

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

ISSUER



ZCCM INVESTMENTS HOLDINGS PLC ("ZCCM-IH")

[Incorporated in the Republic of Zambia]

Company registration number: 771

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

SPONSOR



STOCKBROKERS ZAMBIA LIMITED

Stockbrokers Zambia Limited

[Founder Member of the Lusaka Securities Exchange]

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

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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: 1 October 2020



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["ZCCM-IH" or "the Company"]

DIRECTORS' UNAUDITED HALF YEAR FINANCIAL RESULTS FOR ZCCM INVESTMENTS HOLDINGS PLC AND ITS SUBSIDIARIES ("THE GROUP") FOR THE PERIOD ENDED 30TH JUNE 2020

INTRODUCTION

In compliance with the requirements of the Securities Act No. 21 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-month period ended 30th June 2020.

STRUCTURE OF THE ZCCM-IH GROUP

The ZCCM-IH Group consist of the following eight (8) companies:

Name	Shareholding
Ndola Lime Company Limited	100.00%
Kariba Minerals Limited	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	74.10%
Zambia Gold Limited	51.00%

The Company also has other interests in the undernoted companies:

Name	Shareholding
Rembrandt Properties	49.00%
Central African Cement Limited	49.00%
Consolidated Gold Company Limited	45.00%
Maamba Collieries Limited	35.00%
Konkola Copper Mines Plc	20.60%
Kansanshi Mining Plc	20.00%
Copperbelt Energy Corporation Plc	24.10%
CEC Africa Investments Limited	20.00%
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	15.00%

Copper Tree Mineral Limited	15.58%
Mopani Copper Mines Plc	10.00%
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

	30 June 2020 ZMW'000	30 Sept 2019 ZMW'000
Revenue	61,983	98,215
Gross profit	3,643	40,700
Operating loss	(163,365)	(165,112)
Net finance income	327,342	138,685
Share of profit of equity accounted investees	354,647	154,825
Profit before tax	518,624	128,398
Income tax	(54,450)	-
Loss from discontinued operations	(25,242)	-
Profit for the year	438,932	128,398
Earnings per share (ZMW)	2.73	0.80
Basic and diluted earnings per share (ZMW)	2.73	0.80

ABRIDGED SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	30 June 2020 ZMW'000	30 Sept 2019 ZMW'000
Revenue	15,922	122,536
Operating (loss)/profit	(84,843)	47,098
Net finance income	331,760	146,633
Profit before tax	246,917	193,731
Income tax	(53,680)	-
Profit for the year	193,237	193,731
Earnings per share (ZMW)	1.20	1.20
Basic and diluted earnings per share (ZMW)	1.20	1.20

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS ENDED 30TH JUNE 2020

	30-June-20	30-Sep-19
	ZMW'000	ZMW'000
Assets		
Non-Current Asset	17,681,116	13,011,789
Current Assets	2,581,012	1,507,353
Total Assets	20,262,128	14,519,142
Equity and Liabilities		
Shareholders' Funds	16,777,325	12,106,930
Non-Current Liabilities	366,022	627,332
Current Liabilities	3,118,781	1,784,880
Total Equity and Liabilities	20,262,128	14,519,142

ABRIDGED SEPARATE STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS ENDED 30TH JUNE 2020

	30-June-20	30-Sep-19
	ZMW'000	ZMW'000
Assets		
Non-Current Asset	11,807,148	10,465,755
Current Assets	912,849	1,126,399
Total Assets	12,719,997	11,592,154
Equity and Liabilities		
Shareholders' Funds	9,505,909	8,781,906
Non-Current Liabilities	2,838,236	2,425,145
Current Liabilities	375,852	385,103
Total Equity and Liabilities	12,719,997	11,592,154

ABRIDGED GROUP STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30TH JUNE 2020

	30-June-20 ZMW'000	30-Sep-19 ZMW'000
Net cash flow from operating activities	(184,381)	43,782
Net cash Inflow/(used) from investing activities	176,149	171,450
Net cash used in financing	-	(104,357)
Increase in cash and cash equivalents	(8,232)	110,875
Cash and cash equivalents at the beginning of the year	54,175	74,480
Cash and cash equivalents at the end of the period	45,943	185,355

