Grant Thornton

Industrial Development Corporation Limited

Consolidated Annual Report
31 December 2024

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2024

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INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

The Directors submit their report together with the audited annual financial statements for the year ended 31 December 2024, which disclose the state of affairs and performance of Industrial Development Corporation Limited (the "Company"or "IDC") and its subsidiaries (together "the Group").

1. **Principal Activities**
The Company is an investment holding company for the State-Owned Enterprise's (SOE) and is wholly owned by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia. The Company's mandate is to play a catalytic role in deepening and supporting Zambia's industrialization capacity to support job creation and domestic wealth formation across key economic sectors. The Company plays its role through co-investing alongside private sector investors. Simultaneously, the Company serves as an investment holding company for previously state-owned enterprises and acquisition of new investments in priority sectors. Sources of financing and revenue include dividend income, equity disposals, bank borrowings and debt issuance in the capital market. Profits generated by the company are reinvested to fund new projects or advanced as shareholder loans to its subsidiaries and paid out to its shareholder, the Minister of Finance, as dividends.

2. **Share Capital and Beneficial Ownership Information**
The authorised share capital of the Company is K1,500 million (2023: K1,500 million) comprising 1,500,000,000 (2023:1,500,000,000) ordinary shares at a par value of K1.00 (2023: K1.00) each. The issued and fully paid-up share capital remained at K1,500 million (2023: K1,500 million) comprising 1,500,000,000 (1,500,000,000) ordinary shares at a par value of K1.00 (2023: K1.00) each.

The Company shareholding is represented as follows:

Name of shareholder	Percentage of shareholding
Ministry of Finance and National Planning	99%
Minister of Finance and National Planning	1%

3. **Shareholding in Investee Companies**
The portfolio of subsidiaries and investee companies is across a diverse range of sectors. These subsidiaries are guided and managed by their respective boards with the Group providing strategic oversight.

Energy and resources	ZESCO Limited (100%)
	ZCCM- IH PLC (60.28%)
	ZAFFICO (62.88%)
	Indeni Energy Company Limited (100%)
	Kagem Mining Limited (25%)
	Zampalm Limited (90%)
	Ngonye Power Limited (20%)
	Bangweulu Solar PV Plant Limited (20%)

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

3. **Shareholding in Investee Companies (continued)**

Financial services	ZSIC Life Insurance PLC (100%) ZSIC General Insurance Limited (100%) Indo Zambia Bank Limited (40%) ZANACO PLC (25%) Zambia Industrial Commercial Bank (30.21%) Zambia Reinsurance PLC (28.17%) Zepre Limited (0.57%)
Industrial markets	Kawambwa Tea Industrial Limited (100%) Nitrogen Chemicals of Zambia (100%) Zambia China Mulungushi Textiles Zambia Limited (33%) Marcopolo Tiles Company Limited (22.60%) Agro-Luswishi Limited (100%) Pelidic Zambia Limited (100%) Chitambo Cassava Processing Plant (70%)
Telecommunications and media	ZAMTEL Zambia Limited (100%) Times Printpak (Z) Limited (100%) Zambia Printing Company Limited (100%) Zambia Daily Mail Limited (100%) Infratel Zambia Limited (100%)
Tourism, real estate and others	Mulungushi Village Complex Limited (100%) Mulungushi International Conference Centre Limited (100%) NIEC Business School Trust (100%) Zambia International Trade Fair (100%) Mukuba Hotel Limited (100%) Lusaka Trust Hospital Limited (45%) Lusaka South Multi Facility Economic Zone Limited (100%)
Transport and logistics	Zambia Railways Limited (100%) Zambia Airways Limited (55%) Engineering Services Corporation Limited (100%) Mpulungu Harbour Corporation Limited (100%) Zamcargo Logistics Limited (100%)

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

4. **Significant Events During the Year**

In line with its mandate to drive industrialisation and support value addition in the agricultural sector, the Industrial Development Corporation (IDC) successfully commissioned the Chitambo Cassava Processing Plant, Zambia's first cassava processing facility, during the year under review. Owned 70% by IDC and 30% by the Chitambo District Cooperative Union, the facility is strategically positioned to commercialize cassava production and strengthen the cassava value chain by providing a reliable off-take market for smallholder farmers, thereby enhancing rural livelihoods.

