ZCCM Investments Holdings Plc

Annual report and financial statements
for the period ended 31 March 2010

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NOTICE OF MEETING

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of members of ZCCM Investments Holdings Plc will be held at on Wednesday 7th December 2011 at Southern Sun Ridgeway Hotel, corner of Church Road and Independence Avenue, Lusaka at 10:00 hours to transact the following business:

a) To consider and adopt the minutes of the Seventh Annual General Meeting held on Tuesday 23 November 2010.

b) To receive and adopt the audited Financial Statements of the Company for the year ended 30 June 2008 together with the Reports of the Directors and the Auditors.

c) To receive and adopt the audited Financial Statements of the Company for the year ended 30 June 2009 together with the Reports of the Directors and the Auditors.

d) To receive and adopt the audited Financial Statements of the Company for the 9 month period ended 31 March 2010 together with the Reports of the Directors and the Auditors.

e) To ratify the Directors' appointment of Auditors for the financial periods ended 30 June 2009 , 31 March 2010 and 31 March 2011 following a casual vacancy that arose after the retirement of the previous Auditors who held office until the conclusion of the audit for the period ended 30 June 2008 and to ratify the Auditors remuneration paid thereof.

f) To consider for ratification, the share sale of 65% of ZCCM-IH's shares in Maamba Collieries Limited to Nava Bharat (Singapore) Pte Limited.

g) To transact such other business as may properly be transacted at an Annual General Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his/her stead. The proxy need not be a member of the Company. A suitable form of proxy is enclosed and must be deposited at the office of the Company Secretary not less than 48 hours before the time appointed for holding the meeting.

By Order of the Board

C Chabala
COMPANY SECRETARY

Lusaka, Zambia.
30th September 2011.

DIRECTORATE AND ADMINISTRATION

DIRECTORS

The Directors who held office during the period to 31 March 2010 were;

Mr A J Lungu - Chairman of the Board, Non-Executive

Mr L Ndalamei

Dr G M Beene

Mr P Mumba –Retired November 2009

Mr T J Kasonso - Appointed November 2009

Dr D H Kalyalya

Dr S M Bwalya

Mr O B Munyenyembe

The Directors who held office as at the date of the Report (29 August 2011) were:

Mr A J Lungu - Chairman of the Board, Non-Executive
Mr L Ndalamei
Dr G M Beene
Mr T J Kasonso
Mr O B Munyenyembe
Dr A K Mwape - Appointed May 2011
Mrs P C Banda - Appointed May 2011

MANAGEMENT COMMITTEE

Management officials who held office during the year to 31 March 2010 were;

Mr W S Musama
Acting Chief Executive Officer

Mr C Chabala
Acting Company Secretary

Mr M Mbewe
Investments Manager

Mr P Mapani
Finance Manager

Mr J K Kaite
Legal Manager

Mr W K Katoto
Technical Manager

Mr J Makumba
Environmental Manager

Mr B F Shamalavu
Head, Human Resource and Administration

Management officials who held office as at the date of approval of this Report (29August 2011) were;

Mr M Muyunda
Chief Executive Officer

Mr C Chabala
Company Secretary

Mr M Mbewe
Investments Manager

Mr P Mapani
Finance Manager

Mr J K Kaite
Legal Manager

Mr W K Katoto
Technical Manager

Mr J Makumba
Environmental Manager

Mr B F Shamalavu
Head, Human Resource and Administration

Ms W Mangambwa
Head, Risk and Internal Audit

Mr M Khunga
Corporate Officer

CHAIRMAN'S STATEMENT

During the period under review, the Company changed its financial year end from 30 June to 31 March and therefore this Report is for the nine month financial period 1 July 2009 to 31 March 2010. The change was necessitated by the need to align ZCCM-IH's financial year to those of the majority of its investee companies (subsidiaries and associates) and thereby improve the efficiency of preparing group reports.

The period under review coincided with an upturn in the world economy following the easing of the Global Financial Crisis (GFC). During this period, the Group focused on leveraging activities to exploit emerging opportunities in the business environment.

Financial Performance and strategic investments

From a major slump in both demand and prices (low prices of US$1.64 per lb) in the previous period, 1 July 2008 to 30 June 2009, copper made strong recoveries in the current period 1 July 2009 to 31 March 2010 (high prices of US$3.30 per lb) influenced by demand from China, positive sentiments about future economic expansion and supply disruptions in Chile.

For the Company, the upturn in the world economy manifested in significant increases in copper prices, scaling up of operations as well as strengthening of the Zambian kwacha (the exchange rate improved from K5,180.71 per US$1 at the beginning of the financial year, 1 July 2009, to K4,698.75 per US$1 at the end, 31 March 2009). The overall impact of all this was that the Company returned to profitability in the 2010 financial period reversing the net loss of the previous year.

For the financial period 1 July 2009 to 31 March 2010, the Group recorded sales of K116 billion. For the same period, the Group recorded an operating profit of K42 billion. Rising commodity prices resulted in increased revenues of most of the investee companies who recorded profitability particularly in the last quarter of the financial period under review. This impacted positively on ZCCM-IH as reflected in the share of profits of associates of K391 billion in the period under review.

As reported in the previous financial year, Chambishi Metals Plc, Luanshya Copper Mines Plc and Albidon Zambia Limited were placed under care and maintenance due to depressed commodity prices resulting from the GFC. However, following the rising of commodity prices, the companies resumed operations in the period under review.

The strengthening Zambian Kwacha caused the Group's Administration expenses to reduce by 72% as a result of an impairment review on receivables and also for the group to record exchange gains of K104 billion. The Company continued to explore measures that could be undertaken to mitigate exposure to fluctuations in foreign exchange.

As a consequence of the above favourable economic and business circumstances, the Group reported a profit in 2010 period of K436 billion.

Following the placement of Luanshya Copper Mines Limited (LCM) under care and maintenance in the previous year, the majority shareholder (Enya Holdings BV) sold its shares to China Non-ferrous Metal Mining (Group) Limited (CNMM). As a way of delivering value to the members of ZCCM-IH, it is pleasing to note that during negotiations of the sale, ZCCM-IH was awarded an additional 5% free carried interest bringing its total shareholding in LCM to 20%. It is anticipated that CNMM will reopen, finance recapitalisation and give a new lease of life to LCM.

CHAIRMAN'S STATEMENT *(continued)*

The Company continued with activities intended to diversify its investments into other mining activities other than base metals. In this regard, negotiations with the preferred bidder for the strategic equity partner in Maamba Collieries Limited (MCL),a coal mine, were concluded during the period under review. This resulted in the signing of the Sale and Purchase Agreement whereby Nava Bharat (Singapore) Pte Limited offered to buy 65% of ZCCM-IH's shares in MCL upon completion and satisfying conditions precedents. The Agreement incorporated the commitment to recapitalise MCL and to develop a 300 mega watt thermal power plant. The completion of conditions precedent is anticipated in the next financial year.

Capital Market

The closing share price for the period under review was the same as the opening price of K27,000 at the beginning of the period, on Lusaka Stock Exchange, the Company's primary listing. The market capitalisation as at 31 March 2010 was K 2,411 billion.

Outlook

The outlook points to a steady recovery of the global economy and an increase in commodity prices. This would impact positively on the mining sector and other sectors of the economy. This would allow ZCCM-IH to maximise returns from its existing investments currently concentrated in the mining sector, as well as pursuing value adding opportunities in other sectors of the Zambian economy.

Directorate

During the year, Mr. P Mumba retired from the Board of Directors in November 2009 and Mr. T J Kasonso was appointed in his stead in the same month.

Appreciation

On behalf of the Board, I would like to thank the Management and Staff of ZCCM-IH for their loyalty, dedication and hard work and those from the investee companies for their efforts and contributions during the past year. I also thank my fellow Board members for their support and wise counsel. The Group is well positioned to seize the opportunities in the years ahead and has capacity to manage the challenges.

A J Lungu
Chairman of the Board

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 March 2010, which disclose the state of affairs of ZCCM Investments Holdings Plc ('the Company') and its subsidiaries (together "the Group").

Shareholding

The Company has the following interests in the undernoted companies:

1	Ndola Lime Company Limited	100%
2	Maamba Collieries Ltd	100%
3	Konkola Copper Mines Plc	20.6%
4	Kansanshi Mining plc	20%
5	Copperbelt Energy Corporation Plc	20%
6	Luanshya Copper Mines Plc	20%
7	NFC Africa Mining Plc	15%
8	Chibuluma Mines Plc	15%
9	Chambishi Metals Plc	10%
10	Mopani Copper Mines Plc	10%
11	Equinox Minerals Limited (Lumwana Copper Project)	2.97%
12	Albidon Ltd	1.61%

The Company has a conditional future shares election option to take up to 20% shareholding in Konnoco Zambia Limited, a Konkola North Copper Project.

Share capital

The authorised share capital of the Company remained unchanged at K900 000 000 divided as follows:

54 000 000	"A" Ordinary Shares of K10 each*; and*
36 000 000	"B" Ordinary Shares of K10 each.

There were no changes in the issued share capital of 89,296,428 shares with a nominal value of K892,964,280 during the year which remained as detailed below:

	Number of shares	**Amount KM**
At beginning and end of year	89,296,428	892,964,280

The shares are held as follows

	Number of shares	**Amount KM**
"A" shares - Ministry of Finance and National Planning on behalf of the Government of the Republic of Zambia (GRZ)	53,825,808	538,258,080
"B" shares - Ministry of Finance and National Planning on behalf of the Government of the Republic of Zambia (GRZ)	24,329,828	243,298,280
"B" Shares - Others	11,140,792	111,407,920
	89,296,428	892,964,280

The 11 140 792 "B" Ordinary Shares are thinly spread and held as at 31 March 2010 by 2 480 minority shareholders.

<u>REPORT OF THE DIRECTORS</u> *(continued)*

PRINCIPAL ACTIVITIES

The principal activities of the Company include managing the Zambian Government's stake in the mining sector. The Company is also charged with the responsibility of environmental restoration arising out of the past operations of ZCCM Ltd.

Functions and performance of the Company

In its transformed state as an investments holding company, the main functions of the Company are as follows:

- to monitor the performance of the investee companies with respect to production and metal prices in order to ensure that commitments agreed upon relating to disbursements are fulfilled on a timely basis.
  The Company continued monitoring production and cost levels in the Associate Companies. In addition, payment of price participation disbursements have been followed through.

- to anticipate the receipt of deferred sale considerations and ensure that these are received on a timely basis and in the correct amounts;

- to ensure that capital investment commitments pledged at the time of privatisation are fulfilled.
  It is pleasing to note that investments commitments relating to recapitalisation of privatised mines specified in the Agreements were met and additional capital were incurred over and above what was pledged.

- to ensure that ZCCM-IH environmental obligations under the transaction documents are complied with.
  Environmental obligations continued to be attended to through different levels of participation under the Copperbelt Environment Project (CEP) and significant progress was made by the remedial measures undertaken.

- to liaise with prospective Greenfield investors in the mining and minerals industry who will enter into Agreements with the Government. The Company has continued to liaise with Greenfield investors.

CORPORATE GOVERNANCE

The Company continued to operate by enforcing good corporate governance practices and observing the separation of powers between the Directors and Management and the Chairman of the Board and the Chief Executive Officer. All Directors on the Board are non-executive.

Activities were further streamlined by the full utilisation of the existing Audit, Remuneration and Investments Committees of the Board whose membership as at the date of 31 March 2010 is indicated below.

