

# SENS ANNOUNCEMENT

(the "Announcement")

---

## ISSUER

---



ZCCM INVESTMENT HOLDINGS PLC  
("ZCCM-IH")

Incorporated in the Republic of Zambia

Company registration number:

119540000771

Share Code: ZCCM-IH

ISIN: ZM0000000037

---

## BROKER

---



Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

Telephone Number: +260 211 220707 | Website: [www.pangaea.co.zm](http://www.pangaea.co.zm)

---

## AUTHORISATION

---

Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange ("LuSE")
- The Securities and Exchange Commission Zambia ("SEC")
- ZCCM-IH

---

## DISCLAIMER AND RISK WARNING

---

The announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED ON: 1 November 2022**



**ZCCM INVESTMENTS HOLDINGS PLC**  
(Incorporated in the Republic of Zambia)

**DIRECTORS' INTERIM UNAUDITED FINANCIAL RESULTS FOR ZCCM INVESTMENTS HOLDINGS AND ITS SUBSIDIARIES ("THE GROUP") FOR THE SIX MONTHS PERIOD ENDED 30<sup>TH</sup> JUNE 2022**

**INTRODUCTION**

In compliance with the requirements of the "Securities Act, No. 41 of 2016 of the Laws of Zambia" and the Listing Rules of the Lusaka Securities Exchange, ZCCM Investments Holdings PLC ("ZCCM-IH" or "the Company") announces the interim unaudited financial results of the Company and its Subsidiaries (collectively referred to as the Group) for the six months' period ended 30<sup>th</sup> June 2022.

**STRUCTURE OF THE ZCCM-IH GROUP**

The ZCCM-IH Group consist of the following Ten (10) companies:

<b>Name</b>	<b>Shareholding</b>
Mopani Copper Mine PLC	100.00%
Kariba Minerals Limited	100.00%
Ndola Lime Company Limited (in liquidation)	100.00%
Misenge Environmental and Technical Services Limited	100.00%
Mushe Milling Limited	100.00%
Kabundi Resources Limited	100.00%
Limestone Resources Limited	100.00%
Investrust Bank PLC	71.40%
Zambia Gold Company Limited	51.00%

The Company also has other interests in the undernoted companies:

<b>Name</b>	<b>Shareholding</b>
Rembrandt Properties	49.00%
Central African Cement Limited	49.00%
Maamba Collieries Limited	35.00%
Konkola Copper Mines PLC	20.60%
Kansanshi Mining PLC	20.00%
Copperbelt Energy Corporation PLC	24.10%
CNMC Luanshya Copper Mines PLC	20.00%
Lubambe Copper Mines PLC	20.00%
NFCA Africa Mining PLC	15.00%
Chibuluma Mines PLC	15.00%
Chambishi Metals PLC	10.00%

Copper Tree Mineral Limited	15.58%
Oranto Oil Block	10.00%
Nkana Alloy Smelting Company Limited	10.00%

## FINANCIAL PERFORMANCE

### ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME THE SIX MONTHS ENDED 30<sup>TH</sup> JUNE 2022

	30 June 2022	30 June 2021
	ZMW'000	ZMW'000
<b>Revenue</b>	<b>7,462,546</b>	<b>8,286,253</b>
<b>Gross profit</b>	<b>10,949</b>	<b>847,182</b>
<b>Operating loss</b>	<b>(1,447,190)</b>	<b>(829,265)</b>
Net finance cost	(710,993)	(164,130)
Share of profit of equity accounted investees	1,343,238	1,475,600
<b>(Loss)/profit before tax</b>	<b>(814,945)</b>	<b>482,205</b>
Income tax	(2,407)	(2,500)
<b>(Loss)/profit for the period</b>	<b>(817,352)</b>	<b>479,705</b>
<b>Basic and diluted earnings per share (ZMW)</b>	<b>(5.08)</b>	<b>2.98</b>

### ABRIDGED SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME THE SIX MONTHS ENDED 30<sup>TH</sup> JUNE 2022

	30 June 2022	30 June 2021
	ZMW'000	ZMW'000
<b>Revenue</b>	<b>1,249,517</b>	<b>121,173</b>
<b>Operating profit</b>	<b>1,173,987</b>	<b>26,380</b>
Net finance income	42,357	182,790
<b>Profit before tax</b>	<b>1,216,344</b>	<b>209,170</b>
Income tax	(2,243)	(731)
<b>Profit for the period</b>	<b>1,214,101</b>	<b>208,439</b>
<b>Basic and diluted earnings per share (ZMW)</b>	<b>7.55</b>	<b>1.30</b>

**ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS PERIOD ENDED  
30<sup>TH</sup> JUNE 2022**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>
<b>Assets</b>		
Non-Current Asset	48,320,166	63,156,060
Current Assets	10,730,324	9,666,116
<b>Total Assets</b>	<b>59,050,490</b>	<b>72,822,176</b>
<b>Equity and Liabilities</b>		
Shareholders' Funds	23,801,275	30,682,405
Non-Current Liabilities	27,625,652	36,810,124
Current Liabilities	7,623,563	5,329,647
<b>Total Equity and Liabilities</b>	<b>59,050,490</b>	<b>72,822,176</b>

**ABRIDGED SEPARATE STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS PERIOD ENDED  
30<sup>TH</sup> JUNE 2022**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>
<b>Assets</b>		
Non-Current Asset	23,029,315	12,230,647
Current Assets	2,792,404	1,723,199
<b>Total Assets</b>	<b>25,821,719</b>	<b>13,953,846</b>
<b>Equity and Liabilities</b>		
Shareholders' Funds	19,124,760	10,015,213
Non-Current Liabilities	6,438,587	3,423,278
Current Liabilities	258,372	515,355
<b>Total Equity and Liabilities</b>	<b>25,821,719</b>	<b>13,953,846</b>

**ABRIDGED GROUP STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED  
30TH JUNE 2022**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>
Net cash flow from operating activities	729,504	2,838,677
Net cash used from investing activities	(1,894,092)	(2,927,930)
Net cash used from financing activities	847,444	-
<b>Increase in cash and cash equivalents</b>	<b>(317,144)</b>	<b>(89,253)</b>
Cash and cash equivalents at the beginning of the year	184,625	225,582
<b>Cash and cash equivalents at the end of the period</b>	<b>(132,519)</b>	<b>136,329</b>

---

**ABRIDGED SEPARATE STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED  
30TH JUNE 2022**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>
Net cash flow from operating activities	1,060,651	14,563
Net cash used from investing activities	(1,084,855)	(63,209)
Net cash used from financing activities	(1,135)	-
<b>Increase in cash and cash equivalents</b>	<b>(25,339)</b>	<b>(48,646)</b>
Cash and cash equivalents at the beginning of the year	81,498	120,758
<b>Cash and cash equivalents at the end of the year</b>	<b>56,159</b>	<b>72,112</b>

**ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>
<b>Balance at 1 January</b>	<b>27,127,357</b>	<b>21,075,617</b>
(Loss)/profit for the year	(817,351)	479,705
<b>Other comprehensive income</b>	<b>(2,508,731)</b>	<b>9,127,083</b>
<b>Balance at 30 June</b>	<b>23,801,275</b>	<b>30,682,405</b>

---

**ABRIDGED SEPARATE STATEMENT OF CHANGES IN EQUITY**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>
<b>Balance at 1 January</b>	<b>18,652,446</b>	<b>9,674,487</b>
Profit for the year	1,214,101	208,439
<b>Other comprehensive Loss</b>	<b>(741,787)</b>	<b>132,287</b>
Dividend payment	-	-
<b>Balance at 30 June</b>	<b>19,124,760</b>	<b>10,015,213</b>

## 1. FINANCIAL PERFORMANCE HIGHLIGHTS

### Group Performance

- The Group recorded a turnover of ZMW7.5 billion (US\$ 435 million) for the six-month period ended 30<sup>th</sup> June 2022 compared to ZMW8.3 billion (US\$ 368 million) reported during the six months to 30<sup>th</sup> June 2021. The 10% reduction in revenue is attributable to reduced production of copper at Mopani Copper Mines PLC ("Mopani"), which accounts for circa 97% of the total revenue for the Group.
- The Group's share of profit of equity accounted investee companies was ZMW1.343 billion (US\$ 78.4 million) compared to June 2021 of ZMW1.475 billion (US\$ 65.6 million). The drop in share of profit by 9% is attributable to the appreciation of the Kwacha against the US Dollar. The Kwacha appreciated from the average of ZMW22.5/US\$ in the first half of 2021 to ZMW17.1 in 2022.
- Overall, the Group recorded a loss after tax of ZMW817.4 million compared to a profit of ZMW479.7 million in the six months period to 30<sup>th</sup> June 2021. This was mainly due to a significant loss recorded by a subsidiary, namely Mopani Copper Mines PLC, of ZMW2.1 billion (US\$70 million) in this period.
- The Group's total assets reduced to ZMW59.1 billion as of 30<sup>th</sup> June 2022 from ZMW72.8 billion as of 30<sup>th</sup> June 2021 due to the decrease in foreign denominated assets arising from the appreciation of the Zambian Kwacha during the period.