The plant is fully functional, with all products having been certified by the Zambia Bureau of Standards (ZABS). The plant will contribute to import substitution, job creation, and inclusive economic growth, while fostering rural industrialisation

5. **Financial Results**

The financial results for the year under review are as reported in the consolidated financial statements set out on pages 19 to 124 are summarised below:

	2024	**2023**
In thousands of Zambian Kwacha		
Revenue	40,454,912	45,006,099
Profit/(loss) before taxation	39,867,734	(36,788,936)
Tax expense	(1,479,830)	(5,466,542)
Profit/(loss) for the year	38,387,904	(42,255,478)

The Directors have not declared a dividend (2023: nil) nor was any dividend paid during the year (2023: nil).

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

6. **Directors and Remuneration**
The Directors who held office during the year and at the date of this report are as follows:

Name of Director	Sector	Position
His Excellency Mr. Hakainde Hichilema	President of the Republic of Zambia	Chairman
Honourable Dr Musokotwane Situmbeko	Minister of Finance	Non - Executive Director
Honourable Chipoka Mulenga	Minister of Commerce, Trade & Industry	Non - Executive Director
Honourable Reuben Phiri	Minister of Agriculture	Non - Executive Director
Mr. Felix Nkulukusa	Secretary to the Treasury	Non - Executive Director
Mr. John Mulongoti	Permanent Secretary, Ministry of Commerce, Trade and Industry	Non - Executive Director
Mr. Edson M Hamakowa	Farmer and freelance Consultant	Non - Executive Director
Mr. Windu C Matoka	Entrepreneurship and Business Development Coach	Non - Executive Director
Mrs. Beatrice Nkanza	Entrepreneur and Performance Coach	Non - Executive Director
Ms Lynda Mataka	Legal Practitioner	Non - Executive Director
Mr Cornwell Muleya	Industrial Development Corporation Ltd (Appointed 11.10.23)	Executive Director

During the year, the total Directors remuneration was K1.21 million (2023: K1.27 million) for services rendered by Directors.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

7. **Property, Plant and Equipment**
During the year, the Group purchased property, plant and equipment amounting to K9.16 billion (2023: K5.85 billion). In the opinion of the Directors, the carrying value of property, plant and equipment is not more than their recoverable value.

8. **Health, Safety and Environment Issues**
The Group recognizes its responsibility regarding occupational health, safety and welfare of its employees and has put in place measures to safeguard them. Further, IDC is a signatory to Environmental and Social Action Plans ("ESAPs"), which requires the investors to meet both local as well as international standards relating to the environment.

9. **Social Responsibility**
The Group is committed to supporting various activities and groups across Zambia in line with its overall mandate of promoting, supporting, and facilitating job creation.

10. **Human Resources**
The total remuneration for employees during the year amounted to K3.76 billion (2023: K5.61 billion) and the average number of employees was as follows:

Month	Number of employees	Month	Number of employees
January	12,386	July	12,353
February	12,265	August	12,298
March	12,319	September	12,226
April	12,295	October	12,466
May	12,363	November	12,482
June	12,286	December	12,711

11. **Interests Register Information**
During the year, the Group officers (Directors, company secretary or executive officers of the Group) did not declare any interest in the Group transactions and business (2023: nil).

The interests register, as required by the Companies Act, 2017 of Zambia, that should contain particulars of the interests declared, is available for inspection at the Company's registered office.

12. **Gifts and Donations**
During the year the Group made donations of K18.05 million (2023: K29.86 million) to various charitable and sporting events.

13. **Research and Development**
The Group did not incur any costs on research and development during the year (2023 nil).

14. **Exports**
During the year, the Group exported K7.2 billion (2023: K8.25 billion) worth of goods to Zimbabwe, Botswana, Namibia, South Africa, DRC, Malawi, and other countries.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

15. **Going Concern**
As at 31 December 2024, the Group's current liabilities exceeded its current assets by K44.96 billion (2023: K78.59 billion). As at the reporting date, the total borrowings amounted to K65.27 billion (2023: K55.92 billion) on which some of the loan covenants were breached. Subsequent to the year end, the Group, was in a net current liability deficit which is largely impacted by the value of ZESCO and Zamtel's trade payables.

