Inter-segment revenue	-	-	22,899	-	-	-	-	(22,899)	-
Total segment revenue	3,695	34,756	24,488	59,701	-	912	12,435	-	135,987
Revenue	-	-	-	-	-	-	-	-	-
Total revenue from reportable segments	3,695	34,756	24,488	59,701	-	912	12,435	-	135,987
Elimination of inter segment revenue	-	-	(22,899)	-	-	-	-	-	(22,899)
Consolidated revenue	3,695	34,756	1,589	59,701	-	912	12,435	-	113,088
Investment income	226,169	-	-	-	-	-	-	(209,231)	16,938
Investment expense	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	11,960	455	402	175	-	1,576	-	-	14,568
Total profit/ (loss) before tax for reported segments	780,846	(3,697)	3,118	42,354	(708)	(1,426)	(11,744)	(443,455)	365,288
Income tax credit/(expense)	(212,415)	(14)	-	(10,334)	-	468	558	-	(221,737)
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	1,487,537
Profit from discontinued operations	-	-	-	-	-	-	-	-	500,399
Consolidated profit for the year	568,431	(3,711)	3,118	32,020	(708)	(958)	(11,186)	-	2,131,487

Limestone Resources 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 2020

	ZCCM-IH ZMW'000	Limestone Resources Limited ZMW'000	Environmental and Technical Services Limited ZMW'000	Misenge Company Limited ZMW'000	Central African Cement Limited ZMW'000	Nkandabwe Coal Mine Limited ZMW'000	Kariba minerals Limited ZMW'000	Kabundi Resources Limited ZMW'000	Consolidation Adjustments ZMW'000	Consolidated
Segment assets*										-
Opening balance	257,057	110,396	2,451	-	-	-	43,083	4,106	-	417,093
Additions	27,675	-	372	36,875	-	-	15	8,411	-	73,348
Movement in inventory	-	23,266	-	3,947	-	-	7,009	-	-	34,222
Disposal	(1,293)	-	-	-	-	-	-	-	-	(1,293)
Depreciation and amortisation	(11,960)	(1,781)	(402)	(2,790)	-	-	(2,758)	(1,576)	-	(21,267)
Impairment	-	(110,396)	-	-	-	-	-	-	-	(110,396)
Transfer	(748)	31,287	-	748	-	-	-	-	-	31,287
Fair value change	6,730	-	-	-	-	-	-	-	-	6,730
Closing balance	277,461	52,772	2,421	38,780	-	-	47,349	10,941	-	429,724
Equity accounted investees	20,666,806	-	-	-	-	-	-	-	(1,315,806)	19,351,000
Other assets	3,281,057	20,287	6,939	67,923	-	3	4,672	2,449	546,916	3,930,246
Total assets	24,225,324	73,059	9,360	106,703	-	3	52,021	13,390	(768,890)	23,710,970
Segment liabilities	197,103	-	1,461	-	-	-	-	-	-	198,564
Other liabilities	7,568,885	199,008	16,646	239	-	38,404	58,880	-	(5,268,868)	2,811,758
Total liabilities	7,765,988	199,008	18,107	239	-	38,404	58,880	-	(5,268,868)	2,613,194
Cashflows from operating activities	(130,531)	(20,581)	1,955	29,811	(708)	-	(12,176)	25	(57,965)	(190,170)
Cashflows from investing activities	31,916	(31,288)	(125)	(37,623)	-	-	(15)	(12,517)	334,069	284,417
Cashflows from financing activities	158,655	55,516	-	59,539	708	-	4,324	14,109	(134,196)	158,655

* 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)

(c) 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	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	-	-	-
Total segment revenue	-	55,418	16,272	4,175	-	75,865
Revenue	-	-	-	-	-	-
Total revenue from reportable segments	-	55,418	16,272	4,175	-	75,865
Elimination of inter segment revenue	-	-	(13,433)	-	-	(13,433)
Consolidated revenue	-	55,418	2,839	4,175	-	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	153,435	(265,648)	2,548	48,643	-	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)

December 2019

	ZCCM-IH ZMW'000	Ndola Lime Company Limited ZMW'000	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
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)	114,299	37,696
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.

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

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Sales of goods transferred at a point in time	111,499	59,593	3,695	-
Services transferred over time	1,589	2,839	-	-
	113,088	62,432	3,695	-

8 Investment income/(expenses)

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Dividends receivable	-	-	208,898	122,536
Interest income	16,938	48,364	17,271	48,627
Investment income	16,938	48,364	226,169	171,163
Interest expenses	-	(305)	-	-
Net investment income	16,938	48,059	226,169	171,163

9 (a) Other income/(expenses)

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Fair value adjustment- investment property (note 21)	3,969	10,331	3,969	10,331
Rental income	9,827	7,088	9,975	7,254
Gain on disposal of property, plant and equipment	271	-	271	-
Reversal of impairment of receivables (note 41 iii)	83,297	11,425	83,297	11,425
Provision for environmental rehabilitation	-	55,541	-	55,885
Reversal of borrowings (Note 34) (i)	-	53,639	-	-
Sundry income (ii)	2,767	1,042	2,128	298
	100,131	139,066	99,640	85,193

(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

9 (b) Profit/(loss) from discontinued operations

	Group	
	31 Dec	31 Dec
	2020	2020
Held for sale (Note 20(b))	(57,579)	(73,979)
Disposal of subsidiary (Note 23(d))	557,978	-
	500,399	(73,979)

10 Net impairment losses on financial assets

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

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
Balance at 1 Jan/April	1,171,111	1,284,875	1,634,114	1,526,983
Acquisition of subsidiary	-	383	-	-
Impairment recognised	141,614	129,541	144,784	130,974
Recovery (note 9)	(83,297)	(11,425)	(83,297)	(11,425)
Reclassified to assets held for sale	-	(219,845)	-	-
Conversion to equity of Kariba loans	-	(12,418)	-	(12,418)
Disposed off subsidiary	(783)	-	-	-
Balance at 31 Dec	1,228,645	1,171,111	1,695,601	1,634,114

11 Administration expenses

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
Depreciation and amortisation (note 17,18) *	14,364	8,570	11,960	7,065
Auditors' remuneration	2,553	2,383	1,800	1,481
Personnel expenses (note 12)	103,498	108,791	87,453	58,486
Environmental consultancy expenses	-	-	9,430	5,108
Impairment of property plant and equipment	110,396	-	-	-
Goodwill impairment	119,818	-	-	-
Penalties and interest on statutory obligations	-	83,115	-	-
Other administration expenses ((i) below)	260,156	19,087	245,271	35,991
Loss on disposal of property, plant & equipment	-	440	-	155
	610,785	222,386	355,914	108,286

In 2020, depreciation recognised as cost of sales amounted to ZMW8,286 and ZMW 15,844.

(i) Other administration expenses

Other administrative expenses mainly include legal expenses ZMW165.2 million (2019: K10.9 million), investment expenses ZMW30.56 million (2019: ZMW7.01 million, exploration expenses ZMW6.4 million (2019: ZMW7.2 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

12 Personnel expenses

	Group		Company	
	31 Dec 2020	Dec 2019	31 Dec 2020	Dec 2019
Salaries and wages	95,696	105,657	82,214	55,547
Retirement benefit costs:				
Defined benefit scheme (note 36)	5,592	1,743	3,335	1,743
Mukuba Pension Scheme	869	526	869	526
National Social Security Funds	1,341	865	1,035	670
	103,498	108,791	87,453	58,486

13 Finance income and finance costs

	Group		Company	
	31 Dec 2020	Dec 2019	31 Dec 2020	Dec 2019
Interest on borrowings	(3,779)	-	(2,715)	-
Exchange differences*	(20,949)	(1,967)	(11,837)	(3,212)
Unwinding of discount on site restoration	-	(29,307)	-	-
Finance costs	(24,728)	(31,274)	(14,552)	(3,212)
Fair value adjustment financial asset at fair value through profit or loss (note 25)	292,000	-	292,000	-
Interest income from price participation (note 27)	-	283	-	283
Interest income from related parties	64,170	22,230	64,170	22,230
Exchange differences	613,436	147,835	613,422	139,204
Finance income	969,606	170,348	969,592	161,717
Net finance income recognised in profit or loss	944,878	139,074	955,040	158,505

*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 expense

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Amounts recognised in profit or loss:				
Current tax	(37,121)	(897)	(26,476)	(830)
Deferred tax charge (note 35)	(184,616)	(21,974)	(185,939)	(21,336)
Income tax expense	(221,737)	(22,871)	(212,415)	(22,166)

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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Profit/(loss) before income tax	1,852,825	404,037	780,846	175,601
Less: share of profit from equity accounted associates	(1,487,537)	(420,348)	-	-
	365,288	(16,311)	780,846	175,601
Tax calculated at rates applicable to profits @ 35% Tax effect of:				
NoNon-deductible expenses	127,851	(5,709)	273,296	61,460
Income taxed at a lower rate*	143,000	73,827	(10,006)	5,953
Over recognition in prior years	(50,875)	(44,701)	(50,875)	(44,701)
Unrecognised deferred tax losses	(8)	(546)	-	(546)
	1,769	-	-	-
	221,737	22,871	212,415	22,166

* 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening balance 1 April	209,904	177,114	214,208	218,650
Acquisition of subsidiary	-	(209)	-	-
Charge for the year	37,121	897	26,476	830
Tax paid	(34,903)	(9,115)	(34,903)	(5,272)
Classified to assets held for sale/discontinued operation	2,405	41,217	-	-
Closing balance	214,527	209,904	205,781	214,208

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 2020	31 Dec 2019
Group		
Profit attributable to owners of the Company	2,131,487	307,187
Company		
Profit/(loss) attributable to ordinary shareholders	568,431	153,435

ii) Weighted average number of shares (basic)

	31 Dec 2020	31 Dec 2019
Opening balance at 1 January	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 2020 (2019: nil). Diluted earnings per share are therefore the same as basic earnings per share.

16 Dividends per share

During the year the company declared a dividend of ZMW 0.53 per share (2019: ZMW 0.33 per share).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

17 Fixed asset note

Group

	Land and buildings	Plant and equipment	Vertical and Rotary Kilns	Motor Vehicles	Work in progress	Total
Cost or valuation						
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)	-
Transfers 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
Balance at 1 January 2020	107,065	333,951	187,529	86,807	671,454	1,386,806
Additions	6,264	14,565	-	13,621	-	34,450
Transfers	671	1,139	(1,730)	3,805	(3,885)	-
Adjustment*	2,183	(4,738)	-	3,259	-	704
Transfer to investment property	(9,389)	-	-	-	-	(9,389)
Disposal	-	-	-	(4,633)	-	(4,633)
Impairment	-	-	-	-	(110,396)	(110,396)
Discontinued operations	-	(272,667)	(185,799)	-	(556,186)	(1,014,652)
Balance at 31 December 2020	106 794	72,250	-	102 859	987	282 890
Accumulated depreciation and impairment losses						
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
Balance at 1 January 2020	6,045	295,205	183,292	66,923	536,216	1,087,681
Charge for the year	3,362	8,603	230	10,455	-	22,650
Transfer to investment property	(410)	-	-	-	-	(410)
Adjustment*	2,183	(2,183)	-	704	-	704
Disposal	-	-	-	(3,340)	-	(3,340)
Discontinued operations	-	(272,667)	(183,522)	-	(535,229)	(991 418)
Balance at 31 December 2020	11,180	28,958	-	74,742	987	115 867
Carrying amounts						
Non-current	95 614	43 292	-	28 117	-	167,023
Balance at 31 December 2020	95 614	43 292	-	28 117	-	167,023
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

* The adjustment relates to fully depreciated assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

17 Property, plant and equipment (continued)

Kariba Minerals Limited's 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 ZMW70.2 million (2019: ZMW55.1 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 2020 (2019: nil).

