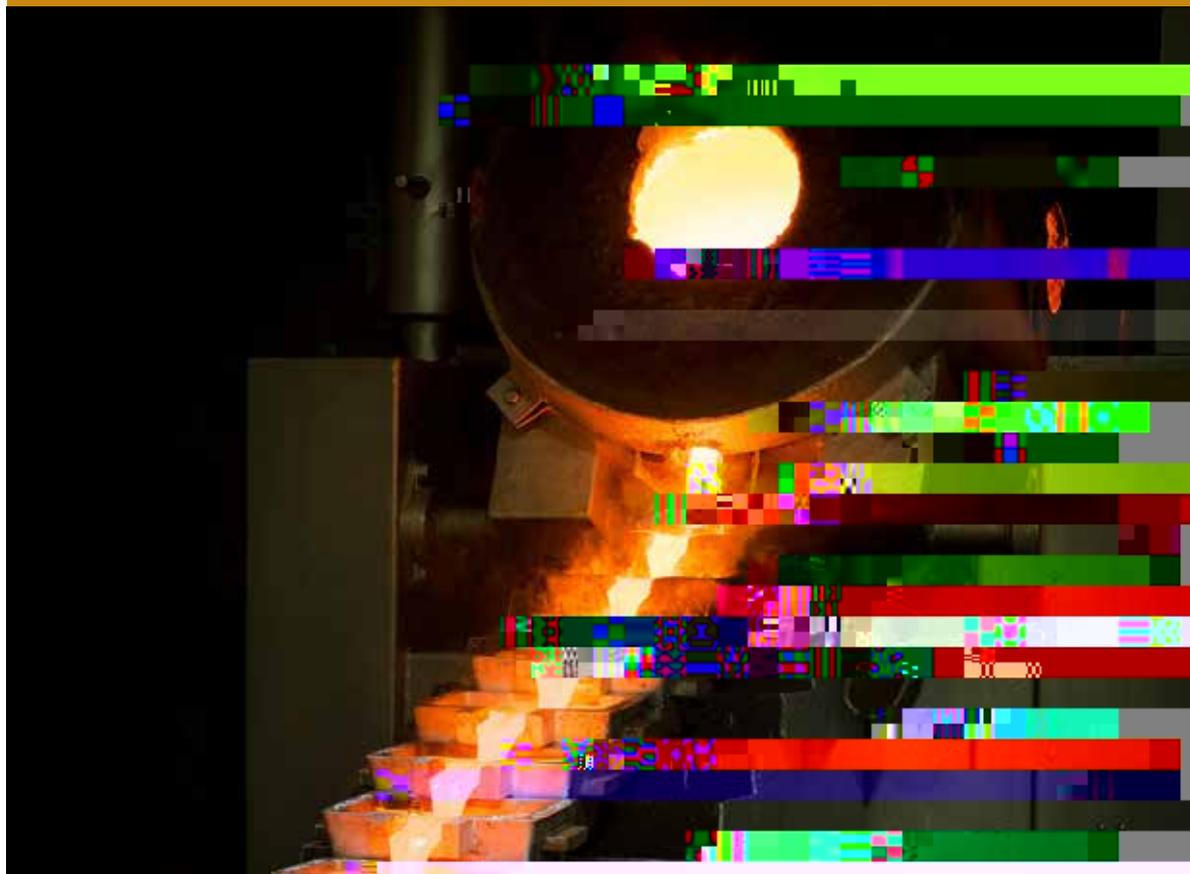


# ZCCM INVESTMENTS HOLDINGS PLC

Annual Report 2015









## DIRECTORATE AND ADMINISTRATION

### DIRECTORS

The Directors who held office during the year ended 31 March 2015 were:		
Mr. C Mwananshiku	Non Executive Director	(Chairman)
Mr. J M D Pai	Non Executive Director	(Resigned on 15 July 2014)
Ms. S Mutemba	Non Executive Director	
Dr. B K E Ng'anjiri	Non Executive Director	
Mrs. P C Kabamba	Non Executive Director	
Mr. P Taussac	Non Executive Director	
Mr. P M Chan	Non Executive Director	(Appointed on 15 July 2014)