Audit Committee

Dr S M Bwalya (Chairperson)
Mr L Ndalamei
Mr T J Kasonso
Dr G M Beene

Remuneration Committee

Dr D H Kalyalya (Chairperson)
Dr G M Beene
Mr O B Munyenyembe
Dr S M Bwalya

REPORT OF THE DIRECTORS *(continued)*

Investments Committee

Dr G M Beene	Chairperson, Non-Executive Director
Mr P Mumba	Non-Executive Director
Mr O B Munyenyembe	Non-Executive Director
Dr D H Kalyalya	Non-Executive Director
Mr W S Musama	Acting Chief Executive Officer
Mr M Mbewe	Investments Manager
Mr C Mpundu	Co-opted Investments Expert
Mr B Nundwe	Co-opted Investments Expert

Membership of the Board sub-committees as at the date of approval of this report (29 August 2011) was as follows:

Audit Committee	Remuneration Committee	Investments Committee
Mrs P C Banda (Chairperson)	Dr A K Mwape (Chairperson)	Dr G M Beene (Chairperson)
Mr L Ndalamei	Dr G M Beene	Mr T J Kasonso
Dr G M Beene	Mrs P C Banda	Mr O B Munyenyembe
Mr T J Kasonso	Mr O B Munyenyembe	Dr A K Mwape
		Mr M Muyunda
		Mr M Mbewe
		Mr C Mpundu
		Mr B Nundwe

Average number and remuneration of employees

The total remuneration of employees during the year amounted to **K65,811** (2009: K91, 365 million) and the average number of employees was as follows:

Month	Number	Month	Number
July 2009	1130	January 2010	1077
August 2009	1123	February 2010	1072
September 2009	1129	March 2010	1069
October 2009	826		
November 2009	1125		
December 2009	1132		

Signed on their behalf by:

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Director **Director**

OPERATIONS REPORT

(A) Subsidiary Companies

The performance of the subsidiary companies for the nine month period to 31 March 2010 is summarised below:

1. Ndola Lime Company Limited

Total Revenue in the nine month period to March 2010 was K116.4 billion compared to June 2009 K118.9 billion. Ndola lime reported a net profit for the nine month period to 2010 of K13.8 million compared to K10.6 billion for the period ending June 2009. The profit was however added to the accumulated losses and the directors did not recommend the payment of a dividend. The company also exported goods amounting to K27.7 billion in the nine months to March 2010, compared to K20.2 billion in the previous year, from Zambia to other countries in the SADC region during the period under review.

Resolution of financing for the new vertical kiln project still remained a key issue in the period under review and culminated in *i*Capital Limited being appointed to exclusively arrange the main funding.

2. Maamba Collieries Limited

Financial and operational performance at the mine was characterised by low production and sales volumes in the period under review mainly because the company had focused on rehabilitating equipment that had been in a state of disrepair for a long time.

Negotiations with the preferred bidder for the strategic equity partner were on-going and being handled between the Zambia Development Agency and the Attorney General's Office.

(B) Associate Companies' Performance

The performance of investee companies for the year ended 31 March 2010 is summarised below:

1. Kansanshi Mining Plc

A profit of US$341.5 million was reported during the nine months to 31 March 2010. This was aided by increased copper production during the period. The successful achievement of production goals was aided by the sulphide expansion circuit and successful completion of test work aimed at achieving economic recoveries from transitional mixed ores which allowed a switch to mixed ore treatment. This positions Kansanshi to economically process all significant in situ ore types and significantly reduces mining costs. Optimization of this treatment route progressed during the period and was set to boost throughput and recovery.

Mining activities around pit development exposed higher grade oxide reserve expected to significantly improve cathode output; whilst ongoing projects to improve the throughput, recovery and quality of electro-won copper continued.

Development of a gravity gold processing route that significantly increases recovery of gold into bullion progressed with large scale plant trials carried out. The planned circuit combines efficient gravity concentration with pyro-metallurgical processing of lower grade gravity products, thus minimizing losses and improving recovery. This process complements the additional gravity concentrate streams being developed in plant, and expected to raise overall gold recovery and increase revenue from gold.

On 30 March 2010 First Quantum Minerals Limited announced an updated resources and reserves estimate, as at December 31, 2009 for the Kansanshi copper-gold mine.

The mineral resource estimate has been verified by an independent geologist of the consulting group Digital Mining Services Limited of Harare, Zimbabwe. The summary of the combined mineral reserves (including gold) are as follows:

- Total tonnes: 304,500,000
- Total copper: 1.16%
- Acid soluble copper: 0.81% (leach and mixed ore only)
- Gold: 0.17 grams per tonne
- Strip ratio (waste tonnes : ore tonnes):2.18
- Life of mine using mineral reserve: approximately 13 years (based on ore feed rate of 24 million tonnes per year)

2. *Copperbelt Energy Corporation Plc (CEC)*

The effect of low copper prices on CEC's customers caused a reduction in the Company's capacity sales. However, the recovery in the copper prices has since been steady, resulting in the resumption of activity at CNMC Luanshya Copper Mine (formerly Luanshya Copper Mines Plc) and Chambishi Metals Plc. Konkola Copper Mines Plc continues to invest in its operations by expanding both its mining and smelting capacity.

Also worth noting during the period under review was the formation of a telecommunications joint venture with Realtime Technology Alliance Africa, which saw CEC invest US$2.0 million in Realtime to acquire a 50% stake in the company.

Dividends were declared and paid in April and September 2009, marking the second straight year since going public in January 2008 that CEC had paid out two dividends in a year. The CEC share price opened trading in the period under review at K440 per share and closed the year at K467 per share.

Going forward, with regard to its core business, management at CEC expect a steady improvement in sales to the mines as new mining and ore processing operations are brought into production.

Outside of CEC's core business, it is widely acknowledged that there are shortages in generation and transmission capacity both within Zambia and the SADC region. To stimulate further investment in the required infrastructure, the regulatory authorities are supportive of increasing tariffs to cost reflective levels to ensure that sustainable investments can be undertaken in new capacity.

3. *NFC Africa Mining Plc*

The company is progressing with the Chambishi West Ore Body Project which will be an underground mining project to extract sulfide copper ore. After resources computation with contained sulfide copper (SCu), it has been determined that within the West Body there is a total sum of proved plus inferred resources of 34,151,682 tonnes of ore at 2.03% Cu containing 693,279 tonnes of copper.

The designed mining capacity is 3,000 tonnes/day whereas the processing capacity of the concentrator can be increased from 6,500tonnes/day to 7,500tonnes/day after upgrading and making use of current surplus capacity. At full capacity, one million tonnes of ore will be produced from the project with 16,500 tonnes of contained copper.

4. *Konkola Copper Mines Plc (KCM)*

Revenue of US$643 million for the nine months to March 2010 was below the budget of US$883 million despite above budget metal selling prices, resulting in a corresponding net profit of US$19 million. Konkola production and development operations were affected by low equipment availability, reliability and maintenance related issues. Nchanga open pits mining operations were also affected by low availability of equipment.

The company's medium-long term outlook remains dependent on the achievement of significant economies of scale through the Konkola Ore Body Expansion (KOBE) Project to enable profitability under continued subdued price environment and procurement of adequate external financing to cover losses in the interim. Commencement of KOBE was scheduled for 2010 and until then operational losses were set to continue unless selling prices picked up further.

The company was not expected to declare dividends in the near future though payment of accrued price participation income to ZCCM-IH was expected to be paid on the basis of repayments of shareholder loans.

5. *Chibuluma Mines Plc*

The relatively low levels of profitability and liquidity in the 2008/2009 financial year, due to the reduction in the copper price, resulted in significant cash-arrears build up. A planned and phased repayment programme based on additional revenue from increased revenue in the current year had been incorporated to address corporation arrears (US$750,000 per quarter), terminal benefit arrears (US$600,000 per quarter), and environmental transfer arrears (US$180,000 per quarter).

However, as a consequence of enhanced profitability after improvement in the copper price, the company's liquidity position showed improvement resulting in the decrease of current liabilities from US$15.6 million as at end December 2009, to US$11.8 million as at end March 2010.
To ensure continuity of operations the following actions were under consideration:

- Exploration for extra reserves;
- Agreement on a phased repayment plan for Standard Bank loan and GRZ taxation;
- Continuation with delayed supplier payments;
- Continuation of cash flow enhancement programme;
- Increased copper production; and,
- Decrease and deferment of non-critical capital expenditure.

6. *Luanshya Copper Mines Plc*

During the period under review, the mine remained strictly under care and maintenance with some rehabilitation works undertaken at Baluba.

7. *Chambishi Metals Plc*

Whilst the company was under care and maintenance, it did report sales from stocks as well as expenditures that included care and maintenance costs. A notable feature was the increasing labour costs as the company prepared for recommencement of production. The lack of significant sales meant that the company was wholly dependant on shareholder loans in order to meet its obligations to its creditors who included banks and suppliers.

There was a change in management control of Chambishi Metals Plc with the sale of shares undertaken by the former majority shareholder, Enya Holdings BV to Eurasian Natural Resources Corporation (ENRC), a Kazakhstan registered company whose shares trade on both the London Stock Exchange and the Kazakhstan Stock Exchange.

Following the separation of Chambishi Metals Plc from the same ownership as Luanshya Mines Plc, Chambishi Metals Plc embarked on a number of projects to ensure a sustainable future as regards its operations. These included:

- ferromanganese production,
- Copper SX and EW upgrade,
- Copper/Cobalt recovery from the plant residue, and,
- alternative processing route for the slag dump.

Given the unlikely return to profitability by the company, the financing of the projects would have to be undertaken through shareholder loans as well as external finance.

Negotiations for the purchase of cobalt concentrate from KCM and LCM were ongoing, the main issue being the minimum amounts required to be provided by both companies.

8. *Mopani Copper Mines Plc (MCM)*

Implementation of the synclinorium shaft remained the future of the company. In this regard, the main challenge facing the fulfilment of the company's new lease of life was the high cash requirement, more so that the bulk of funding of US$555 million was expected to be sourced from net revenue over the year to December 2010 rather than secured and non-sales dependant external funding.

Progress at the synclinorium shaft continued with actual development expenditure and total expenditure exceeding budgeted development and total expenditure as at December 2009.

MCM reported an improvement in gross revenues and net profit as at March 2010 mainly as a result of the rising copper prices. This was despite shortfalls in production output against budget.

9. *Equinox Minerals Limited (Lumwana Copper Project)*

Significant opportunities existed at the Lumwana Mine following the completion of ramp up to further expand and optimize the concentrator and mine throughput rate, to assess and evaluate the additional near mine deposits discovered to date and to develop the Lumwana Mine uranium resource. Equinox continued to assess these opportunities for expansion and organic growth at the Lumwana Mine.

In February 2010, the Company reached agreement with four leading commercial banks - Standard Bank Plc, Standard Chartered Bank, Industrial and Commercial Bank of China and BNP Paribas- to provide a new corporate facility totalling US$400 million. The Corporate Facility afforded Equinox greater flexibility than the previous Lumwana project debt facilities. Financial close under the Corporate Facility was achieved in March 2010 and the Company utilized the Corporate Facility to repay its existing senior and subordinated project debt facilities leaving in place the asset backed finance facilities for the mining fleet which totalled US$101.2 million.

With regard to the dispute with ZESCO Limited, in March 2010 Equinox reached a settlement with ZESCO regarding the previously announced dispute over electricity charges. The terms of the US$4 million settlement agreement afforded the Company with full and final satisfaction and release from all claims and causes relating to the dispute. The settlement agreement re-affirmed the integrity and continuity of the Company's long-term Lumwana power supply agreement entered into in February 2006.

***10.** Albidon Limited (Munali Nickel Project)*

In July 2009, the administrators announced that on 02 July 2009, settlement of the debt transfer transaction between Jinchuan and the secured lenders (Barclays Capital Plc and European Investment Bank) had taken place, with Jinchuan acquiring the senior debt facilities. The discussions involving Jinchuan, Albidon and Barclays Bank Zambia regarding the acquisition of leasing obligations owed by Albidon Zambia Limited were concluded in September 2009 with the execution of an agreement by the parties.

At a General Meeting on 30 October 2009, following lapsing of the original approval of 20 March 2009, shareholders approved the following issues:

- The raising of US$7 million in new capital through the issue of 135,615,385 fully paid ordinary shares in the company to Jinchuan at US$0.052 each (shares issued in November 2009);
- The raising of an additional US$21 million in working capital through the issue of 323,076,923 secured convertible notes to Jinchuan at an issue price of US$0.065, with a conversion price of US$0.065, at an interest rate of 3.75% plus US$ LIBOR and a five year term;
- A secured facility agreement between the Company (as a guarantor), Albidon Zambia Limited and Jinchuan;
- The granting by Albidon of a fixed and floating charge over all of its assets and undertakings in favour of Jinchuan; and
- The issue of 10 million warrants to Barclays Capital Plc and European Investment Bank.