For the Group, management has implemented several strategies aimed at optimising revenue and expenditure, and these are expected to significantly improve the financial position. Some of the key strategies implemented by the Directors include the following:

- Debt structuring and refinancing of existing loans with lower rates to reduce the finance costs and repayments.
- Reassessment of investments made over the years to identify non-profitable ventures for possible disinvestments.

The shareholder is undertaking an extensive business review and is expected to influence key decisions that will support sustainability of the business. Once the exercise is complete, the Group will be repositioned to deliver positive financial performance and maximise value for the shareholders.

i) **ZESCO Limited**
ZESCO is a significant subsidiary within the IDC group. In conducting the going concern assessment, the Directors took into consideration the following:

The subsidiary's current liabilities as at 31 December 2024 of K62 billion (2023: K50 billion) exceeded the current assets of K13 billion (2023: K10 billion) by K49 billion (2023: K40 billion).

The increase in current liabilities by 24% to K62 billion from K50 billion in 2023 was mainly due to adverse exchange movement which affected trade payables revaluation.

Current liabilities as at 30 June 2025 of K97.92 billion exceeded the current assets of K43.77 billion by K54.15 billion.

Operating performance
The subsidiary recorded a decline in generation towards the end of 2023 owing to low water levels at Kariba Dam resulting from the severe drought. The reduced generation abilities continued to impact the subsidiary's performance in 2024. As part of its 10 year strategic plan to invest in renewable energy projects in response to the drought induced energy crisis, the subsidiary commenced development of the 100MWp solar PV plant in Chisamba which has since been completed and commissioned in quarter two (2) of 2025.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

15. **Going Concern (continued)**

i) **ZESCO Limited (continued)**

Measures to address net current liability position

The Directors have continued to implement the 10-year strategic plan with key focus on financial sustainability. Some of the initiatives the Directors are implementing to actualize its strategic objectives include;

a) ***Debt Restructuring***

The long-term debt stands at about K57.4 billion (US$2.1 billion), borrowed for capital infrastructure investment. Outlined below is the debt position per category and associated strategy:

- *Loans guaranteed by the Government of the Republic of Zambia*

  The subsidiary has reached an advanced stage in engagements with the Government of the Republic of Zambia (GRZ) through the Ministry of Finance and National Planning (MoFNP) to convert Government guaranteed and on-lent concessional loans amounting to US$371.5 million to equity. Once concluded, the conversion is expected to reduce gearing levels and improve equity.

- *Commercial loans*

  The subsidiary is targeting early redemption on some loans and is in the process of re-negotiating the terms of the existing expensive long-term debt under the commercial loans category. The process of engagement with various lenders is still on going. The strategy includes engagement of individual lenders with a view to restructure the existing debt by reviewing the repayment terms and interest rates and possible deferment of the repayment of loans as they fall due.

b) ***IPPs Tariff Re-negotiations***

The IPPs tariff re-negotiations were concluded with Maamba Collieries and Itezhi Tezhi Power Corporation Limited. This will improve the liquidity and reduce the cost of power from IPPs and subsequently improve financial performance.

c) ***Revenue Enhancement.***

Migration to cost reflective tariffs for domestic customers will be attained by 2027 through multiyear tariff increases which the Energy Regulation Board awarded the subsidiary.

The subsidiary also finalized the Bulk Supply Agreement (BSA) with Copperbelt Energy Corporation PLC. This development will result in stable business relations with Copperbelt based customers.

The subsidiary has continued to engage GRZ on debt swap negotiations concerning outstanding amounts owed to it by GRZ in domestic electricity bills.

15. **Going Concern (continued)**

ii) **Zambia Telecommunications Company Limited**

The subsidiary made a profit of K1.48 million (2023: K606 million loss) for the year ended 31 December 2024. The subsidiary's current liabilities exceeded its current assets by K1.9 billion (2023: K3 billion) and as at that date, the subsidiary had shareholder surplus of K539 million (2023: K1.9 billion deficit).

Debt Restructuring

Management is working on restructuring the foreign currency denominated debt to mitigate foreign exchange exposure arising from the depreciation of the local currency and improve its financial position. To date, the subsidiary has managed to negotiate a conditional debt discount of US$15 million out of US$30 million owed to ZTE. In addition, the business managed to get a debt settlement discount of US$62,000 from NEC. Other interventions being pursued include:

- A claim for reimbursement of costs amounting to K1.23 billion incurred by the subsidiary in maintaining GRZ rural social sites was reimbursed by the Ministry of Finance.