All financial results for ZCCM-IH's subsidiaries are combined line by line with ZCCM-IH separate financial statements as per IAS 27: Consolidated and Separate Financial Statements. Under this technique, all assets and liabilities of the subsidiary companies are added to the assets and liabilities of the ZCCM-IH separate financial statements. ZCCM-IH subsidiaries are listed under the sub-heading '*Structure of the ZCCM-IH Group*' above.

Mopani's performance is significant to the ZCCM-IH group financial results. During the period, Mopani contributed 97% and 258% of the group's reported revenue and loss for the year, respectively. In addition, Mopani accounted for 60% and 94% of the group total assets and liabilities, respectively.

### Company Performance

- The Company recorded a profit of ZMW1.2 billion (US\$ 70.8 million) compared to ZMW208.4 million (US\$ 9.3 million) recorded in the same period in 2021. This was mainly due to the increase in dividend received from investee companies from ZMW956.4 million recorded in the six months period to 30<sup>th</sup> June 2021 to ZMW1.248 billion (US\$ 72.9 million) recorded in the six months period to 30<sup>th</sup> June 2022, which includes a special dividend received from Kansanshi Mining PLC of ZMW769.8 million (US\$43.5 million).
- The Company's total assets increased from ZMW14 billion as of 30<sup>th</sup> June 2021 to ZMW25.8 billion as of 30<sup>th</sup> June 2022 due to the increase in fair value of investments in investee companies during the period.

## **2. KEY OPERATIONS AND STRATEGIC DEVELOPMENTS**

### **(I) Mopani Copper Mines PLC (“Mopani”)**

Shareholders are referred to the announcements by ZCCM-IH released on SENS on 21<sup>st</sup> December 2020, 8<sup>th</sup> January 2021, and 20<sup>th</sup> January 2021 regarding the acquisition of the 90% shareholding by ZCCM-IH in Mopani Copper Mines Plc (“Mopani”) (“the Transaction”). Refer to the said announcements for detailed transaction terms and conditions.

Post the approval on 31<sup>st</sup> March 2021 by ZCCM-IH's Shareholders, the key strategic need of Mopani remains the completion of the expansion projects which are estimated at US\$300 million for the Synclinorium Shaft (USD\$00 million), Mindola Shaft (US\$110 million), Henderson Shaft (US\$40 million), the new Nkana Concentrator (US\$5 million), and the Tailings Storage Facility (US\$45 million).

Mopani's copper production was 20,090 tonnes during the period. Copper production was restricted by the funding constraints. In addition, Mopani recorded negative retained earnings due to significant losses reported over the years and huge finance costs related to loans from Glencore group and is therefore unable to declare and pay dividends in the immediate future.

Going forward, key for Mopani will be the completion of the expansion projects which are estimated at US\$300 million, and once implemented production of finished copper cathode is expected to increase to 225,000 tonnes by 2026. Mopani will also have the capacity to hoist close to 9 million tonnes of copper ore in the long term.

In June 2022, ZCCM-IH announced the engagement of an international investment bank, Rothschild & Co., South Africa (Pty) Ltd (“Rothschild & Co.”) to assist the Company with the strategic review of Mopani to ensure its sustainability and continued development. Rothschild & Co is a leading global financial services group, with a history of over 200 years at the Centre of the world's financial markets. It is expected that this process will be concluded within a period of six (6) months from the date of contract award, with the ability to extend for a further 6-month period, considering progress to date and the closing provisions of any transaction agreements that have been signed.

The Board of ZCCM-IH will update the market on the results of this exercise in due course.

### **(II) Zambia Gold Company Limited (“ZGC” or “Zambia Gold”)**

As previously announced, effective 22<sup>nd</sup> October 2021, the mining and processing operations at Kasenseli Gold Mine (“Kasenseli Mine”) in Mwinilunga, North-Western Province were suspended following a ministerial directive from the Ministry of Mines and Minerals Development to suspend operations and address concerns relating to Kasenseli Mine's license conditions and safety regulations. The concerns raised by the Ministry mainly related to safety and security, amongst others. Zambia Gold has managed to address all key safety and security matters and the remaining concerns are matters that are expected to be attended to at the mine site.

