

SENS ANNOUNCEMENT

(the "Notice" or "Announcement")

ISSUER



ZCCM INVESTMENTS HOLDINGS PLC ("ZCCM-IH")

[Incorporated in the Republic of Zambia]

Company registration number: 119540000771

Share Code: ZCCM-IH
ISIN: ZM0000000037
Authorised by: Chabby Chabala – Company Secretary

SPONSOR



Stockbrokers Zambia Limited

[Founder Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

Contact Number: +260-211-232456
Website: www.sbz.com.zm

APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange ("LuSE")
- ii. the Securities and Exchange Commission ("SEC")
- iii. Stockbrokers Zambia Limited ("SBZ")

RISK WARNING

The Notice or 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: 28 December 2018



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 30th SEPTEMBER 2018

Introduction

In compliance with the requirements of the Securities Act No. 41 of 2016 and the Listing Rules of the Lusaka Securities Exchange, ZCCM Investments Holdings Plc (ZCCM-IH) announces the interim unaudited financial results of the Company and its Subsidiaries (collectively referred to as the Group) for the six months' period ended 30th September 2018.

Structure of the ZCCM-IH Group

The ZCCM-IH Group consist of the following five (5) companies:

- (I) ZCCM-IH (Parent Company)
- (II) Ndola Lime Company Limited (100% owned subsidiary)
- (III) Misenge Environmental and Technical Services Limited (100% owned subsidiary)
- (IV) Investrust Bank Plc (71.4% owned subsidiary)
- (V) Nkandabwe Coal Mine Limited (100% owned subsidiary)

The Group has the following interests in associated companies (i.e. interest of 20% and above):

(I)	Kariba Minerals Limited	50.00%
(II)	Maamba Collieries Limited	35.00%
(III)	Konkola Copper Mines Plc	20.60%
(IV)	Kansanshi Mining Plc	20.00%
(V)	Copperbelt Energy Corporation Plc	20.00%
(VI)	CEC Africa Investments Limited	20.00%
(VII)	Lubambe Copper Mine Plc	20.00%
(VIII)	CNMC Luanshya Copper Mines Plc	20.00%

Other interests of the Group are in the following companies:

(I)	NFC Africa Mining Plc	15.00%
(II)	Chibuluma Mines Plc	15.00%
(III)	Chambishi Metals Plc	10.00%
(IV)	Mopani Copper Mines Plc	10.00%
(V)	Nkana Alloy Smelting Company Limited	10.00%

Financial Performance

The Group recorded a turnover of K67.5 million for the six-month period ended 30th September 2018 which represents 80% over the turnover of K37.5 million reported during the six months to 30th September 2017. The increase is mostly on account of the consolidation of Investrust Bank following the Group's increase in the Bank's shareholding to 71.4%. The Group recorded an operating loss of K222 million (Sept 2017: loss K123 million) and received dividends of K44.8 million from Kansanshi Mining Plc (September 2017: Nil).

The Group's share of profit in associate companies was K437.5 million (September 2017: K227.3 million). The performance of the associate companies has continued to improve due to continued increase in demand for copper on the world market resulting in increased copper prices. Overall the Group recorded an after-tax profit of K510 million (September 2017: K87.8 million).

Operations and Strategic developments

Ndola Lime Company Limited

In September 2018, Two (2) former employees of Ndola Lime Company Limited (NLC) instituted proceedings in the High Court of Zambia to place NLC under supervision pursuant to the Corporate Insolvency Act No. 9 of 2017. By order of the Court dated 5th October 2018, the Official Receiver was appointed as Interim Business Administrator of NLC.

The application for the Business Rescue Proceedings will be heard in January 2019 at which all affected persons (including ZCCM-IH) will be heard.

Investrust Bank Plc

In April 2018, ZCCM-IH conducted a Mandatory Offer to purchase shares from all other minority shareholders in Investrust Bank Plc (Investrust) in accordance with Rule 56 of the Third Schedule of the Securities (Takeovers and Mergers) Rules, Statutory Instrument No 170 of 1993, issued pursuant to the Securities Act, Chapter 354 of the Laws of Zambia, now repealed and replaced by the Securities Act No 41 of 2016, (the "Securities Act").

The Mandatory Offer culminated into ZCCM-IH acquiring an additional 2,125,890 shares, representing a 26.0% shareholding in Investrust; ZCCM-IH effectively increased its shareholding from 45.4% to 71.4%.

Subsequent to increasing its shareholding in Investrust, ZCCM-IH has committed to recapitalise and drive strategic performance improvements of the Bank.

Cement Manufacturing Project

During the period under review, ZCCM-IH signed a Shareholders' Agreement with China Machinery Construction Group Limited (SinoConst) for the development of a cement plant to be located in Masaiti District in the Copperbelt Province of Zambia under the incorporated Special Purpose Vehicle, Central African Cement Limited. CBMI Construction Co., Limited (Sinoma) has been engaged as the Engineering, Procurement and Construction (EPC) Contractor for the project once it reaches financial close.

Tailings Reprocessing

In June 2018, ZCCM-IH and Horizon Mining Limited executed a Shareholders Agreement relating to the incorporated Joint Venture Company, Copper Tree Minerals Limited (Copper Tree), in which ZCCM-IH and Horizon Limited each have shareholdings of 15.58% and 84.42% respectively.

Copper Tree was established to reprocess material at Tailing Dams 25, 26 and 27 located in Kitwe.