During the period under review, the administrators advised that the transactions to restructure and recapitalise the company by Jinchuan had taken place in November 2009, control of the company and its operations had reverted to the company's Board of Directors effective 9 November 2009 and a Deed of Settlement and Release was entered into with Byrnecut Mining International Limited to settle all outstanding claims and resume works under the Munali mining contract.

On 16 November 2009, the company was removed from AIM, which created a default event under the Secured Convertible Note Deed agreement. A waiver was received from Jinchuan Group Limited in respect of this default event. A further 135,615,385 fully paid ordinary shares in the company were issued to Jinchuan in accordance with the shareholders' approval at the General Meeting of the 30 October 2009 and after receipt of US$7 million.

On 23 December 2009, Albidon Limited entered into a loan agreement with Jinchuan Jintian Nickel Pty Ltd with a facility limit of US$20 million. The full facility limit was drawn down on the same day. The facility was due for repayment on 30 September 2010 and was subsequently extended to 30 September 2011 or such later date as notified in writing by Jinchuan Jitian Nickel Pty Ltd. The facility bears an interest rate of LIBOR + 2.75%.

On 24 December 2009, Albidon Zambia Limited settled the agreed outstanding finance lease facility with Barclays Bank Zambia for US$11 million and acquired 100% ownership of all mining fleet. Byrnecut were remobilised to Munali mine and preparations and rehiring commenced in order to restart the mine.

Mining and ore processing operations were recommenced at the Munali nickel mine in January 2010.

The Munali Nickel Mine was officially reopened by his Excellency, Mr. Rupiah Bwezani Banda, the President of the Republic of Zambia, on 26th March 2010 coinciding with the recommencement of exportation of nickel concentrates.

(C) Other Investments

1. Konnoco Zambia Limited

ZCCM-IH Plc is still in discussions with the development partners on this project.

(D) Corporate Social Responsibility

The Group's focus on meeting its social obligations during the year was mainly undertaken through implementation of programmes under the Copperbelt Environment Project (CEP). In addition, the Group has increased its level of resource contribution in communities where it operates. The Group constructed Environmental Public Information Centres (EPIC's) at Kalulushi and Chambishi during the year under review.

The Group recognises its responsibility regarding the occupational health, safety, and welfare of its employees and has put in place measures to safeguard them.

(E) Environmental Review - The Copperbelt Environment Project

The Government of the Republic of Zambia (GRZ) obtained the support of the World Bank and the Nordic Development Fund for the Copperbelt Environment Project (CEP), to address environmental liabilities and obligations remaining with GRZ/ZCCM-IH following the privatization of mining assets.

The World Bank funded Project which became effective on 31st July 2003 and was extended to 31st March 2011 while that for the Nordic Development Fund funded projects ended on 31st December 2010. The extensions were granted to enable implementation of a set of activities which required to be completed in order to achieve some important project objectives. However, the implementation of most of the activities during the year under review was affected by the non disbursement of funds by the World Bank since December 2009.

The closure of CEP will mean the World Bank and NDF would stop disbursing funds to GRZ for implementation of the remaining ZCCM-IH obligations.

Three subprojects, two on the Copperbelt and one in Kabwe continued to be implemented beyond the date of closure. The following are the major highlights of subproject implementation during the year:

i A total of 86 out of 90 families at AMCO house construction site were resettled in their new houses and the remaining 4 families were to be moved in the second Quarter of 2011. The four remaining families that have not yet been resettled have continued to been provided with temporary accommodation through renting them houses by ZCCM-IH until such a time when the construction of the new houses is complete.

ii The completion of construction of all the 21 houses at Zambia Railways Kawama site for the Zambia Railways Resettlement Action Plan was completed in December 2010 and subsequently people were shifted in their new houses.

iii The removal and disposal of Uranium Tailings and Uranium contaminated materials from the Tailings Dams at Amco site in Kitwe and near Amlew was completed. A total of 139,000 m^3 of Uranium Tailings and Uranium contaminated materials was disposed in a constructed engineered cell.

iv The implementation of Site Rehabilitation and Environmental Management Plan (SREMP) continued with the completion of planting of grass and moringa trees at 3000 households in Makululu, Kasanda and Makandanyama. The major focus of the programme was to develop a vegetative barrier between the soil and the residents in order to reduce household lead exposure of pregnant women and children below the age of five years. The dust suppression program for greening of 10 Schools was affected by non disbursement of funds by the World Bank.

M Muyunda
Chief Executive Officer
29 August 2011

Directors' responsibilities in respect of the preparation of financial statements

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the consolidated and Company statements of financial position at 31 March 2010, and the consolidated and Company statements of comprehensive income, the statements of changes in equity for the year ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act of Zambia.

The directors responsibility includes: designing, implementing and monitoring internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements set out on pages 18 to 70 of the Group and Company as indicated above were approved by the Directors on 29 August 2011 and were signed on its behalf by:

....	....
Director	*Director*

Independent auditor's report to the members of ZCCM Investment Holdings Plc

Report on the financial statements

We have audited the accompanying financial statements of ZCCM Investment Holdings Plc, which comprise the Consolidated and Company statements of financial position as at 31 March 2010, and the consolidated and Company statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 18 to 70.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zambia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the consolidated and separate financial position of ZCCM Investment Holdings Plc as at 31 March 2010, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zambia.

Report on other legal and regulatory requirements

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

KPMG
Chartered Accountants of Zambia *Lusaka, Zambia*

Hampande Hachongo
Partner

ZCCM Investment Holdings Plc

Consolidated statement of comprehensive income

for the nine months period ended 31 March 2010

(all amounts are in millions of kwacha unless otherwise stated)

	Notes	**2010**	2009
Revenue	*8*	**116,433**	145,154
Cost of sales		**(70,435)**	(84,773)
Gross profit		**45,998**	60,381
Other income	*9*	**52,044**	82,636
Grant income		**12,272**	3,637
Administration expenses	*11*	**(44,982)**	(271,230)
Environmental expenses	*10*	**(23,293)**	(17,182)
Operating profit/loss		**42,039**	(141,758)
Net finance (cost)/income	*13*	**104,004**	(460,199)
Share of (loss)/profit of associates	*20*	**390,904**	(76,156)
Profit/(loss) before income tax		**536,947**	(678,113)
Income tax credit/(expense)	*14*	**(53,240)**	188,261
Profit/(loss) from continuing operations		**483,707**	(489,852)
Loss from discontinuing operation net of tax	*35*	**(47,725)**	-
Profit for the year		**435,982**	(489,852)
Net change in fair value of available-for-sale financial assets	*21*	**114,983**	(85,746)
Realised property and equipment reserve		**26**	26
Currency translation on associates	*20*	**(66,095)**	363,317
Other comprehensive income for the year net of tax		**48,914**	277,597
Total comprehensive income for the year		**484,896**	(212,255)
Earnings per share	*15*	**4,899**	(5,504)

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

ZCCM Investment Holdings Plc

Company statement of comprehensive income

for the nine months period ended 31 March 2010

(all amounts are in millions of kwacha unless otherwise stated)

	Notes	**2010**	2009
Revenue	*8*	**-**	-
Gross profit		**-**	-
Other income	*9*	**59,323**	76,231
Grant income		**12,272**	3,636
Administration expenses	*11*	**(28,031)**	(216,808)
Environmental expenses	*10*	**(23,293)**	(17,182)
Operating profit/(loss)		**20,271**	(154,123)
Net finance income/(cost)	*13*	**96,370**	(409,731)
Profit/(loss) before income tax		**116,641**	(563,854)
Income tax (expense)/credit	*14*	**(33,682)**	202,508
Profit/(loss) for the year		**82,959**	(361,346)
Other comprehensive income, net of income tax			
Net change in fair value of available-for-sale financial assets	*21*	**114,983**	(85,746)
Realized property and equipment reserve		**26**	26
Other comprehensive income for the year net of tax		**115,009**	(85,720)
Total comprehensive income for the year		**197,968**	(447,066)
Earnings per share	*15*	**932**	(4,060)

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

ZCCM Investment Holdings Plc

Consolidated statement of financial position

as at 31 March 2010

(all amounts are in millions of kwacha unless otherwise stated)

	Notes	**2010**	2009
Assets			
Property, plant and equipment	*17*	**46,499**	43,263
Intangible assets	*18*	**178**	165
Investments in associates	*20*	**2,592,104**	2,267,295
Available-for-sale financial assets	*21*	**393,790**	278,807
Deferred tax assets	*30*	**188,640**	187,390
Total non-current assets		**3,221,211**	2,776,920
Inventories	*22*	**13,618**	29,870
Trade and other receivables	*23*	**107,052**	111,469
Investment securities	*24*	**5,333**	500
Cash and cash equivalents	*25*	**31,554**	2,445
Assets classified as held for sale	*35*	**16,611**	-
Total current assets		**174,168**	144,284
Total assets		**3,395,379**	2,921,204
Equity			
Share capital	*27*	**893**	893
Other reserves	*28*	**575,261**	523,603
Retained earnings/(losses)		**103,266**	(332,742)
Total equity		**679,420**	191,754
Liabilities			
Borrowings	*29*	**1,308,319**	1,553,330
Subordinated loan	*29*	**865,445**	865,445
Deferred tax liabilities	*30*	**42,870**	393
Retirement benefit	*31*	**32,072**	59,024
Provisions for liabilities and other charges	*32*	**10,042**	32,701
Total current liabilities		**2,258,748**	2,510,893
Trade and other payables	*26*	**48,982**	155,209
Bank overdraft	*25*	-	4
Current income tax	*14*	**29,715**	50,895
Borrowings	*29*	**33,438**	12,449
Liabilities classified as held for sale	*35*	**345,076**	-
Total current liabilities		**457,211**	218,557
Total liabilities		**2,715,959**	2,729,450
Total equity and liabilities		**3,395,379**	2,921,204

The financial statements on pages 18 to 70 were approved for issue by the board of directors on 29 august 2011 and signed on its behalf by:

……………………………. ……………………………….

Director *Director*

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

ZCCM Investment Holdings Plc

Company statement of financial position
as at 31 March 2010
(all amounts are in millions of kwacha unless otherwise stated)

	Notes	**2010**	2009
Assets			
Property, plant and equipment	*17*	**3,750**	4,405
Intangible asset	*18*	**178**	165
Investments in subsidiaries	*19*	**12**	12
Investment held for sale	*19*	**-**	-
Investments in associates	*20*	**347,512**	347,512
Available for sale financial assets	*21*	**393,790**	278,807
Deferred tax asset	*30*	**187,918**	177,417
Total non-current assets		**933,160**	808,318
Trade and other receivables	*23*	**107,647**	68,487
Investment securities	*24*	**5,333**	500
Cash and cash equivalents	*25*	**6,950**	2,055
Total current assets		**119,930**	71,042
Total assets		**1,053,090**	879,360
Equity			
Share capital	*27*	**893**	893
Retained earnings		**(1,455,989)**	(1,538,975)
Other reserves	*28*	**215,766**	100,810
Total equity		**(1,239,330)**	(1,437,272)
Liabilities			
Borrowings	*29*	**1,294,363**	1,354,702
Subordinated loan	*29*	**865,445**	865,445
Deferred tax liability	*30*	**42,870**	393
Retirement benefit	*31*	**5,938**	6,499
Total non-current liabilities		**2,208,616**	2,227,039
Trade and other payables	*26*	**64,196**	69,917
Current income tax liability	*14*	**19,608**	19,676
Total current liabilities		**83,804**	89,593
Total liabilities		**2,292,420**	2,316,632
Total equity and liabilities		**1,053,090**	879,360

The financial statements on pages 18 to 70 were approved for issue by the board of directors on 29 August 2011 and signed on its behalf by:

……………………………… ………………………………….