Borrowing costs

There were no borrowing costs included in property, plant and equipment during the period (2019: nil) in respect of the construction works.

Work in progress

Work in progress relates to the Group's property plant and equipment in transit and under construction.

Impairment

The impairment of ZMW110.40 million impairment relates to the amount of work in progress in the subsidiary Limestone Resources Limited that was over and above the value of assets that was actually capitalised.

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 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
Balance at 1 January 2020	67,048	16,361	28,100	4,872	116,381
Additions	335	3,821	8,855	-	13,011
Transfers	671	40	2,426	(3,137)	-
Transfer to investment property	(9,389)	-	-	-	(9,389)
Transfer to equity investment	-	-	-	(748)	(748)
Adjustment*	-	-	704	-	704
Disposal	-	-	(4,633)	-	(4,633)
Balance at 31 December 2020	58,665	20,222	35,452	987	115,326
Accumulated depreciation and impairment losses					
Balance at 1 April 2019	256	9,318	12,955	987	23,516
Charge for the year	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
Balance at 1 January 2020	1,209	11,393	14,353	987	27,942
Charge for the period	1,610	3,029	6,739	-	11,378
Transfer to investment property	(410)	-	-	-	(410)
Adjustment*	-	-	704	-	704
Disposal	-	-	(3,340)	-	(3,340)
Balance at 31 December 2020	2,409	14,422	18,456	987	36,274
Carrying amount					
Balance at 31 December 2020	56,256	5,800	16,996	-	79,052
Balance at 31 December 2019	65,839	4,968	13,747	3885	88,439

* The adjustment relates to fully depreciated assets.

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 ZMW56.04 million (2019: ZMW45.7 million) had it been measured using the cost model. The gross carrying amount of fully depreciated assets amounted to ZMW 24.39 million as 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

18 Exploration and evaluation asset

Reconciliation of carrying amount

Group

Cost	ZMW
Balance at 1 January 2020	-
Additions	22,428
Balance at 31 December 2020	22,428
Depreciation	
Balance at 1 January 2020	-
Charge for the year	1,724
Balance at 31 December 2020	1,724
Carrying amount	
Balance at 31 December 2020	20,704

19 Intangible assets

Reconciliation of carrying amount

Cost	Group	Company
Balance at 1 April 2019	13,131	2,655
Additions	427	139
Transfer from fixed assets (note 17)	5,209	70
Impairment	(1,100)	-
Classified to assets held for sale	(14,455)	-
Balance at 31 December 2019	3,212	2,864
Balance at 1 January 2020	3,212	2,864
Additions	683	683
Balance at 31 December 2020	3,895	3,547
Amortisation		
Balance at 1 April 2019	4,599	1,984
Amortisation	3,081	232
Classified to assets held for sale	(5,116)	-
Balance at 31 December 2019	2,564	2,216
Balance at 1 January 2020	2,564	2,216
Amortisation	582	582
Balance at 31 December 2020	3,146	2,798
Carrying amount		
Balance at 31 December 2020	749	749
Balance at 31 December 2019	648	648

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

20 Goodwill

Goodwill is monitored by management at the Group level and management considers the whole business to be one cash generating unit (CGU) for the purposes of testing the impairment of goodwill.

The computation of the recoverable amounts for the purposes of Goodwill testing is done on fair value less cost to sell basis or value in use calculations using a discounted cashflow.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 5%. The rate used to discount the forecast cash flows from Kariba Minerals Limited is 16.5%

At December 31, 2020, before impairment testing, goodwill of ZMW119,818 million was allocated to the Kariba Minerals CGU. Due to the impact of the COVID 19 pandemic limited market for amethyst products, the group revised its cash flow forecasts for this CGU. The Kariba Minerals Limited CGU has therefore been reduced to its recoverable amount of ZMW 32.14 million through recognition of an impairment loss against goodwill of ZMW119,818 million.

Further, Kariba Minerals Limited recorded a loss of ZMW 11.2 million during the year and its liabilities exceeded its assets by ZMW6.9 million as at 31 December 2020.

The movements in the net carrying amount of goodwill are as follows:

	Group	
	31 Dec 2020	31 Dec 2019
Gross carrying amount		
Balance at 1 Jan	119,818	-
Acquired through business combination	-	119,818
Balance at 31 Dec	119,818	119,818
Accumulated impairment		
Balance at 1 Jan	-	-
Impairment loss recognised*	119,818	-
Balance at 31 Dec	119,818	-
Carrying amount at 31 December	-	119,818

*Kariba Minerals Limited recorded a loss of ZMW 11.2 million during the year and its liabilities exceeded its assets by ZMW6.9 million as at 31 December 2020. Due to the company's continued loss-making position, the directors have determined that the carrying amount for Kariba Minerals Limited exceeds its recoverable amount. Accordingly, they have recorded an impairment of goodwill relating to the subsidiary of ZMW119,818. The recoverable amount was computed by discounting the Company's free cashflows using an appropriate discount rate adjusted for market risk and specific company/segment risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

21 Investment property

(a) Reconciliation of carrying amounts

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Balance at 1 April	167,970	251,230	167,970	157,606
Acquisition of subsidiary	-	-	-	-
Additions	238	33	238	33
Reclassification from fixed assets	8,979	-	8,979	-
Fair value charged to OCI	2,761	-	2,761	-
Change in fair value (Note 9)	3,969	10,331	3,969	10,331
Change in fair value *	-	(1,180)	-	-
Classified to assets held for sale (note 22)	-	(92,444)	-	-
Closing balance	183,917	167,970	183,917	167,970

* Fair value change included in 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'.

(b) Measurement of fair value

Amount recognised in profit or loss

Investment property rentals of ZMW9.8 million (2019: ZMW 7.09 million) at Group level have been included in other income (see note 9). Maintenance expenses incurred during the period were ZMW 2.7 million (2019: ZMW 1.6 million).

Fair value hierarchy

The fair value of investment property for the Company was determined, as at 31 December 2020 by Sherwood Green Property Consultants, 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 184 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 44 (f)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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	<ul style="list-style-type: none"> • 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%). 	<p>The estimated fair value would increase or (decrease) if:</p> <ul style="list-style-type: none"> • 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

22 Assets held for sale

a) Description

In April 2019, the Board of ZCCM Investments Holdings granted Management approval to commit to a plan to sell the investment 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. The group restructuring has been granted approvals from relevant regulatory bodies. The completion of the transaction is pending ZCCM-IH shareholder approval which is expected to be sought in 2022.

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

31 Dec 2020	Group		Company
	Assets	Liabilities	Fair value
Investrust Bank Plc	1,258,257	(1,423,669)	343,214
Mushe Milling Company Limited	49,143	-	49,143
Total	1,307,400	(1,423,669)	392,357

31 Dec 2019	Group		Company
	Assets	Liabilities	Fair value
Investrust Bank Plc	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 for Investrust Bank Plc for the year ended 31 December 2020.

	31 Dec 2020	31 Dec 2019
Revenue	191,862	95,234
other income	46,242	31,381
Cost of sales and expenses	(295,683)	(200,594)
Loss before income tax	(57,579)	(73,979)
Income tax credit	-	-
Loss for the period	(57,579)	(73,979)
Loss attributable to non-controlling interest	(16,468)	(21,158)
Net cash inflow/(outflow) from operating activities	135,208	(352,465)
Net cash outflow from investing activities	(3,560)	(1,544)
Net cash inflow/(outflow) from financing activities	(6,358)	274,301
Net cash outflow by the subsidiary	125,290	(79,708)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

22 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 2020;

	31 Dec 2020	31 Dec 2019
Assets classified as held for sale		
Property, plant and equipment	35,633	50,429
Intangible assets	7,293	9,339
Investment property	-	92,444
Financial assets at fair value through profit or loss	584	584
Trade and other receivables	337,302	322,773
Term deposits	515,569	402,157
Inventories	50,093	49,897
Other assets	57,953	44,126
Cash and cash equivalents	253,830	111,688
Total assets of disposal group held for sale	1,258,257	1,083,437
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	(1,423,669)	(1,091,602)
Preference shares	-	(99,668)
Total liabilities directly associated with assets classified as held for sale	(1,423,669)	(1,191,270)
Net liabilities held for sale	(165,412)	(107,833)
Accumulated non-controlling Interest	(39,694)	(23,226)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Investment in subsidiaries

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

December 2020

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	Zambia	100	-	-	-	-
Kariba Minerals Limited	Zambia	100	32,814	-	-	32,814
Kabundi Resources Limited	Zambia	100	4,107	9,936	-	14,043
Limestone Resources Limited	Zambia	100	110,396	62,157	-	172,553
Zambia Gold Company limited (i)	Zambia	51%	-	56,560	-	56,560
Central African cement company limited	Zambia	49%	-	708	-	708
			147,317	129,361	-	276,678

December 2019

Company	Country of incorporation	Held % Interest	Opening carrying amount	Addition	Change in fair value	Closing carrying amount
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
			-	147,317	-	147,317

(i) Zambia Gold Company limited

On the 10th January 2020 ZCCM-IH and the Ministry of Finance incorporated Zambia Gold Company Limited (Zambia Gold) with shareholding of 51% and 49% respectively. The objective of Zambia Gold is to spearhead and manage gold mining activities in Zambia. During the year ZCCM-IH invested a total of ZMW56.6 million in Zambia Gold towards exploration and other preliminary mining operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Investment in subsidiaries (continued)

(a) Reconciliation of carrying amounts

	Company	
	31 Dec 2020	31 Dec 2019
Balance at 1 January	147,317	69,987
Additions	128,613	477,213
Transfer from WIP – Note 17	748	-
Change in fair value	-	(12,773)
Transfer to assets held for sale (note 21)	-	(387,110)
Closing Balance	276,678	147,317

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 Zambia Gold Company Limited Central African Cement Company 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.	<ul style="list-style-type: none"> Target capital structure Debt to total capitalisation (2020: 39%, 2019: 39%). Equity to total capitalisation (2020:61%, 2019: 61%) Cost of debt Cost of debt (2020: 12.55%, 2019: 12.3%) 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 (2020: 0.9 %, 2019: 1.9%) Market risk premium (Dec 2020:16.3%, 2019:19.4%) Levered beta (2020: 0.65, 2019: 0.68). Mineral Royalty tax is assumed at 7.5%. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Equity to total capitalisation were higher/(lower) Cost of debt were lower/(higher) The cost of equity were higher/ (lower). Coal/limestone/ manganese sales prices (increase)/ decrease. Capital Expenditure (increase)/decrease

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Investment in subsidiaries (continued)

(b) Measurement of fair value (continued)

Valuation technique and significant unobservable inputs

Investments in subsidiaries have been measured at fair value as follows

Company investments in subsidiaries analysis	Company Fair value - ZMW
Kariba Minerals Limited	32,814
Kabundi Resources Limited	14,043
Limestone Resources Limited	172,553
Zambia Gold Company Limited	56,560
Central African Cement Company Limited	708
Total	276,678