Oil Exploration

ZCCM-IH obtained licenses for two oil blocks situated in the Western and Muchinga provinces of Zambia. In order to undertake exploratory works on these oil blocks ZCCM-IH entered into a partnership with Oranto Petroleum (Oranto), where ZCCM-IH farmed out a 90% participating interest on the oil blocks to Oranto and retained 10%. Under the partnership, Oranto will fully fund all exploratory activities and development works as well as provide technical support for the project.

Mushe Milling Limited

As part of ZCCM-IH's strategic intent to participate in the agriculture, agri-business or agro-processing [sub] sectors, ZCCM-IH began discussions regarding the potential acquisition of Mushe Milling Limited (Mushe), a maize milling company located in Lusaka. The opportunity to acquire Mushe has been assessed and discussions have reached an advanced stage with the terms and conditions of the transaction close to finalisation.

Real Estate/Property

During the period under review ZCCM-IH expressed interest to invest in the development and purchase of Leopards Square, a mixed commercial property with a unique tenant mix. The opportunity would allow for ZCCM-IH to invest into this property through the purchase into the capital structure of the property at pre-development stage and earn an enhanced return due to development profits/savings. This transaction is nearing finalization, upon completion of a Subscription Agreement and a Shareholders Agreement. ZCCM-IH also acquired Village Villas Complex in Roma area in Lusaka pursuant to its strategy in investment property.

Silica Sand Mining and Glass Manufacturing

During the period under review ZCCM-IH placed a formal offer to acquire the assets held by Kapiri Glass Manufacturing Company (2008) Limited (In Receivership), including the mining rights to the primary silica sand deposit in Kapiri Mposhi. However, the transaction has not been completed or finalised, as an injunction has been placed against to halt any further progression on the transaction due to legal action taken against the Kapiri Glass Manufacturing Company (2008) Limited (In Receivership).

Kariba Minerals Limited

Subsequent to the period under review, ZCCM-IH acquired an additional 50% shareholding in Kariba Minerals Limited from Gemfields Limited at a total consideration of US\$2.5 million. The completion of the transaction is subject to regulatory approvals. Going forward, ZCCM-IH will implement a robust strategic plan aimed at improving production, processing and marketing activities in order to increase profitability of the mine.

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	K'000 30-Sep-18	K'000 30-Sep-17
Revenue	67,522	37,647
Cost of sales	(36,250)	(44,449)
Gross profit /(loss)	31,272	(6,802)
Other income	26,415	5,301
Environmental expenses	-	(364)
Administration expenses	(280,160)	(121,479)
Operating loss	(222,473)	(123,344)
Finance costs	(41,304)	(100,391)
Finance income	437,712	86,729
Net finance income	396,408	(13,662)
Share of profit of equity accounted investees	437,516	227,349
Profit before tax	611,451	90,343
Income tax	(101,372)	(2,523)
Profit from continuing operations	510,079	87,820
Retained profit	510,079	87,820
EPS	3.17	0.55

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	K'000 30-Sep-18	K'000 30-Sep-17
Assets Employed		
Non-Current Asset	11,384,543	9,709,983
Current Assets	2,338,529	1,369,944
Total Assets	13,723,072	11,079,927
Equity and Liabilities		
Shareholders' Funds	11,194,363	9,833,950
Non-Current Liabilities	682,888	445,725
Current Liabilities	1,827,659	800,252
Non-controlling interests	18,162	-
Total Equity and Liabilities	13,723,072	11,079,927

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY
K'000

	Share capital	Share premium	Revaluation reserve	Translation reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
Balance at 1 April 2017	1,608	2,089,343	259,395	4,910,085	1,401,167	8,661,598	-	8,661,598
Total comprehensive income								
Profit for the period	-	-	-	-	87,820	87,820	-	87,820
Currency translation – equity accounted investees	-	-	-	1,084,532	-	1,084,532	-	1,084,532
Balance at 30 September 2017	1,608	2,089,343	259,395	5,994,617	1,488,987	9,833,950	-	9,833,950
Balance at 1 April 2018	1,608	2,089,343	246,987	4,823,365	1,779,043	8,940,346	-	8,940,346
Total comprehensive income								
Profit for the period	-	-	-	-	519,939	519,939	(9,860)	510,079
Acquisition of subsidiary							28,022	28,022
Deferred tax on revaluation reserve	-	-	(555)	-	-	(555)	-	(555)
Currency translation of equity accounted investees	-	-	-	1,687,163	-	1,687,163	-	1,687,163
Share of associates' OCI-	-	-	-	-	47,470	47,470	-	47,470
Balance at 30 September 2018	1,608	2,089,343	246,432	6,510,528	2,346,452	11,194,363	18,162	11,212,525

ABRIDGED GROUP STATEMENT OF CASH FLOWS

	30-Sept -2018 K'000	30-Sept-2017 K,000
Profit for the period	510,079	87,821
Cash generated from operating activities	261,598	6,833
Net cash from operating activities	107,009	(40,810)
Net cash used in investing activities	(92,000)	32,399
Net cash used in/ from financing activities	(27,047)	(26,164)
Net (decrease)/ increase in cash and cash equivalents	(12,038)	(34,575)
Cash and cash equivalents at 1 April	339,387	178,931
Cash and cash equivalents at 30 September	327,349	144,356

By Order of the Board

Chabby Chabala
Company Secretary

Issued in Lusaka, Zambia on Friday 28th December 2018

Lusaka Securities Exchange Sponsoring Broker	
 STOCKBROKERS ZAMBIA LIMITED	<p>T +260-211-232456 E advisory@sbz.com.zm W www.sbz.com.zm</p> <p>Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia</p>

First Issued on 28 December 2018