- The subsidiary has engaged the Treasury for Debt-to-Equity Conversion of Government Guaranteed Debt amounting to US$22 million.

- Debt for asset swaps – Specific assets have been transferred to Infratel leading into a reduction of debt. The assets transferred include Zamtel House, Chelstone Exchange and Kafue Exchange worth K162 million.

- The subsidiary has restructured payment plans with Huawei to free up working capital. In this regard, the subsidiary has a debt dismantling agreement with Huawei under which the Ministry of Technology and Science has committed to pay US$7.1 million to Huawei on behalf of the subsidiary. To date, the Treasury has released US$4 million towards dismantling of debt owed to Huawei leaving the balance of US$3.1 million to be settled in future.

Directors' overall assessment on Going Concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. However, in the event that the Group and its subsidiaries do not receive the financial support from the Government and does not meet the turnaround strategy, a material uncertainty exists which may cast doubt about the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

16. **Group Auditor and Remuneration**

The Auditors, Grant Thornton, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the next annual general meeting.

The Auditor's remuneration for the year was K3.42 million (2023: K3.08 million) as regards audit services rendered to the Group.

Signed on behalf of the Board of Directors

Dr. Windu Matoka
Director

Mr. Cornwell Muleya
Director

Date: 27 November 2025

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group. The Directors are further required to ensure the Group adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards and the requirements of the Companies Act, 2017 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of annual financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 19 to 124 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII Sections 82 to 122 of the Companies Act, 2017 of Zambia.

As set out in Note 2.1 (b) of the accompanying financial statements, the Group made a profit of K38.39 billion (2023: a loss of K42.25 billion) for the year ended 31 December 2024 and, as of that date, the Group 's current liabilities exceed its current assets by K44.96 billion (2023: K78.59 billion). These conditions raise significant doubt over the Group's ability to continue as a going concern.

The Shareholder is undertaking an extensive Business review, and this is expected to influence key decisions that will support sustainability of the Business. Once the exercise is completed, the Group will be repositioned to deliver positive financial performance and maximize value for the shareholder. Refer to note 15 in the Directors' report for details on the key strategies implemented by the Directors.

Based on the above developments and available information including the Group's strategic plans the Directors are of the opinion that the Group will continue as a going concern for at least twelve months from the date of these financial statements and have therefore prepared the financial statements on a going concern basis.

Signed on behalf of the Board of Directors

Dr Windu Matoka
Director

Mr. Cornwell Muleya
Director

Date: 27 November 2025

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the financial statements of Industrial Development Corporation Limited (The Company) and its subsidiaries (The group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of Industrial Development Corporation Limited as at 31 December 2024, and of its consolidated financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) the (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained was sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Material uncertainty related to going concern
We draw attention to note 2.1 (b) in the financial statements which indicates that the Group's current liabilities exceeded its current assets by K44.96 billion (2023: K78.59 billion). At the reporting date, the total borrowing amounted to K65.5 billion (2023: K55.92 billion). These conditions indicate the existence of material uncertainty which may cast doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Long service retirement benefit The Group operates an unfunded long-term retirement benefit plan. Under the terms of employment, qualifying employees are entitled to post-employment benefits. The benefits are defined benefit in nature based on the member's length of service and their salary at the earlier of retirement or death or termination from employment, (the Employer) meets benefit costs as they fall due. The Group used an independent actuary to value the long-term service retirement benefits. The assumptions that underpin the valuation of the defined benefit pension assets and liabilities are important, and also subjective, judgements as to the surplus/deficit balance is volatile and affects the Group's retained earnings. Uncertainty arises as a result of estimates made based on the Group's expectations about long-term trends and market conditions. As a result, the actual surplus or deficit realized by the Group may be significantly different to that recognized on the statement of financial position since small changes to the assumptions used in the calculation materially affect the valuation. Key assumptions that are involved in the calculation of the defined benefit obligation as per note 32 to the financial statements are: • Discount rate; and • Expected rate of salary increment.	In considering the actuarial valuation of pension obligations, we performed the following procedures: • Obtained the actuarial report based on 31 December 2024 numbers. • Reviewed the valuation in relation to IAS 19 requirements. • Reviewed key inputs used within the report as well as challenged key assumptions made. • Performed a retrospective review to assess obligation for reasonableness. • Compared the discount rates used to Government Bond yield rates available with the Bank of Zambia. • We reviewed the level of salary increment considered by the Group for 2024 and projections for the future.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Key audit matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
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Valuation of investments in associates

The Group recognizes its investment in associates at Fair Value Through Other Comprehensive Income (FVTOCI). Investments in associates amounted to K28.7 billion at 31 December 2024. This balance is significant to the financial statements.