Fair value hierarchy

The fair value measurement for the Company's investment in subsidiaries of ZMW277 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 2020	Level 2	Level 3	Total
Balance at 1 January	-	147,317	147,317
Additions	-	129,361	129,361
Change in fair value	-	-	-
Balance at 31 December	-	276,678	276,678

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Investment in subsidiaries (continued)

(c) Non-controlling interest

The Group includes two subsidiaries, Investrust Bank Plc and Zambia Gold Company limited, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Total comprehensive income allocated to NCI		Accumulated NCI	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Investrust Bank Plc	28.6%	28.6%	(16,468)	(21,158)	(39,694)	(23,226)
Zambia Gold Company Limited	49%	-	15,690	-	15,690	-
Total			(778)	(21,158)	(24,004)	(23,226)

Summarised financial information for Investrust Bank Plc and Zambia Gold Company Limited, before intragroup eliminations, is set on below:

	31 Dec 2020	31 Dec 2020	31 Dec 2019
	Investrust Bank Plc	Zambia Gold Company Limited	Investrust Bank Plc
Non-current assets	125,918	34,833	166,046
Current assets	1,132,339	71,870	917,391
Total assets	1,258,257	106,703	1,083,437
Non-current liabilities	-	1,375	99,801
Current liabilities	1,423,669	15,205	1,091,469
Total liabilities	1,423,669	16,580	1,191,270
Equity attributable to owners of the parent	(125,718)	74,433	(84,607)
Equity attributable non-controlling interests	(39,694)	15,690	(23,226)
Revenue	191,862	59,701	95,234
(Loss)/profit for the year attributable to owners of the parent	(41,111)	16,330	(21,158)
(Loss)/profit for the year attributable to NCI	(16,468)	15,690	(52,821)
(Loss)/profit for the year	(57,579)	32,020	(73,979)
Net cash from/(used) operating activities	135,208	31,392	(352,465)
Net cash used in investing activities	(3,560)	(37,623)	(1,544)
Net cash from (used in) financing activities	(6,358)	57,958	274,301
Net cash inflow	125,290	51,727	(79,708)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

23 Investment in subsidiaries (continued)

(d) Disposal of subsidiary

At 31 August 2020, a wholly owned subsidiary of ZCCM-IH, Ndola Lime Company Limited (NLC), was declared insolvent and ceased its operations. NLC's creditors were settled through a Court Order and all identifiable and usable core assets of NLC were transferred to a newly incorporated company, Limestone Resources Limited (LRL). Following the transfer of assets to LRL, the remainder of NLC's assets and liabilities were disposed off and written off.

The following is the financial performance of Ndola Lime Company Limited for the period ended 31 August 2020.

	31 Dec 2020
Revenue	61,708
Other income	579,191
Cost of sales and expenses	(147,199)
profit for the period	493,700

Disposal of assets and liabilities:

Property, plant and equipment	23,233
Inventories	735
Trade and other receivables	5,537
Cash and cash equivalents	437
Trade and other payables	(94,220)
Profit on disposal	64,278
Total profit from discontinued operations	557,978

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 Investment in associates

(a) Reconciliation of carrying amounts

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Balance at 1 January	11,855,067	10,276,405	10,746,818	9,703,369
Share of profit of equity accounted associates	1,487,537	420,348	-	-
Share of other comprehensive income	-	3,987	-	-
Dividend received (Note 38)	(208,898)	(122,536)	-	-
Additions*	29,507	-	29,507	32,814
Reclassification to subsidiary (note 20)	-	-	-	(32,814)
Disposal	-	-	(41,616)	-
Change in fair value	-	-	9,932,097	1,043,449
Currency translation adjustment	6,187,787	1,276,863	-	-
	19,351,000	11,855,067	20,666,806	10,746,818

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 by ZMW9,920 million is largely on account of translation gains due to the depreciation of the Zambian Kwacha against the US Dollar during the year.

There were no other comprehensive income during the year (2019: ZMW 3.987 million)

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%	15,276	US\$
Copperbelt Energy Corporation Plc	Strategic way of promoting Zambian participation in the power and energy sector	Zambia	24.1%	431	US\$
CNMC Luanshya	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	1,125	US\$
Maamba Collieries Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	35%	3,785	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\$
Zambia Consolidated Gold Company Limited	Strategic way of promoting Zambian participation in Gold mining and processing	Zambia	45%	29	US\$

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 Investment in associates *(continued)*

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

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

Currently ZCCM-IH appoints directors in line with its percentage holding on all the Boards of its associates, and as such it exercise's significant influence over them.

Many of the investee companies have United States Dollars (US\$) as their functional currency, due to the nature of the mining industry, all investee companies are domiciled in Zambia except for CEC Africa which was desposed off during the year

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 Investment in associates (continued)

(b) Investment in associates' analysis

Group

Summary of financial information for material equity accounted investees.

Dec 2020	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) / (loss)	Share of profit/(loss) not recognised	Share of net assets
Konkola Copper Mines Plc	31-Mar	Zambia	20.6%	10,119,220	30,352,333	(30,001,611)	(26,292,261)	(15,822,319)	19,209,737	(3,595,654)	-	(740,705)	-
Kansanshi Mining Plc	31-Dec	Zambia	20.0%	39,919,692	55,454,534	(4,556,974)	(11,964,343)	78,852,909	28,758,453	4,274,674	854,935	-	15,770,582
Copperbelt Energy Corporation Plc	31-Dec	Zambia	24.1%	3,630,915	10,647,083	(3,373,767)	(4,505,696)	6,398,535	6,910,568	104,498	25,184	-	1,542,047
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.0%	1,962,901	4,620,034	(4,418,119)	(1,650,266)	514,550	6,435,793	784,970	102,910	-	102,910
Maamba Collieries Limited	31-Mar	Zambia	35.0%	8,045,859	11,558,062	(3,998,981)	(10,180,923)	5,424,017	4,392,686	1,466,083	513,129	-	1,898,406
Lubambe Copper Mines Limited	31-Dec	Zambia	20.0%	1,269,360	4,717,678	(1,818,412)	(15,720,209)	(11,551,583)	2,145,182	(1,580,034)	-	(316,007)	-
Rembrandt Properties Limited	31-Dec	Zambia	49.0%	9,319	116,682	(8,165)	(75,961)	41,875	-	-	-	-	20,519
Zambia Consolidated Gold Company Limited	31-Dec	Zambia	49.0%	3,841	42,890	(8,325)	(1,659)	36,747	610	(19,158)	(8,621)	-	16,536
Totals				64,961,107	117,509,296	(48,184,354)	(70,391,318)	63,894,731	67,853,029	1,435,379	1,487,537	(1,056,712)	19,351,000

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 and Lubambe Copper Mines Limited as at 31 December 2020. There was no profit or loss from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 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 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)	(4,501,739)	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)	38,994,956	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

24 Investment in associates (continued)

(b) Investments in associates' analysis

Company

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

	%	31 Dec 2020	% Interest	31 Dec 2019	
Copperbelt Energy Corporation Plc	24.1	430,975	24.1	489,744	d(i)
CEC Africa Investments Limited	74.1	-	74.1	61,750	d(ii)
Kansanshi Mining Plc	20.0	15,276,000	20.0	7,936,000	d(iii)
Konkola Copper Mines Plc	20.6	-	20.6	-	d(vi)
Lubambe Copper Mine Limited	20.0	-	20.0	-	d(vii)
Maamba Collieries Limited	35.0	3,785,000	35.0	2,239,000	d(iv)
CNMC Luanshya Copper Mines Plc	20.0	1,125,000	20.0	-	d(v)
Rembrandt Properties Limited	49.0	20,324	49.0	20,324	
Zambia Consolidated GoldCompany	49.0	29,507	49.0	-	
		20,666,806		10,746,818	

(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 ZMW10.75 billion in Dec 2019 to ZMW20.67 billion in December 2020.

The fair value measurement for the Company's investment in associates of ZMW20.24 billion (2019: 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, ZMW431 million (2019: ZMW 551 million) 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

24 Investment in associates (continued)

(c) Measurement of fair value

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

December 2020	Level 2	Level 3	Total
Balance at 1 January	551,494	10,195,324	10,746,818
Additions	-	29,507	29,507
Change in fair value	(78,903)	10,011,000	9,932,097
Disposal	(41,616)	-	(41,616)
Balance at 31 December	430,975	20,235,831	20,666,806
December 2019			
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 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	<p>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.</p> <p>Relative valuation: The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics</p>	<ul style="list-style-type: none"> • <i>Target capital structure</i> Debt to total capitalisation (2020:14.3%, 2019:14.3%). • <i>Equity to total capitalisation</i> (2020:85.7%, 2019:85.7%) • <i>Cost of debt</i> Cost of debt (2020: 12.6%, 2019: 12.3%) Effective tax rate (2020: 30%, 2019: 30%) After tax cost of debt (2020: 8.8%, 2019: 8.6%) • <i>Cost of equity</i> Risk free rate (2020:0.93%, 2019: 1.9%) Market risk premium (2020: 17.27%, 2019: 19.4%) Levered beta (2020: 1.035, 2019: 0.72). • Key assumptions considered were as follows: <ul style="list-style-type: none"> - Mineral Royalty tax is assumed at 7.5% and 6.0% for copper revenue and gold revenue over the life of mine (LOM) respectively. - Capex projected over the next 5 years, approximately US\$400m will be spent on deferred stripping, US\$600m on sustaining capex and US\$200m on project capex. - Copper prices is projected at US\$7,588 per ton in 2021 and slightly decrease to US\$7,358 per ton. Gold prices projected at US\$1,798/t oz in 2021 and to steady decrease to US\$1,638/t oz in 2024. After 2024, Copper and Gold prices projected at flat rate of US\$3.35/lb and US\$1,498/oz respectively. - Life of mine was estimated to be 23 years. 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/ (higher) • The cost of equity were higher / (lower). • If the copper price reduced/ increased the fair value would be lower/higher.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 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	<p>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.</p> <p>There has been no changes to the valuation technique applied in the prior year.</p> <p>Relative valuation: The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics</p>	<ul style="list-style-type: none"> • <i>Target capital structure</i> Debt to total capitalisation (2020: 39%, 2019: 39%). • <i>Equity to total capitalisation</i> (2020:61%, 2019: 61%) • <i>Cost of debt</i> Cost of debt (2020: 12.55%, 2019: 12.3%) Effective tax rate (2020:35 %, 2019: 35%) After tax cost of debt (2020: 8.16%, 2019: 8%) • <i>Cost of equity</i> Risk free rate (2020:0.9 %, 2019: 1.9%) Market risk premium (2020:16.3 %, 2019:19.4%) Levered beta (2020: 0.65, 2019: 0.68). • <i>The assumptions considered were as follows:</i> <ul style="list-style-type: none"> • PPA is valid until 2036 • The MRT is projected at 5% throughout the forecast period • Plant Availability is assumed to be 81.9%. For the years 2021, 2025, 2029 and 2033, plant availability is reduced by 10.38% to allow for major rehabilitation works. • 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 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Equity to total capitalisation were higher/ (lower) • Cost of debt were lower/(higher) • The cost of equity were higher/ (lower). • Coal sales prices (increase)/decrease. • Capital Expenditure (increase)/decrease
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 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
CNMC Luanshya Copper Mines Plc	Discounted cash flows: It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	<ul style="list-style-type: none"> • <i>Target capital structure</i> Debt to total capitalisation (2020:38.81%, 2019:14.3%). • <i>Equity to total capitalisation</i> (2020:61.19%, 2019:85.7%) • <i>Cost of debt</i> Cost of debt (2020: 10.11%, 2019: 10.8%) Effective tax rate (2020: 30%, 2019: 30%) After tax cost of debt (2020: 7.078%, 2019: 7.56%) • <i>Cost of equity</i> Risk free rate (2020: 0.9%, 2019: 1.9%) Market risk premium (2020: 16.3%, 2019: 19.4%) Levered beta (2020: 2.18, 2019: 0.85). • Key assumptions considered were as follows: <ul style="list-style-type: none"> - Mineral Royalty tax is assumed at 7.5% for copper revenue over the life of mine (LOM) respectively. - Copper prices is projected at US\$7,588 per ton in 2021 and slightly decrease to US\$7,358 per ton in 2024. After 2024, Copper prices projected at flat rate of US\$3.35/lb. - Life of mine was estimated to be 7 years. 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/ (higher) • The cost of equity were higher /(lower). • If the copper price reduced/ increased the fair value would be lower/higher.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 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 2020	31 Dec 2019
Details		
Spot price per share at 31 December (ZMW)	1.1	1.25
Number of issued shares owned	391,795,562	391,795,562
Market value (ZMW'000)	430,975	489,744

(ii) CEC Africa Investments Limited

The 20% ZCCM-IH's equity investments in CEC Africa Investments Limited was disposed during the year.