The Directors who held office during the year ended 31 March 2015 were:		
Mr. C Mwananshiku	(Non-Executive Director)	
Ms. S Mutemba	(Non-Executive Director)	
Dr. B K E Ng'anjiri	(Non-Executive Director)	
Mrs. P C Kabamba	(Non-Executive Director)	
Mr. P Taussac	(Non-Executive Director)	
Mr. P M Chan	(Non-Executive Director)	
Dr. P C Kasolo	(Executive Director)	(Appointed on 15 July 2014)

## MANAGEMENT COMMITTEE

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

Dr. P Kasolo	Chief Executive Officer	(Appointed, 1 October 2014)
Mr. II	Chief Executive Officer	(Separated, 7 August 2014)
Mr. C Chabala	Chief Corporate Services Officer /Company Secretary	
Ms. II	Chief Information Officer	(Separated 31 January 2016)
Mr. II I	Chief Financial Officer	
Ms. Y I	Deputy General Counsel	(Appointed 1 April 2014)
Ms. W Mangambwa	Risk and Internal Audit Manager	
Mrs. L I	Human Resources Manager	(Appointed 1 April 2014)
Mr. C Mjumphi	Corporate Officer	

Management of officials who held office as at the date of approval of this report (24 September 2015) were:

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



## CHAIRMAN'S STATEMENT *(continued)*

### Financial performance

**CHAIRMAN'S STATEMENT** *(continued)*

**Nkandabwe Coal Mine Limited**

Following the granting to ZCCM-IH of the mining licences previously held by Collum Coal Mining Industries Limited situated in Southern province of Zambia, ZCCM-IH incorporated Nkandabwe Coal Mines Limited, a 100% wholly owned

## CHAIRMAN'S STATEMENT *(continued)*

### Outlook

According to the World Bank's "Zambia Economic Brief - December 2015", the Zambian economy in 2016 is expected to





**REPORT OF THE DIRECTORS** *(continued)*

**DIVIDENDS PAID**

During its 65<sup>th</sup>

**REPORT OF THE DIRECTORS** *(continued)*

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

**Board Meetings:**

Date of Meeting	11.06.14	06.08.14	16.09.14	07.10.14					

**REPORT OF THE DIRECTORS** *(continued)*

**Average number and remuneration of employees**

The total remuneration of employees during the year ended 31 March 2015 amounted to K8.4million

## OPERATIONS REPORT

### (A) SUBSIDIARY COMPANIES

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

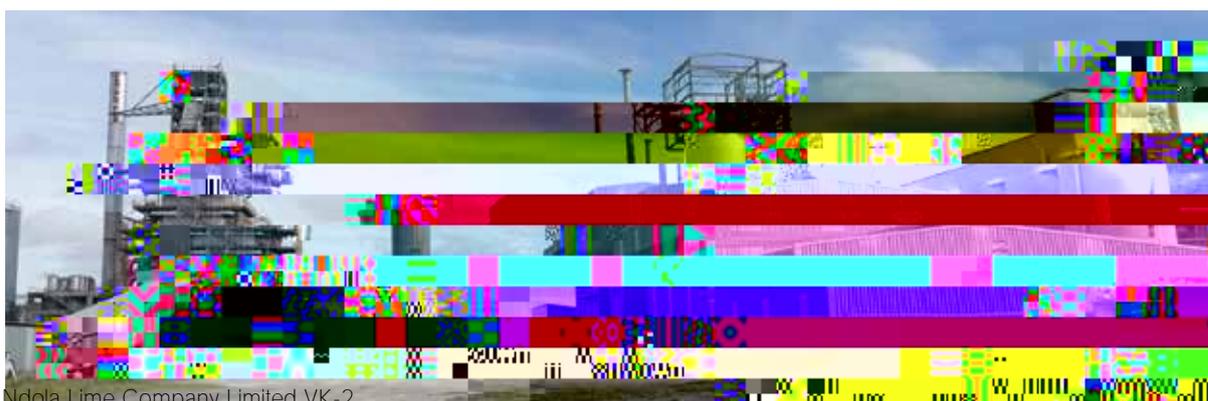
#### 1 NDOLA LIME COMPANY LIMITED

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

NLC's revenue for the third U quarter of 2014 was affected by a reduction in selling price of lime due to a new entrant in the market. NLCI is reducing the price. This had the effect of lowering revenues from

ZCCM-IH continued to provide financial support through shareholder towards completion of Lime Recapitalisation Project. The Vertical Kiln (VK-2) is targeted to be commissioned at the end of March 2016. Once improved production NLCI is expected to reduce the cost of ICS.