Management utilized a valuation expert to determine the fair value of its investments.

Management exercises significant judgement and applies assumptions when determining key valuation inputs utilized to value its level 2 and 3 investments.

Investments in associates are measured at fair value and are classified as either level 1, 2 or 3 in accordance with IFRS 13, fair value measurement (IFRS 13) based on the inputs used in the valuation.

The key inputs and assumptions involving significant estimation and judgement and having the most significant impact on the fair value of the investments is the:

- Valuation technique used.
- Weighted average cost of capital.
- Liquidity discount.
- Control premium for investments in subsidiaries.
- Minority discount for investments in associates.
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (projected cash flows).
- Comparable companies where market multiples valuation technique was used.

This was an area of focus and is considered a key audit matter due to the size of the investments and the significant complexity, estimation and judgement applied by management in the valuation of investments.

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With the assistance of our internal valuation specialists:

- We assessed the competence, independence and experience of management's expert by inspecting their qualifications and experience obtained in carrying out valuations of a similar nature.
- We challenged the valuation technique employed by management's appointed expert, including verifying reasonableness of the weighted average cost of capital, liquidity discounts, control premiums and minority discounts used by comparing them to external data.
- We challenged the Earnings before Interest Tax Depreciation Amortisation (EBITDA) projections used in the computation by comparing the values used to actual results.
- We assessed comparability of companies used where the multiples valuation technique was utilized by verifying that industry risk profiles were similar.
- We assessed the adequacy of the disclosures in the financial statements related to the valuation of investments in accordance with IFRS 13, "fair value measurement."

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
Measurement of financial assets	
Due to the complex and subjective nature of judgements made in the assumptions by the Directors over the measurement of financial assets this was considered a key audit matter.	Our procedures included but were not limited to the following:
• The Directors are required to apply the forward-looking approach to recognize expected credit losses based on IFRS 9's impairment requirements.	• Assessing the design and implementation of the impairment model adopted with focus on compliance with the requirements of IFRS 9: "Financial Instruments". • Reviewing management's evaluation of possible outcomes and the probability of occurrence. • Checking the reasonableness of the information and ensuring the information was supported with reference to past events, current conditions as well as forecast of the future.
• Further, in assessing the fair value of financial assets, the Directors use a variety of valuation methods based on the classification of assets and make assumptions that are based on market conditions and other relevant valuation data existing at each reporting date.	• We obtained the analysis prepared by management in calculating the fair value of the assets. • We evaluated management's valuation assumptions and changes in assumptions to ensure they were reasonable and consistent with market information and other relevant valuation data. • Performed audit procedures over the valuation and accounting of investments in financial assets, to ensure that the valuation inputs applied to various valuation techniques were reasonable.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Key audit matters (continued)

Key Audit Matter	How the matter was addressed in our audit
Valuation of property, plant and equipment Property, plant and equipment mainly comprise of the generation, transmission, and distribution equipment operated by the Group. Any conditions in technology, environmental or regulatory changes may impact the recoverable amount of these plants and consequently impact the Group's valuation of the amount capitalised as property, plant and equipment. Where indicators of impairment are identified, management performs impairment assessment on the recoverable amount of property, plant and equipment. The recoverable amounts were determined through the valuation of the Group's property plant and equipment which was performed by an external valuation expert and applied the Current Replacement Value (CRV) and Depreciated Current Replacement Value (DCRV). The models were based on the remaining economic useful life of an asset. We identified impairment of property, plant and equipment as a key audit matter as determining recoverable amount involves significant judgements.	Obtained an understanding of the management's process of identifying the impairment indicators and performing impairment assessment where impairment indicators exist. Performed risk assessment procedures for the assets where the impairment indicators were identified. We compared the assumptions used to the preceding period and considered the reasonableness. In considering the appropriateness of the valuation model we compared the models used to that of the prior year. We corroborated the inputs used against publicly available information. Assessed adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 2017 and the Statement of Directors' responsibilities, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2017 and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors, as highlighted above, are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Report on other legal and regulatory requirements

The Companies Act, 2017 requires that in carrying out our audit of Industrial Development Corporation Limited and its subsidiaries, we report on whether:

- There is a relationship, interest or debt which we as the Group's auditor have in the Group.
- There are serious breaches by the Group's Directors of the corporate governance principles or practices contained in Part VII sections 82 to 112 of the Companies Act, 2017; and
- There is an omission in the financial statements as regards particulars of loans made to a Group officer (a Director, Group secretary or executive officer of a Group) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have no matters to report.