(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:

2020

Equity Value Sensitivity Analysis						
		Long-Term Average Copper Price (US\$/lb)				
		2.67	2.82	2.97	3.12	3.27
WACC	14.9%	13,340,000	14,365,000	14,990,000	15,310,000	15,920,000
	15.7%	13,897,000	14,513,000	15,129,000	15,460,000	16,062,000
	16.5%	14,059,000	14,668,000	15,276,000	15,619,000	16,215,000
	17.3%	14,226,000	14,829,000	15,433,000	15,787,000	16,379,000
	18.2%	14,396,000	14,996,000	15,596,000	15,963,000	16,551,000

The equity value ranges from ZMW14,829 million (2019: ZMW7,954 million) to ZMW15,460 million (2019: ZMW8,897 million) with the calculated equity value being ZMW15,276 million (2019: ZMW7,936 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 Investment in associates (continued)

(c) Measurement of fair value (continued)

(iii) Kansanshi Mining Plc (continued)

2019

Equity Value Sensitivity Analysis						
		Long-Term Average Copper Price (US\$/lb)				
		2.67	2.82	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

(iv) 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:

2020

MRT AND ERB FEES						
		10%	7.2%	5.7%	4.2%	5.0%
WACC	12.5%	4,341,000	3,206,000	3,269,000	3,329,000	3,380,000
	11.9%	4,722,000	3,450,000	3,516,000	3,582,000	3,636,000
	10.3%	5,137,000	3,716,000	3,785,000	3,584,000	3,907,000
	9.1%	5,590,000	4,001,000	4,076,000	4,148,000	4,205,000
	8.0%	6,088,000	4,311,000	4,390,000	4,465,000	4,527,000

The equity value ranges from ZMW3,450 million (2019: ZMW892 million) to ZMW4,148 million (2019: ZMW 3,437 million) with the calculated equity value being ZMW3,785 million (2019: ZMW2,239 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 Investment in associates (continued)

(c) Measurement of fair value (continued)

(iv) Maamba Collieries Limited (continued)

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

(v) CNMC Luanshya Copper Mines Plc

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

2020

		Equity Value Sensitivity Analysis				
		Long-Term Copper Price (US\$ / lb)				
		2.67	2.82	2.97%	3.12	3.27
WACC	15.5%	960,000	1,125,000	1,303,000	1,362,000	1,544,000
	17.5%	897,000	1,049,000	1,210,000	1,265,000	1,430,000
	19.5%	838,000	977,000	1,125,000	1,176,000	1,328,000
	21.5%	787,000	914,000	1,049,000	1,096,000	1,235,000
	23.5%	736,000	855,000	982,000	1,024,000	1,155,000

The equity value ranges from ZMW914 million (2019: (ZMW 213 million)) to ZMW1,265 million (2019: (ZMW 4 million)) with the calculated equity value being ZMW1,125 million (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

24 Investment in associates (continued)

(c) Measurement of fair value (continued)

(v) CNMC Luanshya Copper Mines Plc (continued)

2019

Equity Value Sensitivity Analysis						
Long-Term Copper Price (US\$ / lb)						
		3.02	3.18	3.35%	3.52	3.69
WACC	15.5%	(258,000)	(177,000)	(71,000)	38,000	144,000
	17.5%	(260,000)	(191,000)	(96,000)	(4,000)	91,000
	19.5%	(266,000)	(202,000)	(121,000)	(37,000)	44,000
	21.5%	(269,000)	(213,000)	(143,000)	(71,000)	2,000
	23.5%	(274,000)	(224,000)	(160,000)	(96,000)	(32,000)

(vi) 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)

(2019: nil).

(vii) 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)

(2019: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

25 Financial assets at fair value through profit or loss

(a) Reconciliation of carrying amounts

	Group and Company	
	31 Dec 2020	31 Dec 2019
Balance at 1 January	-	584
Changes in fair value	292,000	-
Classified to assets held for sale (note 21)	-	(584)
	291,925	-

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

		Group and Company	
		31 Dec 2020	31 Dec 2019
Unlisted equities – at fair value			
Chibuluma Mines Plc	b(i)	-	-
Mopani Copper Mines Plc	b(ii)	-	-
Chambishi Metals PLC	b(iii)	-	-
NFC Africa Mine PLC	b(iv)	292,000	-
		292,000	-

The increase in fair value in respect of NFCA Mine Plc is mainly due to the increase in the projected copper price over the life of Mine.

(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 ZMW292 million (2019: nil) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(b) Measurement of fair value (continued)

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.

31 Dec 2020	Level 2	Level 3	Total
Balance at 1 January	-	-	-
Net change in fair value	-	292,000	292,000
Balance at 31 December	-	292,000	292,000
31 Dec 2019			
Balance at 1 April	-	584	584
Transferred to assets held for sale		(584)	(584)
Balance at 31 Dec	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(b) Measurement of fair value (continued)

Valuation technique and significant unobservable inputs

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

NFC Africa Mining Plc	<p>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.</p> <p>There has been no changes to the valuation technique applied in the prior year.</p> <p>Relative valuation:</p> <p>The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics</p>	<ul style="list-style-type: none"> • <i>Target capital structure</i> • Debt to total capitalisation (2020: 14.3%, 2019: 39%). • <i>Equity to total capitalisation</i> (2020:85.7%, 2019: 61%) • <i>Cost of debt</i> • Cost of debt (2020: 12.6%, 2019: 12.3%) • Effective tax rate (2020:30 %, 2019: 30%) • After tax cost of debt (2020: 8.8%, 2019: 8%) • <i>Cost of equity</i> • Risk free rate (2020:0.9 %, 2019: 1.9%) • Market risk premium (2020:16.3 %, 2019:19.4%) • Levered beta (2020: 1.16, 2019: 0.68). • <i>The assumptions considered were as follows:</i> <ul style="list-style-type: none"> • The MRT is projected at 7.5% throughout the forecast period • The Main & West Ore Body is projected to produce 27,000 tonnes of copper per annum • the South East Ore Body peak in 2022 at 58,311 tonnes per annum declining to 24,413 tonnes in 2035. • Realisation costs of US\$ 956 per tonne are assumed, with an average escalation rate of 1.2% annually over the LOM. • Production costs of US\$ 3,665 per tonne at the Main and West Mines, and US\$ 2,258 per tonne at the SEOB. • Projected selling & admin expenses of US\$ 15 per tonne • Copper prices is projected at US\$7,588 per ton in 2021 and slightly decrease to US\$7,358 per ton in 2024. After 2024, Copper prices projected at flat rate of US\$3.35/lb. • Life of mine: 15 years 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Equity to total capitalisation were higher/(lower) • Cost of debt were lower/(higher) • The cost of equity were higher/(lower). • Copper sales prices (increase)/decrease. • Capital Expenditure (increase)/decrease
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(b) Measurement of fair value (continued)

(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) (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) (2019: nil).

(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) (2019: nil).

(iv) NFC Africa Mines 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:

31 December 2020

	Relative ZMW millions	DCF ZMW millions	ZMW millions
Enterprise Valuation			
High	65,620	16,331	
Appropriate	28,621	14,765	
Low	12,417	13,200	
Equity Valuation			
High	49,331	42	
Appropriate	12,354	(1,523)	
Low	(3,871)	(3,089)	
Weighted Valuation			
Weights	25%	75%	Total
Weighted Enterprise Valuation	7,155	11,074	18,229
Weighted Equity Valuation	3,088	(1,142)	1,946
15% equity Attributable to ZCCM-IH			292

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

26 Inventories

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Consumable stores	18,434	4,049	-	-
Production stock	2,483	38,928	-	-
Stock piles	2,955	1,970	-	-
Gold nuggets	17,690	-	13,743	-
Gemstones	14,166	7,110	-	-
Balance at 31 December	55,728	52,057	13,743	-

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to ZMW39.3 million (Dec 2019: ZMW24 million). There were no inventory write-offs and no inventories placed as security during the period (2019: nil).

27 Trade and other receivables

Group
Dec 2020

Current	Gross	Expected credit loss	Net
Trade receivables	34,335	(3,133)	31,202
Dividend receivable	78,066	(78,066)	-
Other receivables and prepayments*	96,925	(78,837)	18,088
Amounts due from related parties (note 38b (iii))	416,776	(315)	416,461
Price participation receivable (see note below)	54,479	(9,905)	44,574
Total-current	680,581	(170,256)	510,325
Non-current			
Amounts due from related parties (note 38b(iii))	1,843,658	(1,058,389)	785,269
Total Non-current	1,843,658	(1,058,389)	785,269
Total balance	2,524,239	(1,228,645)	1,295,594

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

27 Trade and other receivables (continued)

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 38b(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 38b(iii))	1,307,152	(921,687)	385,465
Total balance	1,900,796	(1,171,111)	729,685

Company

Dec 2020

Current	Gross	Expected credit loss	Net
Dividend receivable	78,066	(78,066)	-
Other receivables *	88,168	(77,893)	10,275
Amounts due from related parties (note 38b(iii))	887,809	(471,348)	416,461
Price participation receivable (see note below)	54,479	(9,905)	44,574
Total-current	1,108,522	(637,212)	471,310
Non-current			
Amounts due from related parties (note 38b(iii))	1,843,658	(1,058,389)	785,269
Total balance	2,952,180	(1,695,601)	1,256,579

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 38b(iii))	789,996	(466,672)	323,324
Price participation receivable (see note below)	92,634	(92,634)	-
Total-current	1,046,817	(712,427)	334,390
Non-current			
Amounts due from related parties (note 38b(iii))	1,307,152	(921,687)	385,465
Total balance	2,353,969	(1,634,114)	719,855

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

27 Trade and other receivables (continued)

Other receivables analysis

Group	31 Dec 20			31 Dec-19		
	Gross	Impairment	Net	Gross	Impairment	Net
Government receivables	7,223	(7,223)	-	7,223	(7,223)	-
Staff receivables	8,451	(628)	7,823	7,355	(628)	6,727
Management fees receivable	10,800	(10,800)	-	11,169	(11,169)	-
Other sundry debtors	70,451	(60,186)	10,265	67,036	(56,035)	11,001
	96,925	(78,837)	18,088	92,783	(75,055)	17,728

Company	31 Dec 20			31 Dec-19		
	Gross	Impairment	Net	Gross	Impairment	Net
Government receivables	7,223	(7,223)	-	7,223	(7,223)	-
Staff receivables	8,451	(628)	7,823	7,355	(628)	6,727
Management fees receivable	10,800	(10,800)	-	11,169	(11,169)	-
Other Sundry debtors	61,694	(59,242)	2,452	60,374	(56,035)	4,339
	88,168	(77,893)	10,275	86,121	(75,055)	11,066

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

Other sundry debtors mainly includes treasury interest receivable, rental receivables, and pre payments among others.