Director *Director*

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

ZCCM Investment Holdings Plc

Consolidated statement of changes in equity

for the nine months period ended 31 March 2010

(all amounts are in millions of kwacha unless otherwise stated)

2009	*Notes*	Share capital	Revaluation reserve	Translation reserve	Fair value reserve	Accumulated losses	Total
Balance as at 1 July 2008		893	1,602	59,194	185,262	157,084	404,035
Total comprehensive income for the year							
Loss for the year		-	-	-	-	(489,852)	(489,852)
Other comprehensive income net of tax							
Fair value changes	*21*	-	-	-	(85,746)	-	(85,746)
Currency translation	*20*	-	-	363,317	-	-	363,317
Realised property revaluation reserve		-	(26)	-	-	26	-
Total other comprehensive income for the year		-	(26)	363,317	(85,746)	26	277,571
Total comprehensive income for the year		-	(26)	363,317	(85,746)	(489,826)	(212,281)
At 30 June 2009		893	1,576	422,511	99,516	(332,742)	191,754
2010							
Balance as at 1 July 2009		**893**	**1,576**	**422,511**	**99,516**	**(332,742)**	**191,754**
Total comprehensive income for the year							
Profit for the year		**-**	**-**	**-**	**-**	**435,982**	**435,982**
Other comprehensive income net of tax							
Fair value changes	*21*	**-**	**-**	**-**	**114,983**	**-**	**114,983**
Property revaluation reserve		**-**	**2,796**	**-**	**-**	**-**	**2,796**
Currency translation - Associates	*20*	**-**	**-**	**(66,095)**	**-**	**-**	**(66,095)**
Realised property revaluation reserve		**-**	**(26)**	**-**	**-**	**26**	**-**
Total other comprehensive income for the year		**-**	**2,770**	**(66,095)**	**114,983**	**26**	**51,684**
Total comprehensive income for the year		**-**	**2,770**	**(66,095)**	**114,983**	**436,008**	**487,666**
At 31 March 2010		**893**	**4,346**	**356,416**	**214,499**	**103,266**	**679,420**

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

ZCCM Investment Holdings Plc

Company statement of changes in equity

for the nine months period ended 31 March 2010
(all amounts are in millions of kwacha unless otherwise stated)

2009	*Notes*	**Share capital**	**Revaluation reserve**	**Fair value reserve**	**Accumulated losses**	**Total**
Balance as at 1 July 2008		893	1,319	185,262	(1,177,655)	(990,180)
Total comprehensive income for the year						
Loss for the year		-	-	-	(361,346)	(361,346)
Other comprehensive income net of tax						
Fair value changes	*21*	-	-	(85,746)	-	(85,746)
Realised property revaluation reserve		-	(26)	-	26	-
Total other comprehensive income for the year		-	(26)	(85,746)	26	(85,746)
Total comprehensive income for the year		-	(26)	(85,746)	(361,320)	(447,092)
At 30 June 2009		893	1,293	99,516	(1,538,975)	(1,437,272)
2010						
Balance as at 1 July 2009		**893**	**1,293**	**99,516**	**(1,538,975)**	**(1,437,272)**
Total comprehensive income for the year						
Loss for the year		**-**	**-**	**-**	**82,959**	**82,959**
Other comprehensive income net of tax						
Fair value changes	*21*	**-**	**-**	**114,983**	**-**	**114,983**
Realised property revaluation reserve		**-**	**(26)**	**-**	**26**	**-**
Total other comprehensive income for the year		**-**	**(26)**	**114,983**	**26**	**114,983**
Total comprehensive income for the year		**-**	**(26)**	**114,983**	**82,985**	**197,942**
At 31 March 2010		**893**	**1,267**	**214,499**	**(1,455,989)**	**(1,239,330)**

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

ZCCM Investment Holdings Plc

Consolidated statement of Cash flows

for the nine months period ended 31 March 2010

(all amounts are in millions of kwacha unless otherwise stated)

	Note	**2010**	2009
Cash flows from operating activities			
Profit/(loss) for the period		**435,982**	(489,852)
Adjustments for:			
Depreciation and amortisation	*17,18*	**6,452**	8,929
Provision for liabilities and other charges		**(259)**	4,468
Retirement benefit obligation expense	*31*	**18,699**	32,723
Fixed assets adjustment/write off	*17*	**(541)**	380
Interest expense		**-**	3,008
Interest income		**(15,446)**	(6,330)
Fair value adjustments		**-**	919
Share of associates (loss)/ profit	*20*	**(390,904)**	76,156
Income tax credit/expense	*14*	**53,696**	(188,261)
		107,679	(557,860)
Change in inventories		**11,754**	(19,562)
Change in receivables and prepayments		**851**	(34,302)
Change in payables and accrued expenses		**(29,014)**	(5,205)
Change in retirement benefit obligations	*31*	**(12,346)**	(13,220)
		78,924	(630,149)
Income tax paid	*14*	**(8,916)**	(2,184)
Net cash generated from operating activities		**70,008**	(632,333)
Cash flows used in investing activities			
Interest received		**15,446**	6,330
Purchase of property, plant and equipment	*17,18*	**(13,688)**	(12,944)
Additions of government securities	*24*	**(4,833)**	-
Net cash (used in)/generated from investing activities		**(3,075)**	(6,614)
Cash flows from financing activities			
Interest paid		**-**	(3,008)
Increase / (decrease in borrowings		**(37,273)**	644,279
Net cash generated from/(used in) financing activities		**(37,273)**	641,271
Increase in cash and cash equivalents		**29,660**	2,324
Cash and cash equivalents at the beginning of the period		**2,441**	117
Cash and cash equivalents at the end of the period	*25*	**32,101**	2,441

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

ZCCM Investment Holdings Plc

Company statement of cash flows

for the nine months period ended 31 March 2010
(all amounts are in millions of kwacha unless otherwise stated)

		2010	2009
Cash flows from operating activities			
Profit/(loss) for the period		**82,959**	(361,346)
Adjustments for:			
Depreciation	*17,18*	**886**	1,354
Retirement benefit obligation expense	*31*	**1,006**	6,041
Interest expense		**1,036**	1,631
Fixed assets written off		**-**	380
Income tax credit/expense		**33,682**	(202,508)
		119,569	(554,448)
Change in trade and other receivables		**(39,160)**	(7,103)
Change in trade and other payables		**(1,024)**	(2,890)
Change in retirement benefit obligations	*31*	**(1,567)**	(281)
		77,818	(564,722)
Income tax paid	*14*	**(1,773)**	(1,683)
Net cash generated from operating activities		**76,045**	(566,405)
Cash flows used in investing activities			
Purchase of property, plant and equipment	*17,18*	**(244)**	(1,157)
Disposal of government securities	*24*	**(4,833)**	-
Net cash (used in)/generated from investing activities		**(5,077)**	(1,157)
Cash flows from financing activities			
Interest paid	*13*	**(1,036)**	(1,631)
Increase / (decrease) in borrowings		**(65,037)**	570,073
Net cash generated from/(used in) financing activities		**(66,073)**	568,442
Increase in cash and cash equivalents		**4,895**	880
Cash and cash equivalents at the beginning of the period		**2,055**	1,175
Cash and cash equivalents at the end of the year	*25*	**6,950**	2,055

The notes on pages 26 to 70 are an integral part of these consolidated financial statements.

1 Reporting entity

ZCCM Investment Holdings Plc (the "Company") is a company domiciled in Zambia. The address of the Company is Mukuba Pension House, 5309 Dedan Kimathi Road. P.O Box 30048, Lusaka. The consolidated financial statements of the Company as at and for the year ended 31 March 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

During the year the Group changed its accounting date from 30 June to 31 March. The reporting period is therefore nine months to 31 March 2010.

The Company's shares are listed on the Lusaka Stock Exchange (LUSE).

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets and Land and buildings which are measured at fair value in the statement of financial position.

(c) Functional and presentation currency

These financial statements are presented in Zambian kwacha, which is the Company's functional currency. All financial information presented in kwacha has been rounded to the nearest million.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) **Investments in associates (equity-accounted investees)**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

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

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, 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.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) **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 at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

3 Significant accounting policies *(continued)*

***(b)* Foreign currency** *(continued)*

***(ii)* Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Zambian kwacha at exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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

The Group classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

3 Significant accounting policies *(continued)*

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

Held-to-maturity financial assets
If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

Loans and receivables are included in receivables and prepayments in the statement of financial position (note 23).

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities.

In situations where the fair values cannot be determined the investments are carried at cost less impairment.

3 Significant accounting policies *(continued)*

(ii) **Non-derivative financial liabilities**
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) **Share capital**
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) **Recognition and measurement**
Land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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.
Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When 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.

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 cost incurred in relation to the construction up to the reporting date.

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.

3 Significant accounting policies *(continued)*

(d) Property, plant and equipment *(continued)*
(ii) *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement 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 and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) *Subsequent costs*
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(i) Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Capital work in progress is not depreciated.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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	40 years
• Vehicles	4 years
• Plant, equipment and furniture	5 years

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

(e) Intangible assets
(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group’s investment in each reporting segment.

3 Significant accounting policies *(continued)*

(i) Goodwill *(continued)*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3 Significant accounting policies *(continued)*

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

Loans and receivables and held-to-maturity investment securities
The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities on a specific level. All individually significant receivables and held to maturity investment securities are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit and loss. Impairment losses recognised in profit and loss on equity instruments are not reversed through profit and loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

3 Significant accounting policies *(continued)*

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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. For the purpose of impairment testing, assets that cannot be tested individually 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 CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

3 Significant accounting policies *(continued)*

(I) Non-current asset held for sale

Non-current assets or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rate basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(II) Employee benefits
(i) Defined contribution plans

The Group operates a defined contribution retirement benefit scheme for all its employees. The liability recognised in the statement of financial position is in respect of the other employee benefits.

The Group and all its employees also contribute to the National Pension Scheme Authority, which is a defined contribution scheme. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods

3 Significant accounting policies *(continued)*

(I) Employee benefits *(continued)*
(ii) Defined benefit plans

The Group operates a retirement benefit scheme which is of the nature of a defined benefit scheme. Under the defined benefit scheme, the employees are entitled to retirement payment based on the number of years worked and their terminal salaries at retirement. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by estimating the expected future cash flows using interest rates of Government bonds which are denominated in the currency in which the benefit will be paid, and have terms to maturity approximating to the terms of the related pension liability.

The Group recognises all actuarial gains and losses arising from defined benefit plans in profit or loss and all related expenses related to personnel expenses in profit or loss.

(iii) Other entitlements

Some employees are on fixed term contracts or are entitled to gratuity. This are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(J) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount of the obligation can be made.

(K) Revenue

Revenue represents the fair value of the consideration receivable or received for sale of goods and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

The group manufactures and sells a wide range of base metals. Sales of goods are recognised in the period in which the Group delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Interest income is recognised using the effective interest method.

Dividends are recognised as income 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.

Copper and cobalt participation income relates to payments made by various mining companies to the company as a result of the agreements that were signed at the time of privatisation on the mining assets. This income is recognised as and when it is due. (right to receive income).

3 Significant accounting policies *(continued)*

(L) Government grants

A conditional government grant related to environmental cleanup works on behalf of the Government is recognised in profit or loss as grant income when the grant becomes receivable.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as grant income on a systematic basis in the same periods in which the expenses are recognised.

(M) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre existing interest in an acquiree, and gains on hedging instruments that are recognised in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(N) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current and deferred income tax.

Current income tax is the amount of tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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 income 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 they will be realised simultaneously.

3 Significant accounting policies *(continued)*

(O) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options.

(P) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(Q) New standards and interpretations not adopted

At the date of authorisation of the financial statements of ZCCM IH Plc for the year ended 31 March 2010, the following standards and interpretations were in issue but not yet effective:

IFRS 3 Business Combinations

The revised IFRS 3 will be adopted by 31 March 2010 for the first time for its financial reporting period ending 31 June 2010.

IFRS 3 applies to all new business combinations that are occur after 1 July 2010. For these business combinations after 1 July 2010, the group will change its accounting policies to be in line with the revised IFRS 3. In future all transaction costs will be expensed and contingent purchase consideration will be recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit or loss.