Grant Thornton
Chartered Accountants

Edgar Hamuwele (AUD/F000111)
Name of Partner signing on behalf of the Firm

Lusaka

Date: 27 November 2025

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in thousands of Zambian Kwacha	Note	2024	2023
Revenue from contracts with customers	5 (i)	39,360,255	44,057,344
Premiums, claims and reinsurance commissions	5 (i)	1,094,657	948,755
		40,454,912	45,006,099
Cost of materials	7.1	(34,089,593)	(36,212,953)
Gross profit		6,365,319	8,793,146
Other income	6	42,107,909	8,057,330
Premiums ceded to reinsurers	7.3	-	(305,047)
Changes in fair value of investment property and financial assets	38	(234,918)	3,206,914
Administrative expenses	7.2	(14,455,442)	(37,580,626)
Operating profit/(loss)		33,782,868	(17,828,283)
Finance income	8	1,706,508	1,184,064
Finance costs	8	(10,010,718)	(23,181,925)
Share of profit from joint venture	18 (a)	741,995	32,909
Gain on reclassification of investee company		9,499,415	-
Income from equity accounted investment	18 (b)	4,147,666	3,004,299
Profit/(loss) before income tax		39,867,734	(36,788,936)
Income tax expense	9	(1,479,830)	(5,466,542)
Profit/(loss) for the year		38,387,904	(42,255,478)
Other comprehensive income:			
Gains on property revaluation	10	1,131,620	119,503,666
Gains on intangible assets		-	3,586,824
Reversal of impairment of asset		(4,302,165)	5,979,673
Gains on Investment property revaluation	12	41,420	502,532
Income tax on revaluation		(1,392)	(126,217)
Total items that will not be reclassified to P&L		(3,130,517)	129,446,478
Items that may be reclassified to profit or loss:			
Currency translation adjustment -Associates	18 (b)	10,922,394	3,907,834
Gains on investments in associates		874,513	193,685
Change in defined benefit obligation	32 (i)	409	-
Remeasurements on net defined benefit liability/asset	32 (i)	5,312	-
Currency translation adjustment -translating foreign operations		444,665	(16,437,514)
Share of comprehensive income of associates	18 (b)	(1,558)	11,529
Transfer to policy liabilities	35	-	(200)
Total items that may be reclassified to profit or loss		12,245,735	(12,324,666)
Other comprehensive income for the year net of taxation		9,115,218	117,121,812
Total comprehensive profit:		47,503,122	74,866,334
Total comprehensive profit/(loss) for the period is attributable to:			
Non-controlling interest		(41,169)	(180,370)
Owner of the parent		47,544,291	75,046,704
		47,503,122	74,866,334
Basic and diluted earnings per share	41	32	50

The notes on pages 25 to 124 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in thousands of Zambian Kwacha

	Note	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	10	212,056,103	208,471,663
Exploration and evaluation assets	13	15,431	51,437
Right of use assets	11 (a)	1,548,448	1,379,334
Investment properties	12	5,396,328	5,364,492
Intangible assets	15	20,668,625	14,814,021
Other assets	14	2,553,420	266,148
Reinsurance receivables	16	694,400	268,548
Insurance receivables	17	56,530	237,390
Investments in joint ventures	18 (a)	1,740,478	274,760
Investments in associates	18 (b)	28,698,950	13,565,241
Loans due from related parties	19	53,089	50,754
Financial assets at fair value through profit or loss	20	2,741,000	3,019,500
Financial assets at amortised cost	21 (a)	31,268	31,268
Financial assets at FVOCI	21 (c)	113,753	98,337
Biological assets - plantation in formation	22	8,006,815	7,118,978
Deferred tax asset	29	272,038	12,495,231
		284,646,676	267,507,102
Current assets			
Insurance receivables	17	221,735	-
Inventories	23	2,542,085	2,677,017
Trade and other receivables	24	11,342,904	7,397,836
Other assets at amortised cost	21 (b)	5,151,863	4,533,711
Assets held for sale	25	140,286	23,669,681
Cash and cash equivalents	26	3,340,230	3,919,773
Amounts due from related parties	40	4,154,087	568,035
		26,893,190	42,766,053
Total assets		311,539,866	310,273,155