Price participation receivable (Gross amount)

	Group and Company	
	31 Dec 2020	31 Dec 2019
Opening balance	92,634	134,801
Payment received	(90,270)	(42,450)
Interest on Konkola Copper Mine Plc price participation receivables		283
Exchange gain	52,115	-
	54,479	92,634

The price participation debt of ZMW54.5 million mostly relates to Konkola Copper Mines Plc's outstanding amount of ZMW44.6 million (December 2019: 82.7 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

27 Trade and other receivables (continued)

Price participation impairment analysis

	31 Dec 2020	31 Dec 2019
Opening balance	92,634	92,613
Addition	-	21
Reversal of impairment	82,729	-
Impaired balance	9,905	92,634

28 Term deposits

Term deposits relate to short term deposits placed in various banks and have a short maturity term of less than a year.

The movement in term deposits is as follows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Current				
Balance at 1 April/January	274,960	740,349	273,717	727,554
Acquisition of subsidiary	-	-	-	-
Matured during the period	(274,960)	(740,349)	(273,717)	(727,554)
Additions	194,369	677,117	194,369	273,717
Classified to assets held for sale	-	(402,157)	-	-
Total	194,369	274,960	194,369	273,717
Non-current				
Balance at 1 April/January		14,089	-	-
Matured during the year	-	(14,089)	-	-
Balance at 31 Dec	-	-	-	-
Total Balance	194,425	274,960	194,425	273,717

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 ZMW194,425 thousand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

29 Cash and cash equivalents

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

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Cash and bank balances	180,051	56,632	119,657	54,311
Cash in hand	1,158	184	982	48
Cash and cash equivalents in the statement of financial position	181,209	56,816	120,639	54,359
Bank overdraft	(10,034)	(2,641)	-	-
Cash and cash equivalents	171,175	54,175	120,639	54,359
Under assets held for sale	253,830	111,688	-	-
Cash and cash equivalents at 31 Dec	425,005	165,863	120,639	54,359

30 Trade and other payables

Current	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Trade payables	27,079	24,995	-	-
Statutory liabilities	13,856	574,838	1	-
Other payables and accrued expenses	115,118	124,488	102,550	52,271
	156,053	724,321	102,551	52,271
Non- current				
Statutory liabilities	18,335	-	-	-
Other payables and accrued expenses	-	14,591	-	-
	18,335	14,591	-	-
Total	174,388	738,912	102,551	52,271

- (i) The carrying amount of the current payables and accrued expenses approximate their fair values due to the short-term nature and low impact of discounting.
- (ii) Statutory liabilities relate to Pay As You Earn (PAYE), National Pension Scheme Authority (NAPSA), Mineral Royalty Tax and Value Added Tax (VAT).
- (iii) The significant decrease in statutory liabilities during the year is due to write off of liabilities relating to Ndola Lime Company limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

30 Trade and other payables (continued)

(iii) Other payables and accrued expenses analysis*

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Staff payables	3,444	19,516	3,444	2,507
Dividends received in advance*	10,724	10,724	10,724	10,724
Treasury security deposits	-	-	-	-
Accrued expenses	15,249	758	15,249	758
Sundry payables	85,701	108,081	73,134	38,232
	115,118	139,079	102,551	52,221

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

31 Provisions

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Provisions for legal cases	72,685	61,549	72,685	61,549
Provisions – others*	48,492	21,569	47,031	21,569
	121,177	83,118	119,716	83,118
Legal provision	61,549	118,712	61,549	118,712
Opening balance				
Addition	12,618		12,618	-
Amounts used during the period	(1,482)	(57,163)	(1,482)	(57,163)
Closing balance	72,685	61,549	72,685	61,549

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 and sale of houses.

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	86	Disputes on sale of houses and other property	Former employees/ Sitting Tenants	41,836	Under one year
Employment related	50	Various claims relating to wrongful termination of employment and others	Former employees	27,948	Under one year
Totals	143			72,685	

*Provisions other mainly includes consultancy fees of ZMW 32 million (2019: ZMW10 million)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

32 Share capital and premium

(i) *Ordinary shares*

	Group and Company					
	Class A shares		Class B shares		Total	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Balance at 31 Dec	969	969	639	639	1,608	1,608

Class "A" Ordinary Shares and Class "B" Ordinary Shares all rank pari passu in all respects.

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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
In issue at 31 December – fully paid	96,927	96,927	63,873	63,873	160,800	160,800
Authorised – par value ZMW0.01	120,000	120,000	80,000	80,000	200,000	200,000

(iii) *Share premium*

	Class A shares		Class B shares		Total	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Ordinary shares	1,259,407	1,259,407	829,936	829,936	2,089,343	2,089,343
	1,259,407	1,259,407	829,936	829,936	2,089,343	2,089,343

33 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 44 (d (iii))).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Borrowings

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Non-current				
Borrowings	161,370	-	161,370	-
	161,370	-	161,370	-

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening balance	-	104,357	-	103,271
Acquisition of subsidiary	-	85,984	-	-
Additions	158,655	-	158,655	-
Repayments	-	(136,702)	-	(103,271)
Reversal	-	(53,639)	-	-
Exchange differences & interest	2,715	-	2,715	-
Closing balance	161,370	-	161,370	-

35 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 have been recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences will be utilised.

Subject to agreement with the Zambia Revenue Authority, the Group has estimated tax losses of approximately ZMW255.51 million (2019: ZMW70.91 million) available to carry forward for a period of not more than 5 years from the charge year in which they were incurred, for set off against future taxable profit from the same source as follows:

	2020	2019
	ZMW'000	ZMW'000
2020 tax losses available until 2024	184,593	-
2019 tax losses available until 2023	51,027	51,027
2018 tax losses available until 2022	19,886	19,886
Total	255,506	70,913

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

35 Deferred tax (continued)

Group (continued)

Deferred tax was calculated using the enacted income tax rate of 35% (2019: 35%).

	Assets		Liabilities		Net	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Recognised deferred tax assets and liabilities						
Property plant and equipment	(8,888)	(8,084)	-	-	(8,888)	(8,084)
Property plant and equipment – revaluation	-	-	15,655	15,732	15,655	15,732
Exchange difference	-	-	376,337	197,168	376,337	197,168
Provisions for gratuity and leave pay	(2,627)	(2,447)	-	-	(2,627)	(2,447)
Other provisions	(22,218)	(15,543)	-	-	(22,218)	(15,543)
Bad debt provision	(489,130)	(467,609)	-	-	(489,130)	(467,609)
Legal provision	(25,439)	(21,542)	-	-	(25,439)	(21,542)
Employee provision	-	-	13,833	14,821	13,833	14,821
Change in investment property	-	-	9,039	7,651	9,039	7,651
Change on financial assets at fair value through profit or loss	-	-	105,013	2,813	105,013	2,813
Environmental provision	(23,308)	(19,340)	-	-	(23,308)	(19,340)
On losses from derivatives	192	(4,919)	-	-	192	(4,919)
Tax losses	(89,859)	(24,820)	-	-	(89,859)	(24,820)
	(661,277)	(564,304)	519,877	238,185	(141,400)	(326,119)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 Deferred tax (continued)

Group	Balance 1 April 2019	On acquisition of subsidiary	Recognised in profit or loss	Classified to assets held for sale	Recognised OCI	Balance 31 Dec 2019	Recognised in profit or loss	Recognised in OCI	Balance 31 Dec 2020
Movement in temporary differences during the year									
Property, plant and equipment	(9,477)	(3,730)	1,467	3,656	-	(8,084)	(804)	-	(8,888)
Property, plant and equipment – Revaluation	8,177	-	-	(1,557)	9,112	15,732	-	(77)	15,655
Unrealised exchange gains	217,983	-	(18,084)	-	-	199,899	182,305	-	382,204
Provision for gratuity and leave pay	(2,581)	-	(676)	810	-	(2,447)	(180)	-	(2,627)
Other provisions	(14,244)	-	(1,299)	-	-	(15,543)	(6,675)	-	(22,218)
Bad debt Provision	(430,114)	-	(37,495)	-	-	(467,609)	(21,521)	-	(489,130)
Legal Provision	(41,549)	-	20,007	-	-	(21,542)	(3,897)	-	(25,439)
Employee provision	15,681	-	(610)	-	(250)	14,821	(1,168)	180	13,833
Change in investment property	4,035	-	3,616	-	-	7,651	1,388	-	9,039
Change in financial assets at fair value through profit or loss	2,813	-	-	-	-	2,813	102,200	-	105,013
Environmental provision	(39,517)	-	20,177	-	-	(19,340)	(3,968)	-	(23,308)
On losses from derivatives	(8,582)	-	3,663	-	-	(4,919)	5,111	-	192
Unrealised exchange losses	(3,234)	-	503	-	-	(2,731)	(3,136)	-	(5,867)
Tax losses	(55,525)	-	30,705	-	-	(24,820)	(65,039)	-	(89,859)
	(356,134)	(3,730)	21,974	2,909	8,862	(326,119)	184,616	103	(141,400)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

35 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Recognised deferred tax assets and liabilities						
Property, plant and equipment	(1,668)	(897)	-	-	(1,668)	(897)
Property, plant and equipment – Revaluation	-	-	7,088	7,165	7,088	7,165
Provisions for gratuity and leave pay	(2,660)	(2,480)	-	-	(2,660)	(2,480)
Change on financial assets at fair value through profit or loss	-	-	104,279	2,079	104,279	2,079
Change on investment property	-	-	9,039	7,651	9,039	7,651
Fair value change on equity accounted investment and subsidiaries	-	-	6,601,343	3,125,109	6,601,343	3,125,109
Other provisions	(8,696)	(2,021)	-	-	(8,696)	(2,021)
Bad debt provision	(593,460)	(571,939)	-	-	(593,460)	(571,939)
Legal provision	(25,439)	(21,542)	-	-	(25,439)	(21,542)
Employee provision	(3,777)	(2,789)	-	-	(3,777)	(2,789)
Environmental provision	(23,308)	(19,340)	-	-	(23,308)	(19,340)
Exchange difference	-	-	377,434	197,407	377,434	197,407
On losses from derivatives	-	(5,111)	-	-	-	(5,111)
Tax losses	(89,427)	(24,820)	-	-	(89,427)	(24,820)
	(748,435)	(650,939)	7,099,183	3,339,411	6,350,748	2,688,472

