

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

[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: 10 January 2018



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

DIRECTORS' HALF YEARLY INTERIM SUMMARY FOR THE SIX MONTHS PERIOD ENDED 30th SEPTEMBER 2017

Introduction

In compliance with the requirements of the "Securities Act, Cap 354 of the Laws of Zambia" and the Listing Rules of the Lusaka Securities Exchange, ZCCM Investments Holdings Plc (ZCCM-IH) announces the unaudited results for the six months' period ended 30th September 2017.

Structure of the ZCCM-IH Group

The ZCCM-IH Group consist of the following three (3) companies:

- i) ZCCM-IH (Parent Company)
- ii) Ndola Lime Company Limited (100% owned subsidiary)
- iii) Misenge Environmental and Technical Services 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) Investrust Bank Plc	45.40%
iii) Maamba Collieries Limited	35.00%
iv) Konkola Copper Mines Plc	20.60%
v) Kansanshi Mining Plc	20.00%
vi) Copperbelt Energy Corporation Plc	20.00%
vii) CEC Africa Investments Limited	20.00%
viii) Lubambe Copper Mine Plc	20.00%
ix) CNMC Luanshya Copper Mines Plc	20.00%

Financial Performance

The Group recorded a turnover of K37.7 million for the six-month period ended 30th September 2017 which was 42% below the turnover of K65.5 million reported during the six months to 30th September 2016. The lower Group turnover was mainly as a result of a decrease in turnover for Ndola Lime Company Limited by 41% from K62.5 million to K36.7 million for the period under review. The Group recorded an operating loss of K123 million (Sept 2016: loss K65.1 million) No Dividends were earned for the period ended 30th September 2017 (September 2016: Nil).

The Group's share of profit in associate companies was K227.3 million (September 2016:K58.6 million). The performance of the associate companies improved on account of improved Copper prices. The price of Copper rose from US\$4,790 per ton as at 30th September 2016 to US\$6,482 per ton at 30th September 2017 representing a 35% increase. Overall the Group recorded an after tax profit of K87.8 million (September 2016: loss K134.7 million).

Operations and Strategic developments

(I) Proposed Joint Venture for setting up of a Cement Manufacturing Company

As part of ZCCM-IH's strategy to diversify its portfolio, the Company is progressing towards finalizing a Joint Venture partnership which will culminate into setting up of a Cement Manufacturing Company.

ZCCM-IH intends to hold 35% of the shares while its Chinese Partner will have 65%. The planned production capacity of the Plant will be 5000 tonnes per day of Clinker with a 50 MW Thermal Power Plant. Furthermore, the proposed plant will be installed with a waste heat recovery system which will add another 7.5 MW of power. It is expected that the Plant will take 3 years to construct and employ over 1000 people during construction. Once completed, the plant is expected to employ about 400 people.

Commencement of construction is conditional upon financial closure.

(II) Disposal of ARM & Vale's indirect interest in Lubambe Copper Mine Ltd (Lubambe)

African Rainbow Minerals (ARM) and Vale International SA (Vale) concluded an agreement to dispose ARM and Vale's combined 80% beneficial interest in Lubambe to EMR Capital Limited (EMR). The 80% beneficial interest in Lubambe, which is held in equal shares by ARM and Vale included the equity holding in Lubambe as well as loans to Lubambe. Lubambe is owned 40% by ARM and 40% by VALE, both as beneficial owners and 20% by ZCCM-IH.

The purchase consideration for the Disposal is US\$97.1 million and will be settled in cash. The final amount receivable is subject to, amongst others, the following adjustments which will be finalised on completion of the Disposal:

- Settlement of Lubambe general banking facility; and
- Additional funding provided to Lubambe by ARM and Vale between 1 May 2017 and the completion date.

Completion of the Disposal is subject to the fulfilment of agreed conditions precedent and regulatory approvals.

EMR is a specialist resources private equity management firm with a proven investment track record spanning over 20 years. It manages investments of more than US\$2 billion. EMR will provide additional funding to improve mining operations at Lubambe.