There were no dividends declared during the year under



#### 2 MISENGE ENVIRONMENTAL AND TECHNICAL SERVICES LIMITED

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

During the period under review, Misenge undertook the construction

**ZCCM Investments Holdings Plc**  
Annual report  
*for the year ended 31 March 2015*







**OPERATIONS REPORT** *(continued)*

**4**     *KANSANSHI MINING PLC*





**OPERATIONS REPORT** *(continued)*

**7** *CNMC LUANSHYA COPPER MINES PLC*



**ZCCM Investments Holdings Plc**  
Annual report  
*for the year ended 31 March 2015*









*Opinion*

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*In thousands of Kwacha*









## Company statement of changes in equity

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; ge hYf qkIYI] e ] fl'g^[ Yk` 'Bgo k



**Fg]k'lg'l` ] 'pfYf[ādklYl]e ]fIk`**

In thousands of kwacha

- 4 Use of estimates and judgements *(continued)***
  - (b) Assumptions and estimation uncertainties**







5 V[LZ [V [OL ÄUHJPHS Z[H[LTLU[Z *(continued)*

In thousands of kwacha

6

Fg]k'lg'l` ] 'p'fYf[ 'd'klYl]e ] f'lk'(continued)

In thousands of kwacha

10 Personnel expenses







**Fgl]k'lg'l' ] 'pfYf [ 'dklYl]e ] fIk'(continued)**

In thousands of kwacha

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

**Revaluations**

Buildings were last revalued on 31 March 2015, by the Government Valuation Department. Valuations were made on the basis of the Open Market Value. The carrying values of the properties were adjusted to their revalued amounts and the resultant surplus net of deferred income tax was credited to the revaluation surplus in shareholders' equity. Valuation of buildings are performed every 3-5 years.

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

The carrying amounts of property would have been K1.4 million (2014: K1.5million) had it been measured using the cost model.

**Leases**

The Group leases motor vehicles under a number of finance leases. At 31 March 2015, the net carrying amount of the leased assets was K12.2 million (2014: K12.2 million). The carrying amount of the leased assets is included in the consolidated statement of financial position under the heading 'Property, plant and equipment'. The corresponding liability is included in the consolidated statement of financial position under the heading 'Finance liabilities'. The lease payments are recognised as an expense in the consolidated statement of profit or loss over the term of the lease.



Fg]k'lg'l` ] `pfYf[ `dkiYI]e ]fik'(continued)

In thousands of kwacha

16 Intangible assets (computer software)

**Fg]k'lg'l' ] 'P'Yf [ 'd'k'lYl] e ] f'lk' (continued)**

In thousands of kwacha

**17 Investment property (continued)**

**(b) Measurement of fair value  
Fair value hierarchy**

The fair value of invest` ent property was determined by the Govern` ent Valuation Depar` ent, who are

Fgl]k'lg'l' ] 'p'fYf[ǎdklYl]e ]fIk'

Fg]k'lg'l` ] `Pfyf [ǎdklYl]e ] fIk`*(continued)*

In thousands of kwacha

18 Investment in subsidiaries *(continued)*

(i)

**Fgll klgll' ] p'Yf [ a'kllYl]e ] fIk** (continued)  
In thousands of Kwacha

**18 Investment in subsidiaries** (continued)  
**(b) Measurement of fair value** (continued)



**Fg]k'lg'l' ] 'pfYf [ādklYl]e ] fIk** *(continued)*

*In thousands of Kwacha*

**19 Investment in associates** *(continued)*

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

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

The group has the following associates which are equity accounted:

**F 4]k'ial' ] 'pfYf[ 4'dkiYI]e ]fik (continued)**

In thousands of Kwacha

**19 Investment in associates (continued)**

**Investment in associates analysis**

**Group**

Summar if financial information fir material equit accounted investees.