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

35 Deferred tax (continued)

Company (continued)

	Balance 1 April 2019	Recognised in profit or loss	Recognised OCI	Balance 31 Dec 2019	Recognised in profit or loss	Recognised OCI	Balance 31 Dec 2020
Movement in temporary differences during the year							
Property, plant and equipment	(1,726)	829	-	(897)	(771)	-	(1,668)
Property, plant and equipment – Revaluation	7,242	-	(77)	7,165	-	(77)	7,088
Unrealised exchange gains	216,755	(18,084)	-	198,671	182,592	-	381,263
Provision for gratuity and leave pay	(1,804)	(676)	-	(2,480)	(180)	-	(2,660)
Change in financial assets at fair value through profit or loss	2,079	-	-	2,079	102,200	-	104,279
Change in investment property	4,035	3,616	-	7,651	1,388	-	9,039
Fair value change on investments in subsidiaries	(231,309)	-	(4,471)	(235,780)	-	-	(235,780)
Fair value change on investments in associates	2,995,682	-	365,207	3,360,889	-	3,476,234	6,837,123
Other provisions	(722)	(1,299)	-	(2,021)	(6,675)	-	(8,696)
Bad debt Provision	(534,444)	(37,495)	-	(571,939)	(21,521)	-	(593,460)
Legal Provision	(41,549)	20,007	-	(21,542)	(3,897)	-	(25,439)
Employee provision	(1,929)	(610)	(250)	(2,789)	(1,168)	180	(3,777)
Environmental provision	(39,517)	20,177	-	(19,340)	(3,968)	-	(23,308)
Unrealised exchange Losses	(1,767)	503	-	(1,264)	(2,565)	-	(3,829)
On losses from derivatives	(8,774)	3,663	-	(5,111)	5,111	-	-
Tax losses	(55,525)	30,705	-	(24,820)	(64,607)	-	(89,427)
	2,306,727	21,336	360,409	2,688,472	185,939	3,476,337	6,350,748

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

36 Retirement benefits

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

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Present value of unfunded obligations	13,194	34,669	10,792	7,971

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

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Balance at 1 January/1 April	34,669	34,180	7,971	5,513
Acquisition of subsidiary	-	626	-	-
Charge for the period – expense	5,592	3,557	3,335	1,743
Charge for the period – other comprehensive income	(514)	715	(514)	715
Benefits paid during the period	(2,646)	(4,409)	-	-
Discontinued operation	(23,907)	-	-	-
Closing balance	13,194	34,669	10,792	7,971
Non-current liability	10,792	7,971	10,792	7,971
Current liability	2,402	26,698	-	-
	13,194	34,669	10,792	7,971

Included in profit or loss for the year as follows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Current service cost	901	745	901	745
Interest cost	2,434	2,812	2,434	998
Personnel expenses (note 12)	5,592	1,743	3,335	1,743
Total employees benefit expensed	5,592	3,557	3,335	1,743

Included in OCI for the year as follows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Experience adjustment	(1,788)	133	(1,788)	133
Financial assumptions	1,274	582	1,274	582
Total	(514)	715	(514)	715

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 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 2020	31 Dec 2019
▪ Discount rate	35.5%	29.0%
▪ Future salary increases	22.0%	22.0%
▪ Salary inflation	24.0%	24.0%

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 December 2020.

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 2020	31 December 2019
	Present value of obligation	Present value of obligation
1% increase in discount rate	(698)	(537)
1% decrease in discount rate	782	603
1% increase in inflation rate	797	623
1% decrease in inflation rate	(719)	(561)

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

37 Provisions for environmental rehabilitation

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Balance at 1 April/January	119,253	145,460	55,258	112,905
Acquisition of subsidiary	-	1,758	-	-
Charge for the year	44,061	(55,540)	3,110	(55,885)
Exchange movement	22,671	8,245	22,671	8,245
Unwinding of discount	1,981	29,337	-	-
Payment	(14,444)	(10,007)	(14,444)	(10,007)
Balance at 31 December	173,522	119,253	66,595	55,258
Current liability	-	61,892	-	-
Non-current liability	173,522	57,361	66,595	55,258
	173,522	119,253	66,595	55,258

The year-end balance represents restoration, rehabilitation and environmental provisions for the Company and its subsidiaries Limestone Company Limited (Limestone) and Kariba Minerals Limited (Kariba). The Company's provision is as a result of inherited environmental obligations from the old ZCCM Limited combined with environmental disturbances from mining operations at Limestone and Kariba.

The provisions have been assessed to cost ZMW173.52 million as at 31 December 2020 as compared to ZMW119 million as at 31 December 2019. This gives an increase of 45.5% in the cost of the Group's environmental liabilities. The increase is largely on account of foreign exchange differences as the provision is denominated US dollars.

The provision represents the best estimate of the expenditure required to settle the obligations to rehabilitate environmental disturbances caused by mining operations. Mining Companies are 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. At the end of useful life of the mine, Mining Companies are 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 2020 was performed by Dichem Limited an independent consultant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

37 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 0.36 % (2019: 1.69 %) and an inflation rate of 1.4% (2019: 2.3%) 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\$3,091 million (approximately ZMW 65.388 million) (2019:US\$9.52 million (approximately ZMW 132.83 million) and US\$2,990 million (approximately ZMW63.25million) (2019: US\$5.10 million) approximately ZMW71.16 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 in five years using technology and materials available currently.

38 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 2020	31 Dec 2019
Salaries and other short-term employment benefits	25,416	20,563
Directors' fees	8,957	6,717
	34,373	27,280
Post-employment benefit	6,219	3,578

Key management compensation relates to directors and the management committee.

(ii) Dividend income from related parties

Company

Relationship	31 Dec 2020	31 Dec 2019
Kansanshi Mines – Associate	164,895	122,536
Copperbelt Energy Corporation – Associate	44,003	-
Total dividends (note 7 and 24)	208,898	122,536

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions (Continued)

(iii) Amounts due from related parties

Group 2020

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	1,142,165	(356,896)	785,269
Lubambe Copper Mines Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mines Plc (vii)	Associate	416,776	(315)	416,461
Sub total		2,260,434	(1,058,704)	1,201,730
Price participation receivable	Associate	54,479	(9,905)	44,574
Dividends receivable	Associate	78,066	(78,066)	-
Sub total		132,545	(87,971)	44,574
Total amounts due from related parties		2,392,979	(1,146,675)	1,246,304

Group December 2019

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	605,659	(220,194)	385,465
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mines Plc (vii)	Associate	313,931	(314)	313,617
Industrial Development Corporation	Parent Company	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions (Continued)

(iii) Amounts due from related parties (continued)

Company

December 2020

	Relationship	Gross	Impairment	Carrying amount
Ndola Lime Company Limited (iii)	Subsidiary	436,985	(436,985)	-
Kariba Minerals Limited (iv)	Subsidiary	5,839	(5,839)	-
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	4,685	(4,685)	-
Nkandabwe Coal Mine (v)	Subsidiary	23,524	(23,524)	-
Mushe Milling Company Limited (viii)	Subsidiary	25,906	-	25,906
Maamba Collieries Limited (i)	Associate	1,142,165	(356,896)	785,269
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mine Plc (vii)	Associate	416,776	(315)	416,461
Sub total		2,757,373	(1,529,737)	1,227,636
Price participation receivable	Associate	54,479	(9,905)	44,574
Dividends receivable:	Associate	78,066	(78,066)	-
		132,545	(87,971)	44,574
Total amounts due from related parties		2,889,918	(1,617,708)	1,272,210

Company

December 2019

	Relationship	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)	385,465
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mine Plc (vii)	Associate	313,931	(314)	313,617
Industrial Development Corporation	Parent	3,171	(3)	3,168
Sub total		2,117,807	(1,388,359)	729,448
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)	729,448

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions (Continued)

Amounts due from related parties

(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 Maamba 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, none of which were made. This loan is fully impaired.

(iii) Ndola Lime Company Limited

The total loans and advances due from Ndola Lime Company Limited, including interest amounts was ZMW436 million (2019: ZMW436 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. Subsequent to the year end, ZMW9 million was recovered from dividend payable to Ministry of Finance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions *(Continued)*

Amounts due from related parties *(Continued)*

(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. KCM, pays US\$1 million principal monthly starting from 30th September 2020. As at 31 December 2020, a total of ZMW206.47 million (US\$9.76 million) of the US\$12.5 million was still outstanding.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Contingent liabilities

(i) *Chambishi Metals rights issue*

In May 2005, the Board of Directors of Chambishi Metals Plc (CMP) 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 payable to Chambishi Metals for 10 years and 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 CMP 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 CMP 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

40 Commitments

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

	31 Dec 2020	31 Dec 2019
Group and Company		
Property, plant and equipment	16,599	11,435

41 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. The Group did not enter into any transactions that required currency swap technique during the year the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 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		
	ZMW equivalent of US\$ and other foreign currencies	US\$ Amounts
Dec 2020		
Cash and cash equivalents	120,250	5,685
Trade and other receivables	1,203,301	56,883
Term deposits	145,257	6,867
Assets held for sale	160,010	7,564
Borrowings	(161,370)	(7,628)
Trade and other payables	(11,220)	(530)
Liabilities directly associated with assets classified as held for sale	(173,229)	(8,189)
Net exposure	1,282,999	60,652
Company		
	ZMW equivalent of US\$ and other foreign currencies	US\$ Amounts
Dec 2019		
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
Company		
	ZMW equivalent of US\$ and other foreign currencies	US\$ Amounts
Dec 2020		
Cash and cash equivalents	116,272	5,496
Financial assets at fair value through comprehensive income	20,616,975	974,614
Trade and other receivables	1,201,731	56,809
Term deposits	145,257	6,867
Borrowings	(161,370)	(7,628)
Trade and other payables	(150)	(7)
Net exposure	21,918,715	1,036,151
Company		
	ZMW equivalent of US\$ and other foreign currencies	US\$ Amounts
Dec 2019		
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Kwacha				
US\$ 1	18.6303	13.3211	21.154	13.9525

Sensitivity analysis

A 10 percent strengthening of the Kwacha against the US Dollar at 31 December 2020 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 December 2019.