IFRS 9 (2010) Financial Instruments

IFRS 9 will be adopted by the Group for the first time for its financial reporting period ending 30 June 2013. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

The impact on the financial statements for the Group has not yet been estimated.

3 Significant accounting policies *(continued)*

(Q) New standards and interpretations not adopted *(continued)*

IFRS 10 Consolidated Financial Statements
IFRS 10 will be adopted by for annual periods begging on or after 1 January 2013 for the first time for its financial reporting period ending 30 June 2013. The standard will be applied retrospectively if there is a change in the control between IAS 27/SIC 12 and IFRS 10.
IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about the relevant activities are made,
- Assess whether the entity has power over the relevant activities by considering only the entity's substantive rights,
- Assess whether the entity is exposed to variability in returns, and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.
The impact on the financial statements for the Group has not yet been estimated.

IFRS 11 Joint Arrangements

IFRS 11 will be adopted by the Group for the first time for its financial reporting period ending 31 March 2013. The standard will be applied retrospectively, subject to certain transitional provisions.

IFRS 11 establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities.

According to IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

Joint operations whereby the jointly controlling parties, known as joint operators, have rights and obligations for the liabilities, relating to the arrangement.

Joint ventures whereby the joint controlling parties, known as joint ventures, have rights to the net assets of the arrangement.

In terms of IFRS 11, all joint ventures will have to be equity accounted.

The impact on the financial statements for the Group has not yet been estimated.

3 Significant accounting policies *(continued)*

(Q) New standards and interpretations not adopted *(continued)*

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 will be adopted by the Group for the first time for its financial reporting period ending 31 March 2013.

IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable users to evaluate:
- The nature of, and risks associated with, an entity's interests in other entities, and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of the new standard will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted by the Group for the first time for its financial reporting period ending 31 March 2013. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

The impact on the financial statements has not yet been estimated.

IAS 24 (revised) Related Party Disclosures

IAS 24 (revised) will be adopted by the Group for the first time for its financial reporting period ending 30 June 2011. The standard will be applied retrospectively.

IAS 24 (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government-related entities.

Under IAS 24 (revised) the definition of a related party has been amended with the result that a number of new related party relationships have been identified.

3 Significant accounting policies *(continued)*

Q) New standards and interpretations not adopted *(continued)*

IAS 28 (2011) Investments in Associates and Joint Ventures

IAS 28 (2011) will be adopted by annual period beginning on or after 1 January 2013 for the first time for its financial reporting period ended 30 June 2013.

IAS 28 (2011) supersedes IAS 28 (2009) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:

- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

The amendments to IAS 20 will be adopted for the first time in the financial reporting period ending 31 March 2010 and will be applied prospectively.

The improvements amend the accounting treatment for the low interest loans that are received every second year from government. The benefit of these below market interest loans represents a government grant which is currently not accounted for.

From 1 July 2010, all low interest loans received will be recognised and measured in accordance with IAS 39 using market related rates. The difference between the proceeds and the carrying value of the loan in terms of IAS 39 will be recognised as a government grant.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 will be adopted by the Group for the first time for its financial reporting period ending 31 March 2011.

IAS 19 requires certain criteria to be met before an entity may recognise an asset in respect of a defined benefit plan. IFRIC 14 provides additional guidance on how these criteria should be interpreted, in particular where the plan requires minimum contributions to be made (regardless of the surplus).

The impact of IFRIC 14 cannot be determined at this stage.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. The fair value of held-to maturity investments is determined for disclosure purposes only.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the investments department under policies approved by the Board of Directors. Group investment teams identifies, 36evaluates and manages financial risks in close co operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments and investing excess liquidity.

Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Group manages foreign exchange risk arising from future commercial transactions and recognised assets and liabilities by maintaining US dollar bank accounts.

Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(all amounts are in millions of kwacha unless otherwise stated)

5 Financial risk management *(continued)*

(ii) Interest rate risk

The Group's investments in corporate bonds, all of which are floating rate and are carried at amortised cost exposes the Group to cash flow interest rate risk. The tenure of the bonds is less than 1 year. At 31 March 2010, an increase/decrease of 100 basis points would have resulted in a/an decrease/increase in the consolidated and company post tax profit and equity of K53,330 million(2009: K5.5 million).

(iii) Price risk

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as available-for-sale. 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, Toronto, or Australia stock exchange.

At 31 March 2010, if the LSE Index had increased/decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, consolidated equity would have been K 17,800 higher/lower.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, corporate bonds and deposits with banks, as well as trade and other receivables. Neither the Group nor the Company has any significant concentrations of credit risk. The Company credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The amount that best represents the Group's and Company's maximum exposure to credit risk At 31 March 2010 is made up as follows:

	Group		**Company**	
	2010	2009	**2010**	2009
Available for sale	**393,790**	278,807	**393,790**	278,807
Cash and cash equivalents	**31,554**	2,445	**6,950**	2,055
Trade and other receivables	**107,052**	111,469	**107,647**	68,487
Investment securities	**5,333**	500	**5,333**	500
Assets classified as available for sale	**6,610**	-	-	-
	544,339	393,221	**513,720**	349,849

No collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

(all amounts are in millions of kwacha unless otherwise stated)

5 Financial risk management *(continued)*

Credit risk (continued)

Ageing of trade and other receivables

2010	**Gross**	**Group Impairment**	**Net**
Neither due or impaired			
Past 30 - 60 days	**724**	**-**	**724**
Past 61 - 90 days	**392**	**-**	**392**
Over 91 days	**6,720**	**5,959**	**761**
	7,836	**5,959**	**1,877**

2009	Gross	Group Impairment	Net
Neither due or impaired			
Past 30 - 60 days	4,185	-	4,185
Past 61 - 90 days	5,987	-	5,987
Over 91 days	165,482	154,259	11,223
	175,654	154,259	21,395

All receivables past due by more than 91 days are considered to be impaired, and are carried at their estimated recoverable value.

The group investments with financial institutions that are registered with the central bank. The credit quality of the customers is assessed taking into account past performance and the utilisation of limits is regularly monitored.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group’s liquidity reserve on the basis of expected cash flow.

The table below analyses the Group’s and the Company’s financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(all amounts are in millions of kwacha unless otherwise stated)

5 Financial risk management *(continued)*

(a) Group

	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2010:					
Liabilities					
- Borrowings	**1,341,757**	**33,438**	-	-	**1,308,319**
- Retirement benefit	**32,072**	-	**32,072**	-	-
- Subordinated loan	**865,445**	-	-	-	**865,445**
- Provision for liabilities and charges	**10,042**	**10,042**	-	-	-
- Bank overdraft	-	-	-	-	-
- Trade and other payables	**48,982**	**48,982**	-	-	-
- liabilities classified as available for sale	**345,076**	**345,076**	-	-	-
	2,643,374	**437,538**	**32,072**	-	**2,173,764**

	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
At 30 June 2009					
Liabilities					
- Borrowings	1,565,779	12,449	41,191	29,530	1,482,609
- Retirement benefit	59,024	-	59,024	-	-
- Subordinated loan	865,445	-	-	-	865,445
- Provision for liabilities and charges	32,701	32,701	-	-	-
- Bank overdraft	4	4	-	-	-
- Trade and other payables	155,209	127,149	28,060	-	-
	2,678,162	172,303	128,275	29,530	2,348,054

(b) Company

	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
At 31 March 2010:					
Liabilities					
- Borrowings	**1,294,363**	-	-	-	**1,294,363**
- Retirement benefit	**5,938**	-	**5,938**	-	-
- Trade and other payable	**64,196**	**64,196**	-	-	-
- Subordinated loan	**865,445**	-	-	-	**865,445**
	2,229,942	**64,196**	**5,938**	-	**2,159,808**

	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
At 30 June 2009:					
Liabilities					
- borrowings	1,354,702	-	-	-	1,354,702
- Retirement benefit	6,499	-	6,499	-	-
- Trade and other payable	69,917	69,917	-	-	-
- Subordinated loan	865,445	-	-	-	865,445
	2,296,563	69,917	6,499	-	2,220,147

(all amounts are in millions of kwacha unless otherwise stated)

5 Financial risk management *(continued)*

Capital management

The Group's and Company objectives when managing capital are to safeguard its 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 company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The gearing ratios at 31 March 2010 and 2009 were as follows:

	Group		Company	
	2010	2009	**2010**	2009
Borrowings	**1,341,757**	1,565,779	**1,294,363**	1,354,702
Subordinated loan	**865,445**	865,445	**865,445**	865,445
Bank overdraft	-	4	-	-
Less: cash and cash equivalents	**(31,554)**	(2,445)	**(6,950)**	(2,055)
Net debt	**2,175,648**	2,428,783	**2,152,858**	2,218,092
Total equity	**(679,420)**	(191,754)	**(1,239,330)**	(1,437,272)
Total capital	**1,496,228**	2,237,029	**913,528**	780,820
Gearing ratio	**145%**	109%	**236%**	284%

Fair value estimation

Effective 1 January 2010, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value At 31 March 2010.

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets				
– Equity securities	355,997	-	37,793	393,790

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	2010	2009
At 1 July	**37,793**	37,793
At 30 June	**37,793**	37,793

(all amounts are in millions of kwacha unless otherwise stated)

5 **Financial risk management** *(continued)*

Total gains or losses included in comprehensive income for the year in the above table are presented in the statement of comprehensive income as follows:

Fair values versus carrying amounts

Group

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

	2010		2009	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Assets				
Available for sale	**393,790**	**393,790**	278,807	278,807
Cash and cash equivalents	**31,554**	**31,554**	2,445	2,445
Trade and other receivables	**107,052**	**107,052**	111,469	111,469
Investment securities	**5,333**	**5,333**	500	500
Assets classified as held for sale	**6,610**	**6,610**	-	-
	544,339	**544,339**	393,221	393,221
Liabilities				
- Borrowings	**(1,341,757)**	**(1,341,757)**	(1,565,779)	(1,565,779)
- Retirement benefit	**(32,072)**	**(32,072)**	(59,024)	(59,024)
- Subordinated loan	**(865,445)**	**(865,445)**	(865,445)	(865,445)
- Provision for liabilities and charges	**(10,042)**	**(10,042)**	(32,701)	(32,701)
- Bank overdraft	-	-	(4)	(4)
- Trade and other payables	**(48,982)**	**(48,982)**	(155,209)	(155,209)
-Liabilities classified as held for sale	**(345,076)**	**(345,076)**	-	-
	(2,643,374)	**(2,643,374)**	(2,678,162)	(2,678,162)
Net position	**(2,099,035)**	**(2,009,035)**	(2,284,941)	(2,284,941)

Company

	2010		2009	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Assets				
Available for sale	**393,790**	**393,790**	278,807	278,807
Cash and cash equivalents	**6,950**	**6,950**	2,055	2,055
Trade and other receivables	**107,647**	**107,647**	68,487	68,487
Investment securities	**5,333**	**5,333**	500	500
	513,720	**513,720**	349,849	349,849
Liabilities				
- Borrowings	**(1,294,363)**	**(1,294,363)**	1,354,702	1,354,702
- Retirement benefit	**(5,938)**	**(5,938)**	6,499	6,499
- Subordinated loan	**(865,445)**	**(865,445)**	865,445	865,445
- Trade and other payables	**(64,196)**	**(64,196)**	69,917	69,917
	(2,229,942)	**(2,229,942)**	2,296,563	2,296,563
Net position	**(1,716,222)**	**(1,716,222)**	(1,946,714)	(1,946,714)

The basis for determining fair values is disclosed in the respective accounting policy notes for each financial instrument.

5 Financial risk management *(continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by reference to the cost of the investment.

6 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Going Concern assumption
At 31 March 2010, the Company's total liabilities exceeded its total assets by **K1,239,330** million (2009: K1,437,272). The ability of the Company and its subsidiaries to continue as going concerns is dependent upon the continued support of the Company's major shareholder, the Government of the Republic of Zambia, to enable the Company and its subsidiaries to settle their liabilities as and when they fall due.