ABRIDGED SEPARATE STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30TH JUNE 2020

	30-June-20 ZMW'000	30-Sep-19 ZMW'000
Net cash flow (used)/from operating activities	(120,423)	(138,425)
Net cash Inflow/(used) from investing activities	116,782	336,824
Net cash used in financing	-	(103,271)
Increase in cash and cash equivalents	(3,641)	95,128
Cash and cash equivalents at the beginning of the year	54,359	26,276
Cash and cash equivalents at the end of the year	50,718	121,404

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	30-June-20	30-Sep-19
	ZMW'000	ZMW'000
Balance at 1 January/April	12,983,636	11,124,784
Profit for the year	438,932	128,398
Other comprehensive income	3,407,822	853,748
Dividend payment	(53,065)	-
Balance at 30 June/Sept	16,777,325	12,106,930

ABRIDGED SEPERATE STATEMENT OF CHANGES IN EQUITY

	30-June-20	30-Sep-19
	ZMW'000	ZMW'000
Balance at 1 January/April	9,561,545	8,661,948
Profit for the year	193,237	193,731
Other comprehensive Loss	(195,808)	(73,773)
Dividend payment	(53,065)	-
Balance at 30 June/Sept	9,505,909	8,781,906

1. FINANCIAL PERFORMANCE HIGHLIGHTS

The Group reported a profit for the period of ZMW438.9 million (September 2019: ZMW128 million), mainly due to the following:

- Increase in net finance income from ZMW138.7 million recorded in September 2019 to ZMW327.3 million recorded in June 2020. The increase in finance income is due to exchange gains recorded on foreign denominated assets arising from the depreciation of the Zambian Kwacha from an average of ZMW13.9 per US Dollar as at 30 September 2019 to ZMW17.2 per US Dollar as at 30 June 2020.
- Increase in the Group's share of profit in associate companies from ZMW154.8 million recorded in September 2019 to ZMW 354.7 million in June 2020. This is mainly due to the increase in the profitability of some investee companies in the mining sector such as Maamba Collieries Limited and Kansanshi Mining Plc.

Group total assets increased by 40% to ZMW 20,262 million in June 2020 from ZMW14, 519 million in September 2019. This is mainly attributed to increase in values of investments in associates as a result of improved performance of Kansanshi Mining Plc, Maamba Collieries Limited and exchange gains arising from translation of US Dollar denominated investments.

2. KEY OPERATIONS AND STRATEGIC DEVELOPMENTS

Zambia Gold Company

During the period, Zambia Gold Company Limited ("ZGCL"), 51% owned by ZCCM-IH and 49% owned by Ministry of Finance, was granted Small-Scale Mining in the Mwinilunga District. Exploration and mining works are underway. This is in line with its countrywide mandate to manage the programmes and the activities of the gold sector throughout the entire value chain.

ZGCL also continued gold trading during the period with gold purchases extended to the Rufunsa District. Further, ZGCL has been working with artisanal miners in the forming and operationalization of gold artisanal mining cooperatives in various districts.

Ndola Lime Company Ltd Restructuring

The restructuring of Ndola Lime Company Limited ("NLC") commenced. The restructuring was done through a hybrid of Out of Court Settlement and formal insolvency procedures. In this regard, it was decided that a Scheme of Arrangement ("the Scheme") and reconstruction of creditors be undertaken.

The objective of the Scheme was to create a new company that was free from liabilities and able to operate more efficiently. Therefore, the new company was incorporated and is known as Limestone Resources Limited ("LRL"). Furthermore, the restructuring involved the transfer of the business and assets of NLC to LRL and the consequent issue of equity shares by LRL to the shareholders of NLC.

Maamba Collieries Limited

On 25 March 2019, ZCCM Investments Holdings Plc provided short-term liquidity support amounting to \$10 million to Maamba Collieries Limited (MCL) on condition that the amount was payable within 60 days from disbursement, following the receipt of power sale proceeds from ZESCO.