	Equity and profit or loss	
	Group	Company
31 Dec 2020		
ZMW	128,300	2,191,871
31 Dec 2019		
ZMW	87,535	1,109,231

A 10 percent weakening of the Kwacha against the US Dollar at 31 December 2020 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

41 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 2020			31 December 2019		
	Total	Zero rate instruments	Fixed rate instruments	Total	Zero rate instruments	Fixed rate instruments
Assets						
Financial assets at fair value through profit or loss	292,000	-	292,000	-	-	-
Cash and cash equivalents	181,209	-	181,209	56,816	-	56,816
Trade and other receivables	1,264,392	18,088	1,246,304	729,685	2,498	727,187
Term deposits	194,369	-	194,369	274,960	-	274,960
Assets held for sale	1,307,400	-	1,307,400	1,127,333	-	1,127,333
Investments in associates	19,351,000	-	19,351,000	11,855,067	-	11,855,067
Total assets	22,590,370	18,088	22,572,282	14,043,861	2,498	14,041,363
Liabilities						
Borrowings	(161,370)	-	(161,370)	-	-	-
Trade and other payables	(174,388)	(174,388)	-	(738,912)	(738,912)	-
Liabilities directly associated with assets classified as held for sale	(1,423,669)	(1,423,669)	-	(1,091,622)	(1,091,622)	-
Total liabilities	(1,759,427)	(1,598,057)	(161,370)	(1,830,534)	(1,830,534)	-
Gap	20,830,943	(1,579,969)	22,410,912	12,213,327	(1,828,036)	14,041,363

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management (continued)

(ii) Market risk (continued) Company

Interest rate risk

	31 December 2020			31 December 2019		
	Total	Zero rate instruments	Fixed rate instruments	Total	Zero rate instruments	Fixed rate instruments
Assets						
Financial assets at fair value through profit or loss	292,000	-	292,000	-	-	-
Cash and cash equivalents	120,639	-	120,639	54,359	-	54,359
Financial assets at fair value through other comprehensive income	20,666,806	-	20,666,806	10,746,818	-	10,746,818
Trade and other receivables	1,256,579	10,275	1,246,304	719,855	15,230	704,625
Assets held for sale	392,357	-	392,357	387,110	-	387,110
Term deposits	194,369	-	194,369	273,717	-	273,717
Total assets	22,922,750	10,275	22,912,475	12,181,859	15,230	12,166,629
Liabilities						
Borrowings	(161,370)	(161,370)	-	-	-	-
Trade and other payables	(102,551)	(102,551)	-	(52,271)	(52,271)	-
Total liabilities	(263,921)	(263,921)	-	(52,271)	(52,271)	-
Gap	22,658,829	(253,646)	22,912,475	12,129,588	(37,041)	12,166,629

*Trade and other receivables, and trade and other payables, excludes prepayments and statutory obligations respectively

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 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 loan receivables. 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 2020	
Variable rate instruments	_____ -

31 Dec 2019	
Variable rate instruments	_____ -
	_____ -
Company	
31 Dec 2020	
Variable rate instruments	_____ -
	_____ -
31 Dec 2019	
Variable rate instruments	_____ -
	_____ -

The Group's investments in corporate term deposits, all of which are fixed rate and are measured at amortised cost exposes the Group to cash flow interest rate risk. The tenure of the investments is mostly less than 1 year. At 31 December 2020, 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 ZMW0.19 million (December 2019: ZMW0.27 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial 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. Further, 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.

At 31 December 2020, 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 ZMW21.55 million (2019: ZMW27.57 million) higher/lower.

(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

41 Financial 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 2020, ZMW31.5 million (December 2019: ZMW74 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 2020 is made up as follows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	181,209	56,816	120,639	54,359
Trade and other receivables*	1,291,489	722,734	1,256,142	719,566
Term deposits	194,369	274,960	194,369	273,717
Assets held for sale	1,307,400	1,127,333	392,357	387,110
	2,974,467	2,181,843	1,963,507	1,434,752

Excludes prepayments and other receivables

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 Group'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 assessment 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

41 Financial risk management (continued)

(iii) Credit risk (continued)

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

31 December 2020

	Gross	Life time expected credit loss	Net
Not due	1,653,519	(359,991)	1,293,528
Past due 30 - 60 days	247	(97)	150
Past due 61 – 90 days	689	(219)	470
Past due 91 - 120 days	2,482	(2,023)	459
Over 121 days	867,302	(866,315)	987
	2,524,239	(1,228,645)	1,295,594

	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	1,653,519	247	689	2,482	867,302	2,524,239
Default rate	21.771%	39.271%	31.785%	81.507%	99.886%	-
Lifetime expected ECL	359,991	97	219	2,023	866,315	1,228,645

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial and risk management (continued)

(iii) Credit risk (continued)

Impairment of financial assets (continued)

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

Company

Dec 2020

	Gross	Life time expected credit loss	Net
Not due	1,614,227	(358,034)	1,256,193
Past due 30 - 60 days	-	-	-
Past due 61 - 90 days	221	(219)	2
Past due 91 - 120 days	-	-	-
Over 121 days	1,337,732	(1,337,348)	384
	2,952,180	(1,695,601)	1,256,579

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management (continued)

(iii) Credit risk (continued)

Impairment of financial assets (continued)

	Current	30 - 60	61 - 90	91 - 120	Over 121	Total
	days past due	days past due	days past due	days past due	days past due	
Gross carrying amount	1,614,227	-	221	-	1,337,732	2,952,180
Default rate	22.180%	-	99.095%	-	99.971%	-
Lifetime expected ECL	358,034	-	219	-	1,337,348	1,695,601

December 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 121 days	893,624	(891,654)	1,970
	2,353,969	(1,634,114)	719,855

	Current	30 - 60	61 - 90	91 - 120	Over 121	Total
	days past due	days past due	days past due	days past due	days past due	
Gross carrying amount	1,459,792	243	60	250	893,624	2,353,969
Default rate	50.82%	99.177%	98.333%	99.200%	99.780%	-
Lifetime expected ECL	741,912	241	59	248	891,654	1,634,114

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management (continued)

(iii) Credit risk (continued)

Impairment of financial assets (continued)

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

Group	31 Dec 2020	31 Dec 2019
Balance at 1 January/April	1,171,111	1,284,875
Acquisition of subsidiary	-	383
Recognised expected credit loss	141,614	129,541
Recovery of impairment loss	(83,297)	(11,425)
Classified to assets held for sale	-	(219,845)
Discontinued operation	(783)	-
Conversion to equity	-	(12,418)
Closing balance	1,228,645	1,171,111

Company	31 Dec 2020	31 Dec 2019
Balance at 1 January/April	1,634,114	1,526,983
Impairment recognised	144,784	130,974
Recovery	(83,297)	(11,425)
Conversion to equity	-	(12,418)
Closing balance	1,695,601	1,634,114

As at 31 December 2020 an expected credit loss of ZMW141.617 million mainly relates to the receivables from Maamba Collieries Limited and Misenge Environmental and Technical Services of ZMW 136.6 million and ZMW4.7 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

41 Financial 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 2020				
Financial liabilities				
Borrowings	161,370	147,401	-	147,401
Trade and other payables	153,490	153,490	135,155	18,335
Liabilities directly associated with assets classified as held for sale	1,423,669	1,423,669	1,423,669	-
	<u>1,738,529</u>	<u>1,724,560</u>	<u>1,558,824</u>	<u>165,736</u>
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	-
	<u>1,322,991</u>	<u>1,322,991</u>	<u>1,308,400</u>	<u>14,591</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management (continued)

(iv) Liquidity risk (continued)

(b) Company

	Carrying amount	Contractual amount	Within 1 year	2 - 5 years
At 31 Dec 2020:				
Financial liabilities				
Borrowings	161,370	147,401	-	147,401
Trade and other payables	85,952	85,952	85,952	-
	247,322	233,353	85,952	147,401
At 31 Dec 2019:				
Financial liabilities				
Trade and other payables	36,992	36,992	36,992	-
	36,992	36,992	36,992	-

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 2020 and 31 Dec 2019 were as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management (continued)

(iv) Liquidity risk (continued)

Capital management (continued)

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Borrowings	161,370	-	161,370	-
Less: cash and cash equivalents	(181,209)	(56,816)	(120,639)	(54,359)
Net debt	(19,839)	(56,816)	40,731	(54,359)
Total equity	20,899,212	12,629,831	16,459,336	9,484,935
Total capital	20,879,373	12,573,015	16,500,067	9,430,576
Gearing ratio	0%	0%	0.25%	0%

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 2020	31 Dec 2019
Loans and borrowings	16.5%	14.18%

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

Fair value estimation

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

Dec-20	Level 2	Level 3	Total
Assets			
Financial investments at fair value through profit or loss (note 25)	-	292,000	292,000
Fair value through other comprehensive income (note 23,24)	430,975	20,512,509	20,943,484
Assets held for sale (note 22)	343,214	49,143	392,357
	774,189	20,853,652	21,627,841
Dec-19			
Assets			
Financial investments at fair value through other comprehensive income (note 25)	551,494	10,342,641	10,894,135
Assets held for sale (note 23,24)	343,214	43,896	387,110
	894,708	10,386,537	11,281,245

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management (continued)

Fair value estimation (continued)

Fair values versus carrying amounts

Group

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

	31 December 2020		31 December 2019	
	Carrying amount	Fair Value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss	292,000	292,000	-	-
Cash and cash equivalents	181,209	181,209	56,816	56,816
Trade and other receivables*	1,291,489	1,291,489	722,734	722,734
Term deposits	194,369	194,369	274,960	274,960
Assets held for sale	1,307,400	1,307,400	1,127,333	1,127,333
	3,266,467	3,266,467	2,181,843	2,181,843
Financial liabilities				
Borrowings	(161,370)	(147,401)	-	-
Liabilities directly associated with assets classified as held for sale	(1,423,669)	(1,423,669)	(1,191,270)	(1,191,270)
Trade and other payables*	(153,490)	(153,490)	(131,721)	(131,721)
	(1,738,529)	(1,724,560)	(1,322,991)	(1,322,991)
Net position	1,527,938	1,541,907	858,852	858,852

Company

	31 December 2020		31 December 2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Financial assets at fair value through profit or loss	292,000	292,000	-	-
Cash and cash equivalents	120,639	120,639	54,359	54,359
Financial assets at fair value through other comprehensive income	20,943,484	20,943,484	10,894,135	10,894,135
Trade and other receivables*	1,256,142	1,256,142	719,566	719,566
Assets held for sale	392,357	392,357	387,110	387,110
Term deposits	194,369	194,369	273,717	273,717
	23,198,991	23,198,991	12,328,887	12,328,887
Financial liabilities				
Borrowings	(161,370)	(147,401)	-	-
Trade and other payables**	(85,952)	(85,952)	(36,992)	(36,992)
Total	(247,322)	(233,353)	(36,992)	(36,992)
Net position	22,951,669	22,965,638	12,291,895	12,291,895

Trade and other receivables excludes pre payments.

Trade and other payables excludes statutory obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Subsequent Events

(i) Mopani Copper Mines Plc

Subsequent to the year end, ZCCM-IH 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 of the 90% stake and voting rights belonging to Glencore, was successfully executed as at 31st March 2021. A total consideration of US\$1 was paid.

Mopani has historically been financed by shareholder loans which as at 31 December 2020 were US\$4.3 billion. As part of the transaction, the US\$4.3 billion was negotiated to US\$1.5 billion. Mopani will settle the US\$1.5 billion debt to Glencore/Carlisa by way of a royalty type arrangement and 33.3% of cashflows. The debt will be repaid within the lifetime of the mine. Glencore will have offtake rights of Mopani's copper as stipulated in the offtake agreement. Pricing in the offtake agreement will be based on the LME and London Bullion Market Association prevailing price.

This transaction has effectively transformed ZCCM-IH 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.

The total assets and liabilities acquired at their fair values are as follows:

Items	ZMW'000
Property, Plant and Equipment	11,749,786
Inventory	3,720,296
Trade receivables	2,154,951
Environmental Protection Fund	115,506
Cash and Bank	6,337
Total assets	17,746,876
Shareholders Funds	(19,261,808)
Trade and other payables	2,448,209
Borrowings	33,121,478
Rehabilitation and Restoration Provisions	1,215,007
Retirement Benefits Provision	223,990
Total Equity and Liabilities	17,746,876

The gross contractual amount of trade receivables amounted to ZMW2.15 billion. This amount is expected to be collected in full.