The Group's projected cash requirements for the year to 31 March 2010 are to be financed from internally generated funds as well as from government grants and loans. The Directors have obtained an undertaking from the major shareholder, the Government of the Republic of Zambia (GRZ), that the necessary financial and operational support will be made available for the 12 months following the date of signing of the consolidated financial statements.

Based on the foregoing, it is the Directors' view that it is appropriate for the group and financial statements to be prepared on a going concern basis, which assumes that the Company and its subsidiaries will continue in operational existence for the foreseeable future.

Property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in accounting policy (f) above.

Receivables

Critical estimates are made by the directors in determining the recoverable amount of impaired receivables.

Retirement benefit obligations

Critical assumptions are made in determining the present value of retirement benefit obligations. These assumptions are set out in note 31.

(all amounts are in millions of kwacha unless otherwise stated)

7 Segment reporting

Segment information is presented in respect of the Group's business segments. Management considers the business from a product perspective. The Group does not operate in more than one geographic segment. At 31 March 2010 the Group was organised throughout the region into two main business segments:-

(1) Manufacturing of lime and mining coal
(2) Investment business

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred to acquire segment assets that are expected to be used for more than one period.

The segment results for the Group were as follows:

31 March 2010	**Investment business**	**Manufacturing and Mining**	**Group total**
Revenue – external	**-**	**116,433**	**116,433**
Total	**-**	**116,433**	**116,433**
Operating (loss)/profit	**20,271**	**21,768**	**42,039**
Finance income / (costs)– net	**96,370**	**7,634**	**104,004**
Share of profit of associates	**-**	**390,904**	**390,904**
Profit before income tax	**116,641**	**420,306**	**536,947**
Income tax expenses	**(33,682)**	**(19,558)**	**(53,240)**
Profit for the year	**82,959**	**400,748**	**483,707**
Less: Loss from discontinued operations	**-**	**(47,725)**	**(47,725)**
Profit for the year	**82,959**	**353,023**	**435,982**

30 June 2009	Investment business	Manufacturing and Mining	Group total
Revenue – external	-	145,154	145,154
Total	-	145,154	145,154
Operating (loss)/profit	(154,041)	12,283	(141,758)
Finance income / (costs)– net	(409,731)	(50,468)	(460,199)
Share of profit of associates	(76,156)	-	(76,156)
Profit before income tax	(639,928)	(38,185)	(678,113)
Income tax expenses	202,508	(14,247)	188,261
Profit for the year	(437,420)	(52,432)	(489,852)

(all amounts are in millions of kwacha unless otherwise stated)

7 Segment reporting *(continued)*

The segment assets and liabilities and cash flows as at 31 March 2010 were as follows:

	Investment business	**Manufacturing and mining business**	**Total**
Segment assets (including investments in associates)	**1,053,090**	**2,342,289**	**3,395,379**
Segment liabilities	**(2,292,420)**	**(423,539)**	**(2,715,959)**
Cash flows from/ (used in) operating activities	**76,045**	**(6,037)**	**70,008**
Cash flows from/ (used in) investing activities	**(5,077)**	**2,020**	**(3,057)**
Cash flows from/ (used in) financing activities	**(66,073)**	**28,800**	**(37,273)**
Capital expenditure	**(244)**	**(13,444)**	**(13,688)**

The segment assets and liabilities and cash flows as at 30 June 2009 were as follows:

	Investment business	Manufacturing and mining business	Total
Segment assets (including investments in associates)	879,360	2,041,844	2,921,204
Segment liabilities	(2,316,632)	(412,818)	(2,729,450)
Cash flows from/ (used in) operating activities	(566,404)	(65,929)	(632,333)
Cash flows from/ (used in) investing activities	(1,157)	(5,457)	(6,614)
Cash flows from/ (used in) financing activities	(568,441)	(72,830)	641,271
Capital expenditure	(1,289)	(11,523)	(12,944)

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude deferred tax assets.

Segment liabilities comprise operating liabilities. They exclude current and deferred tax and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment.

(all amounts are in millions of kwacha unless otherwise stated)

8 Revenue

	Group		Company	
	2010	2009	**2010**	2009
				-
Lime sales	**116,433**	144,074	-	-
Sale of coal	**9,858**	1,080	-	-
Less income from discontinued operations	**(9,858)**	-	-	-
	116,433	145,154	-	-

9 Other income

	Group		Company	
	2010	2009	**2010**	2009
Cobalt/copper participation fees	-	25,389	-	25,389
Dividends receivable	**25,403**	39,130	**25,403**	39,130
Interest on government bonds and treasury bills	**561**	885	**561**	885
Other income	**2,727**	17,232	**10,006**	10,827
Impact of exchange movement on impairment allowance	**23,353**	-	**23,353**	-
	52,044	82,636	**59,323**	76,231

Cobalt/copper participation fees are computed by each individual privatised company using formulae specified in the sale and purchase agreements. There was no price participation during the year (2009: Konkola Copper Mines (KCM) of K 16,600 million and Chambishi Mines PLC of K8,700 million).

Other income includes interest income from loans, management fee income and miscellaneous income.

10 Environmental expenses

Environmental expenses represent expenditures incurred in respect of meeting environmental remedial obligations arising from the operations of ZCCM Limited the forerunner to the company. The expenditure is financed by a loan from the World Bank and Nordic Development Fund as well as through internally generated funds.

	Group and Company	
	2010	2009
Tailing dumps	**1,649**	1,327
Resettlement Act	**203**	5,676
Expenses on Kabwe	**5,299**	1,871
Consultancy costs	**1,491**	1,609
Hazardous chemicals	**1,205**	226
Works	**13,446**	6,473
	23,293	17,182

(all amounts are in millions of kwacha unless otherwise stated)

11 Administration expenses

	Group		Company	
	2010	2009	**2010**	2009
Depreciation of property, plant and equipment	**6,410**	8,882	**844**	1,354
Auditors' remuneration	**367**	1,070	**-**	-
Personnel expense (note 12)	**65,811**	91,365	**1,032**	18,202
Other administration expenses	**27,620**	18,938	**26,155**	46,745
Impairment loss on receivables	**-**	150,975	**-**	150,507
Discontinued operation - administration expense	**(55,226)**	-	**-**	-
	44,982	271,230	**28,031**	216,808

12 Personnel expense

The following items are included within employee benefits expense:

	Group		Company	
	2010	2009	**2010**	2009
Salaries and wages	**45,827**	56,346	**-**	11,954
Retirement benefits costs:				
- Defined benefit scheme (Note 31)	**18,699**	32,723	**1,006**	6,041
- National Social Security Funds	**1,285**	2,296	**26**	207
	65,811	91,365	**1,032**	18,202

13 Finance income / (costs)

	Group		Company	
	2010	2009	**2010**	2009
Finance costs:				
Net exchange losses	**-**	(463,521)	**-**	(416,061)
Interest expense	**-**	(3,008)	**(1,631)**	-
Total finance costs	**-**	(466,529)	**(1,631)**	(416,061)
Finance income:				
Interest income	**15,446**	6,330	**-**	6,330
Net foreign exchange gains	**98,001**	-	**98,001**	-
Total finance income	**113,447**	6,330	**98,001**	6,330
Net finance income/(cost)	**113,447**	(460,199)	**96,370**	(409,731)
Less discontinued operation on finance cost	**(9,443)**	-	**-**	-
Net finance income/(cost)	**104,004**	460,199	**96,370**	(409,731)

(all amounts are in millions of kwacha unless otherwise stated)

14 Income tax expense

	Group		Company	
	2010	2009	**2010**	2009
Current income tax	**12,469**	29,383	**1,705**	16,681
Deferred tax charge(note 30)	**41,227**	(217,644)	**31,977**	(219,189)
Income tax (credit)/expense	**53,696**	(188,261)	**33,682**	(202,508)
Less: discontinued operation income tax	**(456)**	-	-	-
Income tax (credit)/expense	**53,240**	(188,261)	**33,682**	(202,508)

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	
	2010	2009	**2010**	2009
Profit/(loss) before income tax	**489,678**	(678,113)	**116,641**	(563,854)
Less share of post tax profits from associates	**(390,904)**	76,156	-	-
	98,774	(601,957)	**116,641**	(563,854)
Tax calculated at rates applicable to profits - 35%	**34,571**	(210,685)	**40,824**	(197,349)
Tax effect of:				
Expenses/(income) not deductible for tax purposes	**10,119**	32,460	**(2,274)**	(2,091)
Non re-deductible expenses	**8,550**	-	**44**	6,968
Income not subject to tax	-	(10,036)	**(4,912)**	(10,036)
Income tax expense/(credit)	**53,240**	(188,261)	**33,682**	202,508

Current income tax movement in the statement of financial position

	Group		Company	
	2010	2009	**2010**	2009
Opening balance	**50,895**	23,696	**19,676**	4,678
Provision for the period	**12,469**	29,383	**1,705**	16,681
Tax paid	**(8,916)**	(2,184)	**(1,773)**	(1,683)
Re classified as held for sale (note 35)	**(24,733)**	-	-	-
Closing balance	**29,715**	50,895	**19,608**	19,676

15 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2010	2009	**2010**	2009
Profit/(loss) attributable to equity holders of the Company (K millions)	**435,982**	(489,852)	**82,959**	(361,346)
Weighted average number of ordinary shares in issue (millions)	**89**	89	**89**	89
Basic earnings per share (K)	**4,899**	(5,504)	**932**	(4,060)

(all amounts are in millions of kwacha unless otherwise stated)

There were no potentially dilutive shares outstanding at 31 March 2010 or 2009. Diluted earnings per share are therefore the same as basic earnings per share.

16 Dividends per share

No dividends were declared in respect of the year ended 31 March 2010 (2009: nil).

17 Property, plant and equipment

	Property	Plant, equipment, furniture and vehicles and vehicles	Work in progress	Total
(a) Group				
At 1 July 2008	5,107	55,259	6,628	66,994
Additions	-	6,088	6,725	12,813
Transfer from WIP	1,033	(777)	(256)	-
Write-off	-	(380)	-	(380)
At 30 June 2009	6,140	60,190	13,097	79,427
At 1 July 2009	**6,140**	**60,190**	**13,097**	**79,427**
Additions	**541**	**1,419**	**12,215**	**14,175**
Revaluation	**3,472**	**-**	**-**	**3,472**
Transfers	**-**	**10,216**	**(10,216)**	**-**
Fixed assets classified as held for sale	**(3,427)**	**(13,418)**	**-**	**(16,845)**
At 31 March 2010	**6,726**	**58,407**	**15,096**	**80,229**
Accumulated depreciation				
At 1 July 2008	438	26,844	-	27,282
Charge for the year	348	8,534	-	8,882
At 30 June 2009	786	35,378	-	36,164
At 1 July 2009	**786**	**35,378**	**-**	**36,164**
Accumulated depreciation on assets classified as held for sale	**-**	**(8,844)**	**-** **-**	**(8,844)**
Charge for the period	**228**	**6,182**	**-**	**6,410**
At 31 March 2010	**1,014**	**32,716**	**-**	**33,730**
Carrying amounts				
At 30 June 2009	5,354	24,812	13,097	43,263
At 31 March 2010	**5,712**	**25,691**	**15,096**	**46,499**

(all amounts are in millions of kwacha unless otherwise stated)

17 Property, plant and equipment *(continued)*

	Property	Plant, equipment, furniture and vehicles	Work in progress	Total
(a) Company				
Cost of valuation				
At 1 July 2008	2,400	8,102	240	10,742
Additions	-	1,001	288	1,289
Write offs	-	(380)	-	(380)
At 30 June 2009	2,400	8,723	528	11,651
At 1 July 2009	**2,400**	**8,723**	**528**	**11,651**
Additions	**-**	**189**	**-**	**189**
At 31 March 2010	**2,400**	**8,912**	**528**	**11,840**
Accumulated depreciation				
At 1 July 2008	207	5,732	-	5,939
Charge for the year	120	1,187	-	1,307
At 30 June 2009	327	6,919	-	7,246
At 1 July 2009	**327**	**6,919**	**-**	**7,246**
Charge for the period	**90**	**754**	**-**	**844**
At 31 March 2010	**417**	**7,673**	**-**	**8,090**
Carrying amount				
At 30 June 2009	2,073	1,804	528	4,405
At 31 March 2010	**1,983**	**1,239**	**528**	**3,750**

Buildings were last revalued during 2004, by the Government Valuation Department, independent valuers. Valuations were made on the basis of the open market value. The book values of the properties were adjusted to the revaluations and the resultant surplus net of deferred income tax was credited to the revaluation surplus in shareholders' equity.