Accounting year end	Country of incorporation	% 98.2 Td(incor Td.55 IS-9 0 1 352.)Tj/TT0033 % 90 0 0 sE94continued)
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Fg]k'lg'l' ] 'pfYf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*

19

Fgllk'lg1` ] 'pfYf[ a'dkiYl]e ] fIk (continued)







Fg]k'lg'l` ] `pfYf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*

19



**Fg]k'lg'l' ] 'pfYf [ 'dklYl]e ] fIk (continued)**

*In thousands of Kwacha*

**19 Investment in associates (continued)**

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

*=i ma'q'nYah] 'Yf \ 'k] fka'ndq'Yf Yd'ka' 'gj 'A'n] kle ] fl 'f 'Ykkg[ 'd] ] k (continued)*

**(vi) Kariba Minerals Limited**

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

2014





Fg]k'lg'l` ] `pfYf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*



**F g]k'lg' i' ] p'fYf[ 'ādklY]e ]fIk (continued)**

for the year ended 31 March 2015

In thousands of Kwacha

\* ( ' >āYf[ 'ādkk] ] Yl 'Yā nYdt] i' jgm' ` h]gPl' gj' d]kk (continued)

(b) Measurement of fair value (continued)

**NWdtYlāgf ] ] [ ' f ā n] Yf \ ka.fāp[ Yf ] mf gZk] jnYZd' ā hntk**

Level 3 fair value

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

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**F g]k'lg'i` ] pFYf[ 'xdkIYI]e ]fik (continued)**

for the year ended 31 March 2015

In thousands of Kwacha

\* ( >fYf[ 'xdkk] ]YI`Yg`nYd] ]`jgm`'h]gpl`gj`d]kk (continued)

Fg]k'lg'l` ] 'P'fYf[ 'ādklYl]e ] fIk (continued)

In thousands of Kwacha

\*(' >āYf[ 'ādkk]l'Yl'Yj'nYd] l` jgm` 'hjgPl'gj'kk (continued)

(continued)

**Fg]k'lg'l' ] 'pfYf [ 'dkiYI]e ] fIk (continued)**

*In thousands of Kwacha*

**\* ( ' >dfYf [ 'dYkk] I YI 'Yj 'nYdh] I ' jgm\_` 'hjgPl'gj 'djk (continued)**

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

*=i maq'nYdh] Yf \ 'k] fkaandqYfYdjk 'gj' 'fn] kle ] fl 'df 'pfYf [ 'd'fn] kle ] fIk YI 'Yj 'nYdh] I ' jgm\_` 'hjgPl'gj 'djk (continued)*

**(iii) Chibuluma Mines Plc**

A sensitivity analysis table of the equity value, which is based on the discount rate and growth rate over the life of mine is provided below:

**2015**







**Fgl]k'lg'l' ] 'pfYf [ 'dklYl]e ] fIk (continued)**

*In thousands of Kwacha*

**22 Trade and other receivables (continued)**

The price participation debt mainly relates to the KCM outstanding amount of K719 million (2014: K544.8 million).

During the year ended 31 March 2013, the Company and KCM agreed for final settlement of the copper price participation receivable. The total amount due of K748.1million (US\$ 119.7 million) is repayable in sixteen instalments effective 31 December 2012 and ending on 30 September 2016.

Fg]k'lg'l' ] 'pfYf [ 'dklYl] e ] fIk (continued)

In thousands of Kwacha

26 Provisions

See accounting policy in note 39 (j)

	Group		Company	
	2015	2014	2015	2014
Provisions for legal cases	95,144	73,250	95,144	73,250
Provisions – others	3,394	22,363	3,394	22,363
	<u>98,538</u>	<u>95,613</u>	<u>98,538</u>	<u>95,613</u>

Fgl]k'lg'l` ] 'pfYf[ǎdklYl]e ]fik (continued)

Fgl]k'lg'l` ] 'pfYf[ǎdklYl]e ]fik (continued)