Further, the Group has recognised goodwill mounting to ZMW19 billion. Goodwill is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of Mopani Copper Mines Plc's workforce and expected cost synergies.

(ii) Konkola Copper Mines Plc Court proceeding

Winding Up Proceedings (Lusaka Proceedings).

Following the decision by the High Court to deny Vedanta Resources Holdings Limited ("Vedanta") application to stay the Lusaka Proceedings on 7th August 2019, Vedanta appealed to the Court of Appeal against the said decision. On 20th November 2020, the Court of Appeal overturned the decision of the High and stayed the liquidation proceedings, referring the parties to arbitration. ZCCM appealed to the Supreme Court against the decision of the Court of appeal on 7 September 2021. The Supreme Court, in a Ruling dated 22 March 2022, declined to hear the appeal. The decision was based on the fact that the matters that ZCCM-IH sought to have the Supreme Court hear and determine had already been dealt with in the Partial Final Award delivered on 7 July 2021 in Arbitration. By this Ruling, the Court of Appeal's decision staying the liquidation proceedings and referring the parties to Arbitration remains unvacated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Subsequent events (continued)

Arbitral Proceedings (South African Proceedings)

The Arbitration proceedings which were commenced by Vedanta against ZCCM-IH on 31 July 2019, are underway. The said proceedings are confidential as between the parties. However, on 7 July 2021, a Partial Final Award was delivered by the Sole Arbitrator. The Award was in some parts in favour of Vedanta and in some parts in favour of ZCCM-IH. The proceedings are yet to be disposed of as there are other issues that remain to be heard and determined. The Final hearing is scheduled for 9 January 2023.

(iii) FQM Arbitration Proceedings

On 11 November 2019, Kansanshi Holdings Limited ("KHL") filed a Request for Arbitration in London against ZCCM-IH (as Respondent) and KMP (as Nominal Respondent). These Arbitration proceedings were strictly confidential as between the parties. On 29 January 2021, the Tribunal made certain decisions in a Partial Final Award and reserved some matters for resolution in a Final Award. On 12 January 2022, the Tribunal delivered a Final Award by Consent, thereby disposing of the said proceedings largely in favour of ZCCM-IH. The arbitration has, therefore, been concluded.

(iv) Konkola Copper Mines Plc (KCM) separation of Business Units

Subsequent to the year end, KCM was split into two separate Business Units to improve operational and financial efficiencies. The split was done by way of formation of two subsidiary companies, namely KCM SmelterCo Limited, and KCM Mineral Resources Limited, with two Separate Management structures and employee arrangements. Both companies are currently wholly owned by KCM.

(v) Security and Guarantee of US\$100 million KCM Trafigura Transactions

Subsequent to the year end, ZCCM-IH pledged US\$200 million worth of its shareholding in Kansanshi Mining Plc and executed a corporate guarantee in favor of Trafigura as security for a US\$100 million prepayment transaction to KCM by Trafigura. The prepayment carries an interest rate of Libor plus 7% and is repayable by KCM through copper deliveries to Trafigura on a monthly basis for a period of 18 months with a 6 month moratorium.

(vi) US\$100 Corporate Guarantee

During the year, the company guaranteed a US\$10 million facility at Zanaco Bank on behalf of KCM.

43 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

44 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, to ensure consistency (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

44 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

44 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.

(v) **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

44 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

44 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

44 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

44 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

44 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

44 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

44 Significant accounting policies (continued)

(e) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are measured at cost save for land and buildings which are measured at revalued amounts. Cost 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.

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

44 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(ii) Subsequent expenditure

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

(iii) Depreciation

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

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

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

• Property	20 years
• Vehicles	4 years
• Plant, equipment and furniture	5 years
• Vertical kiln	15 years
• Rotary kiln	12 years

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

(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

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

(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

44 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

44 Significant accounting policies (continued)

(j) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

- the 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

44 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

44 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

44 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 ZMW1.9 million (31 December 2019: ZMW 1.2 million)

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Significant accounting policies (continued)

(I) 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

44 Significant accounting policies (continued)

(I) 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:

- i. changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 1. 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;
 2. 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.
- ii. 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.
- iii. 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

44 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

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
Limestone and gemstone products	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 from rendering of services is recognised in profit or loss in proportion to the stage of completion of transaction at reporting date. The stage of completion is assessed with reference to 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. The Group had no contract assets as at period end. Contract liabilities primarily relate to the advance consideration received from the customer for which revenue is recognised when the goods and services are provided.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 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.

General exploration and associated 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. Exploration and associated costs for projects which are commercially viable, and it is considered that future economic benefits will flow to the company are capitalised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 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

44 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.

(i) 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

44 Significant accounting policies (continued)

(t) Leases

The Group as a lessee

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 use

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the consolidated statement of financial position. 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.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Significant accounting policies (continued)

(t) Leases (continued)

(i) The Group as a lessee (continued)

Measurement and recognition of leases as a lessee (continued)

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

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.

(ii) The Group as a lessor

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.

(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

CORPORATE INFORMATION *(continued)*

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
Board Affairs Manager

Loisa Mbatha
Corporate Affairs Manager
Phone : +260 211 221023/228833
Fax : +260 211 220727

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

Website: www.zccm-ih.com.zm

Appendix

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	31-Dec 2020	31-Dec 2019
	US\$'000	US\$'000
Assets		
Property, plant and equipment	15,709	19,192
Exploration and evaluation asset	979	-
Intangible assets	140	135
Investment property	15,397	14,643
Investment in associates	914,768	956,164
Financial assets at fair value through profit or loss	13,804	-
Trade and other receivables	37,122	27,627
Deferred tax assets	31,260	40,445
Goodwill	-	8,588
Non-current assets	1,029,179	1,066,794
Property, plant and equipment	-	4,187
Inventories	4,989	4,815
Trade and other receivables	24,124	24,671
Assets held for sale	61,804	80,798
Term deposit	9,188	19,707
Cash and cash equivalents	8,566	4,072
Current assets	108,671	138,250
Total assets	1,137,850	1,205,044
Equity		
Share capital	132	132
Share premium	171,398	171,398
Other reserves	544,286	671,263
Retained earnings	290,251	178,618
Equity attributable to shareholders	1,006,067	1,021,411
Non-controlling interest	(1,135)	(3,998)
Total Equity	1,004,932	1,017,413
Liabilities		
Borrowings	7,628	-
Trade and other payables	867	1,046
Deferred tax liabilities	24,576	17,071
Retirement benefits	510	571
Provisions for environmental rehabilitation	8,203	4,111
Non-current liabilities	41,784	22,799
Bank overdraft	474	189
Trade and other payables	7,377	51,913
Liabilities associated with assets classified as held for sale	67,300	85,380
Provisions	5,728	5,957
Current tax liabilities	10,141	15,044
Retirement benefits	114	1,913
Provisions for environmental rehabilitation	-	4,436
Current liabilities	91,134	164,832
Total liabilities	132,918	187,631
Total equity and liabilities	1,137,850	1,205,044

Appendix

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	31-Dec 2020	31-Dec 2019
	US\$'000	US\$'000
Assets		
Property, plant and equipment	6,733	7,237
Intangible assets	58	53
Investment property	14,563	13,707
Investments in subsidiaries	13,079	11,546
Investment in associates	976,969	874,341
Financial assets at fair value through P&L	13,804	-
Trade and other receivables	37,122	27,627
Deferred tax assets	35,380	-
Non-current assets	1,097,708	934,511
Inventory	738	-
Trade and other receivables	22,280	23,996
Assets held for sale	18,548	29,060
Term deposit	9,188	19,618
Cash and cash equivalents	5,703	3,896
Current assets	56,437	76,540
Total assets	1,154,165	1,011,051
Equity		
Share capital	132	132
Share premium	171,398	171,398
Other reserves	508,633	538,054
Retained earnings	106,886	79,193
Equity attributable to shareholders	787,049	788,777
Liabilities		
Borrowings	7,628	-
Deferred tax liabilities	335,595	192,687
Retirement benefits	510	571
Provisions for environmental rehabilitation	3,148	3,960
Non-current liabilities	346,881	197,218
Trade and other payables	4,848	3,746
Provisions	5,659	5,957
Current tax liabilities	9,728	15,353
Current liabilities	20,235	25,056
Total liabilities	367,116	222,274
Total equity and liabilities	1,154,165	1,011,051

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

Appendix

	31-Dec 2020	31-Dec 2019
	US\$'000	US\$'000
Revenue from customer with contracts	6,070	4,687
Cost of sales	(3,078)	(3,980)
Gross profit	2,992	707
Investment income	909	3,631
Investment expenses	-	(23)
Net investment income	909	3,608
Other income	5,375	10,439
Net impairment losses on financial assets	(7,601)	(9,724)
Administration expenses	(32,784)	(16,694)
Operating loss	(31,109)	(11,664)
Finance income	52,044	12,788
Finance costs	(1,327)	(2,348)
Net finance income	50,717	10,440
Share of profit of equity-accounted investees, net of tax	79,845	31,555
Profit before tax	99,453	30,331
Income tax (expense)/credit	(11,902)	(1,717)
Profit from continuing operations	87,551	28,614
Loss from discontinued operations	26,859	(5,554)
Profit for the year	114,410	23,060
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation on property, plant and equipment	148	1,971
Deferred tax on revaluation reserve	4	(684)
Actuarial gain on defined benefit pension plans	28	(54)
Deferred tax on defined benefit actuarial loss	(10)	19
	170	1,252
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences - equity - accounted investees	332,135	95,852
Equity-accounted investees- share of other comprehensive income	-	299
	332,135	96,151
Other comprehensive income, net of tax	332,305	97,403
Total comprehensive income	446,715	120,463

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec 2020	31-Dec 2019
	US\$'000	US\$'000
Revenue from contracts with customers	198	-
Cost of sales	(161)	-
Gross profit	37	-
Investment income	12,140	12,849
Other income	5,348	6,395
Net impairment losses on financial assets	(7,771)	(9,832)
Administration expenses	(19,104)	(8,129)
Operating (loss)/profit	(9,350)	1,283
Finance income	52,044	12,140
Finance costs	(781)	(241)
Net finance income	51,263	11,899
Profit/(loss) before tax	41,913	13,182
Income tax (expense)/credit	(11,402)	(1,664)
Profit/(loss) for the year	30,511	11,518
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation of property, plant and equipment	148	-
Deferred tax on amortisation of revaluation reserve	4	6
Actuarial (loss)/gain on defined benefit pension plans	28	(54)
Deferred tax on defined benefit actuarial/(loss) gain	(10)	19
	170	(29)
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	533,114	78,330
Deferred tax on fair value change on investments in subsidiaries	-	336
Deferred tax on fair value change on investments in associates	(186,590)	(27,416)
	346,524	50,291
Other comprehensive income, net of tax	346,694	50,262
Total comprehensive income	377,205	61,780



CONTACT US

Email: corporate@zccm-ih.com.zm or call: 260 211 – 221 023 / 388 000 / 228 833

VISIT US

ZCCM-IH Office Park
Stand No. 16806, Alick Nkhata Road
Mass Media Complex Area
P.O Box 30048, Lusaka, 10101