On 31<sup>st</sup> May 2022, the Mines Safety Department lifted the suspension of mining and processing operations at Kasenseli Gold Mine in Mwinilunga, the Mining license and directed that full gold production and mining processing shall only commence upon fulfilment of the statutory obligation which included amongst others:



- Obtaining consent and social licenses for commencement of mining operations from traditional leadership;
- Installation of a storage facility for fuel on site, in line with the mining regulations of 2006; and
- Other safety, health, and environmental matters, among others.

The remaining said environmental matters are expected to be addressed once the mine re-starts its operations.

Zambia Gold is currently in engagements with key stakeholders to reach agreement and conclusion on matters which will lead to resumption of operations at Kansenseli Mine.

ZGC has not recorded any production of gold or sales during this period.

### **(III) ZCCM-IH group rationalization**

Shareholders will recall the previous Market Announcements of June 2021, in relation to the Group Restructuring and Reorganization Agreement (asset swap), pursuant to which the ZCCM-IH conditionally agreed to disposing off its entire shareholding holding in Investrust Bank PLC and Mushe Milling Limited of 74.1 % and 100% respectively, in exchange of the Industrial Development Corporation's ("IDC") equity stake of 25% in Kagem Mining Limited. As disclosed in the Announcements, the parties to the Group Restructuring and Reorganization Agreement, agreed that Completion shall take place once all stipulated conditions precedent were met. Following IDC's recent review of the proposed asset swap, it has been decided not to proceed with the transaction.

ZCCM-IH is currently undertaking a review of strategic options going forward for the affected assets.

### **(IV) Security and guarantee of US\$100 million KCM Trafigura Transaction**

In October 2021, the Company announced the pledge of US\$200 million worth of ZCCM-IH's shareholding in Kansanshi Mining PLC and execution of a corporate guarantee in favour of Trafigura as security for a US\$100 million prepayment transaction to KCM by Trafigura. The prepayment carries an interest rate of Libor plus 7% and is repayable by KCM through copper deliveries to Trafigura monthly for a period of 18 months with a 6-month moratorium.

In June 2022, Trafigura signed a Deed of Release in which the parties agreed to discharge the ZCCM-IH pledged US\$200 million worth of its shareholding in Kansanshi Mining PLC under this transaction. Therefore, only the ZCCM-IH corporate guarantee remains as the security under this facility.

### **(V) Zambia National Commercial Bank ("ZANCO") US\$10 million Corporate Guarantee**

After the year end, ZCCM Investments Holdings Plc, provided a Corporate Guarantee in favour of ZANACO amounting to US\$10 million on behalf of Konkola Copper Mines Plc ("KCM"). The guarantee is valid until 31<sup>st</sup> December 2022 and comprises:

- A US\$8 million Standby Letter of Credit (“SBLC”) by ZANACO Plc in favour of Trafigura, the suppliers of copper concentrates to KCM and buyers of the finished copper, and.
- A US\$2 million overdraft facility.
- Promissory note issued in favour of ZCCM-IH by Ministry of Finance and National Planning for the Corporate Guarantee.

**(VI) Reorganisation of Ndola Lime Company Limited (“NLC”) to Limestone Resources Limited**

Limestone Resources Limited (“LRL”) commenced operations on 1<sup>st</sup> September 2020, having acquired all NLC assets and licenses through a restructuring process. The company has nearly 29 million tonnes of limestone deposits and has three installed processing Kilns, the Rotary Kiln (“RK”), the Vertical Kiln 1 (“VK1”), and the Vertical Kiln 2 (“VK2”).

The RK has been decommissioned and is currently not operational. VK2 is the newest Kiln at LRL but has not been fully commissioned to reach nameplate production capacity. LRL management have recently modified VK2 to make it semi-automatic and be able to use coal as the firing system in place of an expensive Heavy Fuel Oil (HFO) which was being used in VK1.

ZCCM-IH continues to explore options related to the long-term funding needs of LRL to be able to secure its long-term future by carrying out major repairs across its mining and processing equipment. The process of engaging a Strategic Equity Partner for LRL to secure long term funding is still on going.