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.

(all amounts are in millions of kwacha unless otherwise stated)

18 Intangible assets

Group and company	**2010 Computer software licences**	2009 Computer software licences
Opening balance 1 July		
Cost	**400**	268
Accumulated amortisation	**(235)**	(188)
Closing balance 31 March and 30 June	**165**	80
At start of year 1 July	**165**	80
Additions	**55**	132
Amortisation	**(42)**	(47)
At end of year	**178**	165
At 31 March and 30 June		
Cost	**455**	400
Accumulated amortisation	**(277)**	(235)
Net book amount	**178**	165

19(a) Investment in subsidiaries (at cost)

The Company's interest in its subsidiaries, both of which are unlisted were as follows:

	Country of incorporation	**% interest held**	**Company 2010**	Company 2009
Ndola Lime Company Limited	Zambia	*100*	**12**	12
Maamba Collieries Limited	Zambia	*100*	**(18,975)**	(18,975)
Impairment provision			**(18,975)**	(18,975)
			12	12

19(b) Investment held for sale

Investment in Maamba Collieries held for sale	**-**	-
	12	12

(all amounts are in millions of kwacha unless otherwise stated)

20 Investments in associates

	Group		Company	
	2010	2009	**2010**	2009
At start of year	**2,267,295**	1,980,134	**347,512**	347,512
Share of profit/(loss)	**390,904**	(76,156)	**-**	-
Exchange differences	**(66,095)**	363,317	**-**	-
At end of year	**2,592,104**	2,267,295	**347,512**	347,512

Investments in associates are carried at cost in the Company's balance sheet.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Company.

	Country of incorporation	% Interest	Assets	Liabilities	Revenues	Profit
2010						
Konkola Copper Mines	Zambia	20.6	**10,265,829**	**6,321,698**	**4,097,310**	**61,084**
Kansanshi Mining Plc	Zambia	20	**12,156,827**	**3,994,633**	**5,420,544**	**1,835,247**
Copperbelt Energy Corporation Plc	Zambia	20	**1,293,481**	**557,610**	**561,562**	**56,357**
2009						
Konkola Copper Mines	Zambia	20.6	9,302,545	5,423,556	3,276,281	(905,588)
Kansanshi Mining Plc	Zambia	20	888,885	687,822	870,121	51,398
Copperbelt Energy Corporation Plc	Zambia	20	10,708,129	3,568,074	13,938,804	500,576

21 Available for sale financial assets

	Group and Company	
	2010	2009
At start of year	**278,807**	365,472
Fair value changes	**114,983**	(85,746)
Impairment of emerald project	**-**	(919)
At end of year	**393,790**	278,807

Available-for-sale financial assets include the following:

	Group and Company	
	2010	2009
Unlisted equities – at cost		
- Equity securities in Zambia	**37,793**	37,793
Listed securities – at fair value		
- Equity securities – Canada	**355,520**	240,445
- Equity securities – Australia	**477**	569
	393,790	278,807

The unlisted securities are measured at cost because there is no active market and similar transactions in the market to enable a reliable determination of their fair value.

There were no disposals or impairment provisions on available-for-sale financial assets in 2010 or 2009.

(all amounts are in millions of kwacha unless otherwise stated)

22 Inventories

	Group	
	2010	2009
Finished goods	**18,116**	29,870
Inventory classified as held for sale (note 35)	**(4,498)**	-
	13,618	29,870

23 Trade and other receivables

	Group		Company	
	2010	2009	**2010**	2009
Trade receivables	**7,836**	175,654	-	-
Less: provision for impairment	**(5,959)**	(154,259)	-	-
	1,877	21,395	-	-
Dividend receivable	**24,603**	24,603	**25,389**	24,603
Other receivables and prepayments	**84,137**	65,471	**82,258**	43,884
Trade and other receivables classified as held for sale (note 35)	**(3,565)**	-	-	-
	107,052	111,469	**107,647**	68,487

The carrying values approximated their fair values.

24 Investment securities

The movement in investments in treasury bills and government bonds is as follows:

	Group and Company	
	2010	2009
At start of year	**500**	500
Additions	**4,833**	-
At end of year	**5,333**	500

25 Cash and cash equivalents

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

	Group		Company	
	2010	2009	**2010**	2009
Cash and bank balances	**32,101**	2,445	**6,950**	2,055
Bank overdraft	-	(4)	-	-
Cash and cash equivalents classified as held for sale (note 35)	**(547)**	-	-	-
	31,554	2,441	**6,950**	2,055

(all amounts are in millions of kwacha unless otherwise stated)

26 Trade and other payables

	Group		Company	
	2010	2009	**2010**	2009
Trade payables	**46,354**	53,826	**-**	-
Statutory liabilities	**12,265**	12,822	**12,265**	12,823
Other payables and accrued expenses	**62,878**	88,561	**51,931**	57,094
Re-classified as held for sale (note 35)	**(72,515)**	-	**-**	-
	48,982	155,209	**64,196**	69,917

The carrying amount of the payables and accrued expenses approximate to their fair values.

27 Share capital

	2010	2009
Authorised		
"A" ordinary shares	**540**	540
"B" ordinary shares	**360**	360
90,000,000 ordinary shares of K10 each (millions)	**900**	900
Issued and fully paid		
"A" ordinary shares	**539**	539
"B" ordinary shares	**354**	354
89,296,428 ordinary shares of K10 (millions)	**893**	893

28 Other reserves – Group

	Revaluation reserve	**Translation reserve**	**Fair value reserve**	**Total**
Year ended 30 June 2009				
At start of year	1,602	59,194	185,262	246,058
Currency translation –associates	-	363,317	-	363,317
Fair value changes	-	-	(85,746)	(85,746)
Transfer of excess depreciation	(40)	-	-	(40)
Deferred income tax on revaluation surplus	14	-	-	14
At end of year 30 June 2009	1,576	422,511	99,516	523,603

Period ended 31 March 2010	**Revaluation reserve**	**Translation reserve**	**Fair value reserve**	**Total**
At start of year	**1,576**	**422,511**	**99,516**	**523,603**
Currency translation –associates	**-**	**(66,095)**	**-**	**(66,095)**
Fair value changes	**-**	**-**	**114,983**	**114,983**
Transfer of excess depreciation	**(26)**	**-**	**-**	**(26)**
Revaluation surplus	**2,796**	**-**	**-**	**2,796**
At end of year 31 March 2010	**4,346**	**356,416**	**214,499**	**575,261**

(all amounts are in millions of kwacha unless otherwise stated)

28 Other reserves - Company

	Revaluation reserve	Fair value reserve	Total
At 1 July 2008	1,319	185,262	186,581
Fair value changes	-	(85,746)	(85,746)
Transfer of excess depreciation	(40)	-	(40)
Deferred tax	14	-	14
At 30 June 2009	1,293	99,516	100,809

	Revaluation reserve	**Fair value reserve**	**Total**
At 1 July 2009	**1,293**	**99,516**	**100,809**
Fair value changes	**-**	**114,983**	**114,983**
Transfer of excess depreciation	**(40)**	**-**	**(40)**
Deferred tax	**14**	**-**	**14**
At 31 March 2010	**1,267**	**214,499**	**215,766**

Revaluation reserves
A revaluation reserve arises from the periodic revaluation of property, plant and equipment, and representation 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 International Accounting Standard (IAS) 12: *Income Taxes*.

Translation reserve
The translation reserve arises from the translation of the results of the associated companies whose presentation and functional currency is US dollar.

Fair value reserve
Fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investments are derecognised or impaired.

(all amounts are in millions of kwacha unless otherwise stated)

29 Borrowings

	Group		Company	
	2010	2009	**2010**	2009
(i) The borrowings are made up as follows:				
Non-current				
GRZ and GRZ related borrowings	**1,230,209**	1,348,151	**1,272,332**	1,323,007
Bank borrowings	**16,591**	9,365	**-**	-
Other borrowings	**251,579**	189,002	**22,031**	31,695
Finance lease	**2,063**	6,812	**-**	-
Borrowings reclassified as held for sale	**(192,123)**	-	**-**	-
	1,308,319	1,553,330	**1,294,363**	1,354,702
Current				
Bank borrowings	**29,691**	9,158	-	-
Finance leases	**3,747**	3,291	-	-
	33,438	12,449	-	-
Total borrowings	**1,341,757**	1,565,779	**1,294,363**	1,354,702

GRZ and GRZ related borrowings comprise the following:

	Group 2010	Group 2009	Company 2010	Company 2009
ZESCO loan	**85,203**	93,943	**85,203**	93,943
GRZ Loan	**782,988**	868,640	**846,901**	868,640
GRZ/World Bank Loan	**327,906**	348,103	**327,906**	348,102
ERIPTA Loan	**12,322**	12,322	**12,322**	12,322
MOF 1	**849**	849	**-**	-
MOF 2	**20,941**	24,294	-	-
Total borrowings	**1,230,209**	1,348,151	**1,272,332**	1,323,007

The carrying amounts of short-term borrowings and lease obligations approximate to their fair value. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the balance sheet date.

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

ZESCO loan

The loan arises from the assumption by ZCCM-IH (under an agreement dated 28 February 2002 between ZCCM-IH, ZESCO and CEC) of debts due from Ramcoz to CEC of US$19,291,994 of which US$13,141,701 was owed by CEC to ZESCO at 28 February 2002. The liability carries no definite repayment terms. GRZ have confirmed that this is not repayable within the next twelve months and is interest free.

(all amounts are in millions of kwacha unless otherwise stated)

29 Borrowings *(continued)*

(i) The borrowings are made up as follows *(continued)*:

GRZ loan
The GRZ loan represents amounts received from the Government to enable ZCCM-IH to discharge pre-privatisation liabilities. All such receipts from the Government are credited to the loan account pending a decision by the Government regarding the final disposal of these balances. No interest is accrued in respect of these balances.

GRZ/World Bank loans
Under the protocol signed on 14 January 1999, between GRZ and the Company, an amount of up to US$68.5 million became available to the Company for the purpose of retrenching surplus employees and meeting environmental remedial obligations. This amount was initially received by GRZ from IDA and on lent to the Company.

ERIPTA loan
The Economic Recovery and Investment Promotion Technical Assistance (ERIPTA) loan was taken over by the Government in 2001 and arises from the period prior to the disposal of ZCCM's mining assets. This loan was intended to assist the Government in carrying out its economic reform under its Privatisation and Industrial Reform Programme and Economic Programme. The loan has not been removed from ZCCM-IH books due to the absence of an agreement between GRZ, ZCCM-IH and the financing partner regarding the takeover of the loan by GRZ. No interest has been accrued since 2001.

MOF 1 and 2
This represents loans obtained from the African Development bank and the African Development Fund which were due for capitalisation. The loan is unsecured and interest free and the repayment period was not stated.

	Group		**Company**	
	2010	2009	**2010**	2009
(ii) Subordinated loan	**865,445**	865,445	**865,445**	865,445

Since 1983 amounts due to certain of the company's lenders became payable to GRZ following arrangements between GRZ and the Governments of the countries in which those lenders are situated. These amounts described as the Paris Club loans were reported in the financial statements of ZCCM Limited up to 31 March 1998 as long term borrowings and as deferred liabilities.

In February 1999, the Company and GRZ entered into an agreement whereby the Paris Club loans totalling US $ 311.3 million were consolidated into one loan denominated in Kwacha due to GRZ. Previously the loans were denominated in US Dollars, French Francs and Pounds Sterling. The agreement with GRZ provided for the subordination of the new loan to all other creditors of the Company.