(III) Mandatory Offer to Investtrust Shareholders

In February 2016, ZCCM undertook to subscribe for all shares not subscribed for by other Investtrust Bank Plc (Investtrust) shareholders in the Investtrust Rights Offer. This resulted in an increase in ZCCM-IH's shareholding in Investtrust from 10% to 45.4%. As a result, ZCCM-IH was required to proceed with a Mandatory Offer to all other shareholders in Investtrust 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.

The process is expected to be concluded by end of March 2018.

**CONSOLIDATED GROUP INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017
(UNAUDITED)**

	K'000	
	30-Sep-17	30-Sep-16
Revenue	37,647	65,470
Cost of sales	<u>(44,449)</u>	<u>(50,547)</u>
Gross profit	(6,802)	14,922
Other income	5,301	4,803
Environmental expenses	(364)	(66)
Administration expenses	<u>(121,479)</u>	<u>(84,734)</u>
Operating profit/(Loss)	<u>(123,344)</u>	<u>(65,076)</u>
Finance costs	(100,391)	(101,567)
Finance income	86,729	28,036
Net finance income	<u>(13,662)</u>	<u>(73,531)</u>
Share of profit/(loss) of equity accounted investees	227,349	58,626
Profit/(Loss)before tax	90,343	(79,981)
Income tax	<u>(2,523)</u>	<u>(54,737)</u>
Profit/(Loss) After Tax	<u>87,821</u>	<u>(134,717)</u>
EPS	<u>0.55</u>	<u>(0.84)</u>

CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS ENDED 30th SEPTEMBER 2017 (UNAUDITED)

	K'000	
	30-Sep-17	30-Sep-16
Assets Employed		
Non-Current Asset	9,709,983	9,694,731
Current Assets	1,369,944	781,642
Total Assets	<u>11,079,927</u>	<u>10,476,373</u>
Equity and Liabilities		
Shareholders' Funds	9,833,950	8,889,391
Non-Current Liabilities	445,725	710,838
Current Liabilities	800,252	876,144
Total Equity and Liabilities	<u>11,079,927</u>	<u>10,476,373</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017 (UNAUDITED)

	K'000					
	Share capital	Share premium	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance at 1 April 2016	1,608	2,089,343	260,015	5,828,379	146,883	8,326,228
Total comprehensive income						
Loss for the year	-	-	-	-	1,253,860	1,253,860
Currency translation – equity accounted	-	-	-	(998,561)	-	(998,561)
Revaluation surplus on PPE, net of tax	-	-	-	-	-	-
Amortisation of revaluation surplus	-	-	(726)	-	726	-
Actuarial loss on defined benefit, net of tax	-	-	-	-	(302)	(302)
Share of associates' OCI	-	-	106	80,267	-	80,373
Balance at 31 March 2017	1,608	2,089,343	259,395	4,910,085	1,401,167	8,661,598
Balance at 1 April 2017	1,608	2,089,343	259,395	4,910,085	1,401,167	8,661,598
Total comprehensive income						
Profit	-	-	-	-	87,821	87,821
Currency translation – equity accounted	-	-	-	1,084,532	-	1,084,532
Balance at 30 September 2017	1,608	2,089,343		5,994,617	1,488,988	9,833,950

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017
(UNAUDITED)**

	K'000	
	Sep-17	Sep-16
Cash flows from operating activities		
(Loss)/ Profit	87,821	(134,717)
Cash generated from operating activities	56,833	68,794
Net cash from operating activities	(40,810)	59,100
Cash flows from investing activities		
Net cash used in investing activities	32,399	46,509
Cash flows from financing activities		
Net cash used in/ from financing activities	(26,163)	(24,855)
Net (decrease)/ increase in cash and cash equivalents	(34,575)	80,754
Cash and cash equivalents at 1 April	178,931	35,582
Cash and cash equivalents at 30 September	<u>144,356</u>	<u>116,336</u>

By Order of the Board

Chabby Chabala

Company Secretary

Issued in Lusaka, Zambia on 10 January 2018

Lusaka Securities Exchange Sponsoring Broker	
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