**(VII) Delayed publication of the ZCCM-IH group financial statements for 2021**

ZCCM-IH is yet to publish its financial statements for the year ended 31<sup>st</sup> December 2021. The hold up to issuance of the said financial statements has been occasioned by the delayed completion of the audit of the financial statements. The financial statements audit for the year 2021 awaits completion of fair valuation of assets and liabilities related to the acquisitions of 90% shares of Mopani as of 31<sup>st</sup> March 2021. The fair valuation exercise is in progress and ZCCM-IH anticipates completion before the end of the year and the audit will then be finalised upon completion of the said fair valuation and the audited financial statement issued thereafter.

**3. OUTLOOK**

The outlook for the group is positive due to several developments both in the mining and energy sectors. Key to note is the favourable pronouncements relating to the mining sector which has attracted fresh infusion of capital in both the mining and exploration projects by some of the investee companies such as Kansanshi Mining PLC and NFC Africa Mining PLC.

In the energy sector, the signing of the Bulk Supply Agreement (BSA) between Copperbelt Energy Corporation PLC (“CEC”) and Zambia Electricity Supply Corporation Limited (“ZESCO”) has brought certainty to the operations of CEC. Still in the energy sector, the willingness by ZESCO Limited to start honouring the

Power Supply Agreement (“PSA”) with Maamba Collieries Limited (“Maamba”) will improve the cashflows of Maamba and position it to start paying dividends to the shareholders in the medium to long term.



**By Order of the Board**

**Chabby Chabala**

**Company Secretary**

**Issued in Lusaka, Zambia on 1 November 2022**

## APPENDICES

### US DOLLAR ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	30 June 2022	30 June 2021
	USD'000	USD'000
<b>Revenue</b>	<b>435,472</b>	<b>368,606</b>
<b>Gross profit</b>	<b>639</b>	<b>37,686</b>
<b>Operating loss</b>	<b>(84,450)</b>	<b>(36,889)</b>
Net finance (cost)/income	(41,490)	(7,301)
Share of profit of equity accounted investees	78,384	65,641
<b>(Loss)/profit before tax</b>	<b>(47,556)</b>	<b>21,450</b>
Income tax	(140)	(111)
<b>(Loss)/profit for the period</b>	<b>(47,696)</b>	<b>21,339</b>
<b>Earnings per share (USD)</b>	<b>(0.30)</b>	<b>0.13</b>
<b>Basic and diluted earnings per share (USD)</b>	<b>(0.30)</b>	<b>0.13</b>

### US DOLLAR ABRIDGED SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	30 June 2022	30 June 2021
	USD'000	USD'000
<b>Revenue</b>	<b>72,915</b>	<b>5,390</b>
<b>Operating profit</b>	<b>68,507</b>	<b>1,174</b>
Net finance income	2,472	8,131
<b>Profit before tax</b>	<b>70,979</b>	<b>9,305</b>
Income tax	(131)	(33)
<b>Profit for the year</b>	<b>70,848</b>	<b>9,272</b>
<b>Earnings per share (USD)</b>	<b>0.44</b>	<b>0.06</b>
<b>Basic and diluted earnings per share (USD)</b>	<b>0.44</b>	<b>0.06</b>

**US DOLLAR ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE 2022**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Assets</b>		
Non-Current Asset	2,825,410	2,791,551
Current Assets	627,431	427,251
<b>Total Assets</b>	<b>3,452,841</b>	<b>3,218,802</b>
 <b>Equity and Liabilities</b>		
Shareholders' Funds	1,391,725	1,356,188
Non-Current Liabilities	1,615,346	1,627,039
Current Liabilities	445,770	235,575
<b>Total Equity and Liabilities</b>	<b>3,452,841</b>	<b>3,218,802</b>

**US DOLLAR ABRIDGED SEPARATE STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS  
PERIOD ENDED 30<sup>TH</sup> JUNE 2022**

	<b>30-June-22</b>	<b>30-June-21</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Assets</b>		
Non-Current Asset	1,346,586	667,887
Current Assets	163,279	76,167
<b>Total Assets</b>	<b>1,509,865</b>	<b>744,054</b>
 <b>Equity and Liabilities</b>		
Shareholders' Funds	1,118,276	569,963
Non-Current Liabilities	376,482	151,312
Current Liabilities	15,107	22,779
<b>Total Equity and Liabilities</b>	<b>1,509,865</b>	<b>744,054</b>