Accordingly At 31 March 2010 an amount of K865,445 million (30 June 2009: K865,445 million) was separately reported as a subordinated loan.

(all amounts are in millions of kwacha unless otherwise stated)

29 Borrowings *(continued)*

(iii) Finance leases

Finance lease liabilities – minimum lease repayments:

	Group	
	2010	2009
Not later than 1 year	**4,347**	5,009
Later than 1 year and not later than 5 years	**2,613**	6,405
	6,960	11,414
Future finance charges	**(1,150)**	(1,311)
	5,810	10,103

Finance leases
The present value of finance lease liabilities may be analysed as:

	Group	
	2010	2009
Not later than 1 year	**3,747**	3,291
Later than 1 year and not later than 5 years	**2,063**	6,812
	5,810	10,103

(all amounts are in millions of kwacha unless otherwise stated)

30 Deferred tax

Group

Deferred tax is calculated using the enacted income tax rate of 35% (2009: 35%). A deferred tax asset amounting to K32 billion relating to tax losses carried forward in Maamba Collieries Limited have not been recognised. The movement on the deferred tax account is as follows:

	Assets		Liabilities		Net	
Recognised deferred tax assets and liabilities	**2010**	2009	**2010**	2009	**2010**	2009
Property, plant and equipment	**-**	-	**398**	393	**398**	393
Unrealised/realised exchange gains	**-**	-	**42,472**	-	**42,472**	-
Tax losses	**(188,640)**	(9,973)	**-**	-	**(188,640)**	(9,973)
Provision for expenses	**-**	(32,848)	**-**	-	**-**	(32,848)
Unrealised/realised exchange losses	**-**	(144,569)	**-**	-	**-**	(144,569)
	(188,640)	(187,390)	**42,870**	393	**145,770**	(186,997)

	Balance 1 July 2008	Recognised in income	Recognised in equity	Balance 30 June 2009	**Recognised in income**	**Recognised in equity**	**Balance 31 March 2010**
Movement in temporary differences during the year							
Property, plant and equipment	468	(75)	-	393	**5**	**-**	**398**
Unrealised/realised exchange gains	-	-	-	-	**42,472**	**-**	**42,472**
Tax losses	(11,518)	1,545	-	(9,973)	**(178,667)**	**-**	**(188,640)**
Provision for expenses	-	(32,848)	-	(32,848)	**32,848**	**-**	**-**
Unrealised/realised exchange losses	41,697	(186,266)	-	(144,569)	**144,569**	**-**	**-**
	30,647	(217,644)	-	(186,996)	**41,227**	**-**	**145,770**

(all amounts are in millions of kwacha unless otherwise stated)

30 Deferred tax *(continued)*

Company

Deferred tax assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

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

	Assets		Liabilities		Net	
Recognised deferred tax assets and liabilities	**2010**	2009	**2010**	2009	**2010**	2009
Property, plant and equipment	**-**	-	**398**	393	**398**	393
Unrealised/realised exchange gains	**-**	-	**42,472**	-	**42,472**	-
Tax losses	**(187,918)**	-	**-**	-	**(187,918)**	-
Provision for expenses	**-**	(32,848)	**-**	-	**-**	(32,848)
Unrealised/realised exchange losses	**-**	(144,569)	**-**	-	**-**	(144,569)
	(187,918)	(177,417)	**42,870**	393	**(145,048)**	(177,024)

Movement in temporary differences during the year	Balance 1 July 2008	Recognised in income	Recognised in equity	Balance 30 June 2009	**Recognised in income**	**Recognised in equity**	**Balance 31 March 2010**
Property, plant and equipment	468	(75)	-	393	**5**	**-**	**398**
Unrealised/realised exchange gains	-	-	-	-	**42,472**	**-**	**42,472**
Tax losses	-	-	-	-	**(187,918)**	**-**	**(187,918)**
Provision for expenses	-	(32,848)	-	(32,848)	**32,848**	**-**	**-**
Unrealised/realised exchange losses	41,698	(186,266)	-	(144,568)	**144,569**	**-**	**-**
	42,166	(219,189)	-	(177,023)	**31,977**	**-**	**(145,048)**

(all amounts are in millions of kwacha unless otherwise stated)

31 Retirement benefit

	Group		Company	
	2010	2009	**2010**	2009
At start of year	**59,024**	39,522	**6,499**	739
Charge for the period	**18,699**	32,723	**1,006**	6,041
Payments during the period	**(12,346)**	(13,221)	**(1,567)**	(281)
Retirement benefits re -classified as held for sale (not 35)	**(33,305)**	-	-	-
At end of year	**32,072**	59,024	**5,938**	6,499

32 Provisions for liabilities and charges

The year end provision represents a restoration, rehabilitation and environmental provision for Ndola Lime Company Limited and Maamba Collieries Limited. The provision represents the net present value of the best estimate of the expenditure required to settle the obligations to rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over a period in excess of 20 years from the reporting date.

	2010	2009
At start of year	**32,701**	28,233
Additional provisions	**(259)**	4,468
Classified as held for sale	**(22,400)**	-
	10,042	32,701
Current	**-**	-
Non current	**10,042**	32,701
	10,042	32,701

The provision has been recognised initially as a liability at fair value assuming a discount rate of 3.7% and an inflation rate of 2.3%.The liability for restoration, rehabilitation and environmental obligations on an undiscounted basis before an inflation factor of 2.3% is estimated to be approximately US$ 2,545,645 (approximately K11,825 million) (2009:US$ 14,383,741 (approximately K68,998 million)).

33 Related party transactions

The Group is controlled by the Government Republic of Zambia through the Ministry of Finance and National Planning which owns 88% of the Company's shares. No material sales or purchases of goods or services occurred with related parties during the year under review.

(i) Key management compensation	**2010**	2009
Salaries and other short-term employment benefits	**7,704**	8,046
Directors' emoluments	**1,127**	880
	8,831	8,926

(all amounts are in millions of kwacha unless otherwise stated)

34 Contingent liabilities

The Company is defending a number of cases involving ZCCM's former employees and suppliers. Due to a large number of cases there is likelihood that some could involve a material liability. However, the quantum of the potential liability cannot be reliably estimated at their respective stages in the litigation processes.

The Company is yet to make a full assessment of the total expenditure on environmental remedial obligations which may have to be incurred in respect of the Company's past operations. However, in the conditions precedent to the privatisation sales agreements, the Government has given an undertaking to fund the residual environmental liabilities relating to the Company's past operations.

35 Discontinued operation

Maamba Collieries Limited is classified as held for sale following the commitment of the Group's management on 24 December 2009 to dispose of part of ZCCM – IH is shareholding in the Company. ZCCM-IH announced that it had agreed terms for the disposal of 65% equity interest in Maamba Collieries Limited (MCL) to Nava Bharat Singapore Private Limited (NBS) whilst ZCCM-IH retained the balance of 35%. The aim of the transaction was to revive the operations of MCL and ensure the establishment of a coal fired power station of 300 MW capacity. The transaction with NBS was expected to be concluded in April 2010. The assets classified as held for sale are included under note 19.

	2010
Results from discontinued operation	
Revenue	**9,858**
Cost of sales	**(12,315)**
	(2,457)
Other income	**971**
Administrative expenses	**(55,226)**
Results from operating activities	**(56,712)**
Net finance costs	**9,443**
Loss before income tax	**(47,269)**
Income tax	**(456)**
	47,725

The loss from discontinuing operation of K47,725 million is attributed entirely to the owners of the Company.

Assets classified as held for sale	
Property, plant and equipment	**8,001**
Inventories	**4,498**
Receivables and prepayments	**3,565**
Cash and cash equivalents	**547**
	16,611

(all amounts are in millions of kwacha unless otherwise stated)

35 Discontinued operation *(continued)*

Liabilities classified as held for sale	**2010**
Long term payables	
Borrowings	**192,123**
Retirement benefits	**33,305**
Provisions for liabilities and other charges	**22,400**
Trade and other payables	**72,515**
Tax payable	**24,733**
	345,076

Cash flows from (used in) discontinued operation

	2010
Net cash used in operating activities	**(7,011)**
Net cash from investing activities	**(1,485)**
Net cash from financing activities	**8,993**
Net cash flows for the year	**497**
Cash and cash equivalents at beginning of the period	**49**
Cash and cash equivalents at end of the period	**546**

36 Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	2010	2009
Property, plant and equipment	**25,470**	33,757

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

	2010	2009
Property, plant and equipment	**24,690**	13,979

37 Subsequent events

Subsequent to the period end on April 26, 2011, Barrick Canada Inc. (offeror), a wholly owned subsidiary of Barrick Gold Corporation, made an offer (as extended pursuant to the notice of extension dated June 2, 2011) (Offer) to purchase all of the issued and outstanding common shares of Equinox Minerals Limited (Equinox), including those common shares that are represented by CHESS Depositary Interests (CDIs) but other than the common shares directly or indirectly owned by the offeror or its affiliates (collectively, the Equinox Shares).

The offer was accepted by ZCCM Investments Holdings together with other Equinox shareholders who held, in aggregate, more than 96% of the outstanding Equinox Shares.

On 24 December 2009 ZCCM-IH announced that it had agreed terms for the disposal of 65% equity interest in Maamba Collieries Limited (MCL) to Nava Bharat Singapore Private Limited (NBS) whilst ZCCM-IH retained the balance of 35%. The aim of the transaction was to revive the operations of MCL and ensure the establishment of a coal fired power station of 300 MW capacity.

(all amounts are in millions of kwacha unless otherwise stated)

38 Financial instrument by category

31 March 2010	Group: Loans and receivables	Group: Held to maturity	Group: Available for - sale	Group: Total	Company: Loans and receivables	Company: Held to maturity	Company: Available for - sale	Company: Total
Assets as per statement of financial position								
Assets classified as available for sale	8,610	-	-	8,610	-	-	-	-
Available for sale	-	-	393,790	393,790	-	-	393,790	393,790
Trade and other receivables	107,052	-	-	107,052	107,647	-	-	107,647
Held to maturity investments	-	5,333	-	5,333	-	5,333	-	5,333
Cash and cash equivalents	31,554	-	-	31,554	6,950	-	-	6,950
	147,216	5,333	393,790	546,339	114,597	5,333	393,790	513,720

	Group: Other financial liabilities at amortised cost	Group: Total	Company: Other financial liabilities at amortised cost	Company: Total
Liabilities as per statement of financial position				
Borrowings	1,341,757	1,341,757	1,294,363	1,294,363
Retirement benefit	32,072	32,072	5,938	5,938
Subordinated loan	865,445	865,445	865,445	865,445
Provision and other charges	10,042	10,042	-	-
Trade and other payables	48,983	48,983	64,196	64,196
Liabilities classified as held for sale	345,076	345,076	-	-
	2,643,375	2,643,375	2,229,942	2,229,942

(all amounts are in millions of kwacha unless otherwise stated)

38 Financial instrument by category *(continued)*

	Group				Company			
	Loans and receivables	Held to maturity	Available for - sale	Total	Loans and receivables	Held to maturity	Available for– sale	Total
30 June 2009								
Assets as per statement of financial position								
Available for sale	-	-	278,807	278,807	-	-	278,807	278,807
Trade and other receivables	111,469	-	-	111,469	68,487	-	-	68,487
Held to maturity investments	-	500	-	500	-	500	-	500
Cash and cash equivalents	2,445	-	-	2,445	2,055	-	-	2,055
	113,914	500	278,807	393,221	70,542	500	278,807	349,849

	Group		Company	
	Other financial liabilities at amortised cost	Total	Other financial liabilities at amortised cost	Total
Liabilities as per statement of financial position				
- Borrowings	1,565,779	1,565,779	1,354,702	1,354,702
- Retirement benefit	59,024	59,024	6,499	6,499
- Subordinated loan	865,445	865,445	865,445	865,445
- Provision and other payable	32,701	32,701	-	-
- Bank overdraft	4	4	-	-
- Trade and other payables	155,209	155,209	69,917	69,917
	2,678,162	2,678,162	2,296,563	2,296,563

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