However, despite the agreed conditions, MCL has still not repaid the advanced sum and as a result of this, ZCCM Investments Holdings Plc instituted legal proceedings against MCL (during the period under review) in the Lusaka High Court seeking the payment of the US\$10 million plus damages and interest.

Industrial Development Corporation Ltd Group (IDC) Reorganization Transaction

During the period, the Board of ZCCM-IH considered and approved the proposed IDC/ZCCM-IH Group reorganization exercise whereby:

- i) IDC transfers its 25% equity stake in Kagem Mining Limited, at fair market value, to ZCCM IH;
- ii) ZCCM-IH transfers its 71.4% equity stake in Investrust Bank PLC, at fair market value to IDC; and
- iii) ZCCM-IH transfers its 100% stake in Mushe Milling Limited to IDC at fair market value. These 3 corporate actions listed above will be undertaken simultaneously as a corporate group reorganization exercise involving IDC and ZCCM-IH and constitute the proposed Group Portfolio Rationalization and Reorganization (or the "Group Reorganization").

The Group reorganization objective is to achieve optimisation of operations and unlock opportunities for synergy within the IDC /ZCCM-IH Group. The Proposed Group Reorganization will enhance and improve operational efficiency and performance of ZCCM-IH, by realigning and streamlining management oversight on its investments portfolio to support and sustain Company growth and unlock value for its shareholders going forward.

The proposed Group Reorganization is subject to approval by shareholders of ZCCM-IH via a general meeting and the statutory regulatory authorities. The Group Reorganisation is expected to be finalized by 31 December 2020.

CEC Africa Investments Limited

Subsequent to the period under review, ZCCM-IH disposed of its 20% shareholding in CEC Africa Investments Limited. Proceeds from the disposal shall be applied on other opportunities in the mining and other mining related sectors of the domestic economy.

3. OUTLOOK

Copper prices are expected to increase steadily on the back of solid recovery in demand from China, the largest Copper consumer. In addition, low copper inventories in exchange warehouses, disrupted ore supplies from the top producing region in South America due to the COVID-19 pandemic and US Dollar strengthening are contributing to the bullish outlook for Copper.

By Order of the Board

Chabby Chabala
Company Secretary

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Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia

Issued 1 October 2020

APPENDICES

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

	30-Jun-20 USD'000	30-Sep-19 USD'000
Revenue	3,370	7,536
Gross profit	198	3,123
Operating loss	(8,881)	(12,670)
Net finance income	17,796	10,642
Share of profit of equity accounted investees	19,281	11,880
Profit before tax	28,195	9,852
Income tax	(2,960)	-
Loss from discontinued operations	(1,372)	-
Profit for the year	23,863	9,852
Earnings per share (USD)	0.15	0.06
Basic and diluted earnings per share (USD)	0.15	0.06

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

	30-Jun-20 USD'000	30-Sep-19 USD'000
Revenue	866	9,403
Operating (loss)/profit	(4,613)	3,614
Net finance income	18,036	11,252
Profit before tax	13,424	14,866
Income tax	(2,918)	-
Profit for the year	10,505	14,866
Earnings per share (USD)	0.07	0.09
Basic and diluted earnings per share (USD)	0.07	0.09

US DOLLAR ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS ENDED 30TH JUNE 2020

	30-Jun-20	30-Sep-19
	USD'000	USD'000
Assets		
Non-Current Asset	972,359	985,406
Current Assets	85,733	114,154
Total Assets	1,058,091	1,099,560
Equity and Liabilities		
Shareholders' Funds	890,126	916,879
Non-Current Liabilities	28,665	47,509
Current Liabilities	139,301	135,172
Total Equity and Liabilities	1,058,091	1,099,560

US DOLLAR ABRIDGED SEPERATE STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS END 30TH June 2020

	30-Jun-20	30-Sep-19
	USD'000	USD'000
Assets		
Non-Current Asset	649,048	792,590
Current Assets	50,180	85,304
Total Assets	<u>699,227</u>	<u>877,894</u>
Equity and Liabilities		
Shareholders' Funds	522,547	665,069
Non-Current Liabilities	156,020	183,660
Current Liabilities	20,661	29,165
Total Equity and Liabilities	<u>699,227</u>	<u>877,894</u>