Fg]k'lg'l` ] 'pfYf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*









**F g]k'lg'i' ] p'f'f' [ a'dk'v]e ] f'ik** (continued)

for the year ended 31 March 2015

In thousands of Kwacha

**30 Deferred tax (continued)**

**Company (continued)**

Balance 1 April 2013	Recognised in profit or loss	Recognised in equity	Balance 31 March 2014	Rec- ognised in profit or loss
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**Fg]k'lg'l' ] 'pfYf[ 'dkiYI]e ]fik (continued)**

*In thousands of Kwacha*

**+)' J]lq]e ]fI'Z]f] P]k'(continued)**

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

**Historical information**

Group




Fg]k'lg'l` ] 'PfYf [ǎdklYl]e ] fIk (continued)

*In thousands of Kwacha*

- 33 **Related party transactions**
  - (a) **Parent and ultimate controlling party**

**Fg]k'lg'l' ] 'pfYf [ǎdklYl]e ]fik (continued)**

*In thousands of Kwacha*

**33 Related party transactions (continued)**  
**Shareholder loans**

(i)

**Fg]k'lg'l' ] 'pfyf [ǎdklYl]e ]fik (continued)**

*In thousands of Kwacha*

**34 Contingent liabilities**





**F g]k'lg' ] 'pfYf[ a'dkIV]e ]fIk (continued)**

In thousands of Kwacha

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





**Fing'ik' ] Pfyf [adkly]e ]fik (continued)**

*In thousands of Kwacha*

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

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

*Price risk*

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio —

The M p s GrY I lv p

**Fg]k'lg'l' ] 'pfyf [ādklYl]e ] fIk (continued)**

*In thousands of Kwacha*

**36 Financial instruments- fair values s o risk management (continued)**

**(iii) Credit risk (continued)**

Fg]k'lg'l' ] 'pfyf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*

3636

**Fg]k'lg'l' ] 'pfYf [ǎdklYl]e ]fik (continued)**

*In thousands of Kwacha*

**36 Financial risk management (continued)**

**(iii) Credit risk (continued)**





**Fg]k'lg'l' ] 'pfYf [ādklYl]e ] fIk (continued)**

*In thousands of Kwacha*

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



F g]k'g1` ] pFYf[ǻdkIV]e ]fIk (continued)

**Fgl]k'lg'l' ] 'pfYf [ 'dklYl] e ] fIk (continued)**

*In thousands of Kwacha*

**37 Subsequent events**

**Sale down of 27% GRZ shares in ZCCM-IH**

During the presentation of the 2015 Zambian National Budget, the Minister of Finance directed the Securities and Exchange Commission (SEC) to ensure that the listed shares on the Lusaka Stock Exchange (LuSE) with a minimum LuSE minimum free (public) float requirement of 25% in the shares. In this regard,

Fg]k'lg'l' ] 'pfYf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*

**37** Subsequent events (continued)





**Fg]k'lg'l' ] 'pfYf[ādklYl]e ]fik (continued)**

*In thousands of Kwacha*

**39 Ka\_fā[YfI'Y[[gnfIā\_hgdā]k'(continued)**

(a)

Fg]k'lg'l' ] 'p'Yf[ 'ǎdklYl]e ] fIk (continued)

In thousands of Kwacha

+1' Ka\_f\_ǎ[YfI\_Y[[gnfIǎ\_'hgǎ]ǎk'(continued)



**Fg]k'lg'l' ] 'pfyf [ādklYl]e ]fik (continued)**

*In thousands of Kwacha*

+1' Ka\_fā[Yfl'Y[[gnf]ā\_hgd]ā\_k (continued)

(c) Financial instruments (continued)







Fg]k'lg'l' ] 'pfyf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*

+1' K<sub>a</sub>f<sub>a</sub>ϕ[k

Fg]k'lg'l' ] 'pfyf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*

+1'



Fg]k'lg'l' ] 'pfyf[ǎdklYl]e ]fik (continued)

*In thousands of Kwacha*

+1'





Fgl]k'lg'l' ] 'pfYf[ 'ädklYl]e ] fIk (continued)

In thousands of Kwacha

41 New standards and interpretations not yet adopted (continued)

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## CORPORATE INFORMATION

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Lusaka 10101, Zambia

### UK Registrars

CAPITA Registrars Limited  
Bourne House