The notes on pages 25 to 124 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Figures in thousands of Zambian Kwacha

	Note	2024	2023
Equity and liabilities			
Equity attributable to owners			
Share capital	27	1,500,000	1,500,000
Capital reserve	28	16,038,832	16,038,832
Translation reserve	28	14,610,039	3,242,980
Revaluation reserve	28	141,977,174	145,107,691
Amounts awaiting allotment		1,471,295	1,471,295
Accumulated losses		(18,880,725)	(57,268,629)
		156,716,615	110,092,169
Non-controlling interest		4,859,679	4,900,848
		161,576,294	114,993,017
Liabilities			
Non- current liabilities			
Deferred tax liability	29	5,937,251	12,981,885
Capital grants	30	5,017,335	3,560,562
Borrowings	31	60,819,188	53,231,746
Retirement benefit obligations	32	5,171,272	2,598,428
Lease liabilities	11 (b)	849,668	1,059,637
Deferred income	33	12,282	14,835
Provisions	34	264,467	134,495
Unearned premiums	36	-	95,941
Other long-term payables	37	42,932	242,815
		78,114,395	73,920,344
Current liabilities			
Liabilities associated with assets held for sale	25 (b)	-	62,676,954
Capital grants	30	209,291	158,046
Borrowings	31	4,448,743	2,684,816
Retirement benefit obligations	32	232,197	148,357
Lease liabilities	11 (b)	538,887	466,161
Provisions	34	56,554	51,248
Trade and other payables	37	60,926,196	48,999,625
Amounts due to related parties	40	3,401,069	4,767,326
Current tax payable	9(ii)	2,022,291	1,386,706
Bank overdrafts	26	13,949	20,555
		71,849,177	121,359,794
Total equity and liabilities		311,539,866	310,273,155

The annual financial statements on pages 19 to 124 were approved and authorised for issue by the Board of Directors on 27 November 2025 and signed on its behalf by:

Dr Windu Matoka
Director

Mr. Cornwell Muleya
Director

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in thousands of Zambian Kwacha

	Share capital	Capital reserve	Amounts awaiting allotment	Translation reserve	Revaluation reserve	Accumulated losses	Non-controlling interest	Total
Year ended 31 December 2023								
At the start of the year	1,500,000	16,038,832	165,591	15,772,660	15,661,213	(15,013,151)	5,081,218	39,206,363
Loss for the year	-	-	-	-	-	(42,255,478)	(180,370)	(42,435,848)
Currency translation adjustment - associates (Note 18 (b))	-	-	-	3,907,834	-	-	-	3,907,834
Currency translation adjustment -joint venture (Note 18 (a))	-	-	-	-	-	-	-	-
Currency translation adjustment -translating foreign operations	-	-	-	(16,437,514)	-	-	-	(16,437,514)
Gains on properties revaluation (Notes 10 and 12)	-	-	-	-	129,572,695	-	-	129,572,695
Deferred tax on properties revaluation	-	-	-	-	(126,217)	-	-	(126,217)
Total comprehensive income for the year	-	-	-	(12,529,680)	129,446,478	(42,255,478)	(180,370)	74,480,950
Transactions with owners:								
Conversion to share capital	-	-	1,305,704	-	-	-	-	1,305,704
Capital grants received	-	-	-	-	-	-	-	-
Capital injection*	-	-	-	-	-	-	-	-
	-	-	1,305,704	-	-	-	-	1,305,704
At the end of the year	1,500,000	16,038,832	1,471,295	3,242,980	145,107,691	(57,268,629)	4,900,848	114,993,017

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Figures in thousands of Zambian Kwacha

	Share capital	Capital reserve	Amounts awaiting allotment	Translation reserve	Revaluation reserve	Accumulated losses	Non-controlling interest	Total
Year ended 31 December 2024								
At the start of the year	1,500,000	16,038,832	1,471,295	3,242,980	145,107,691	(57,268,629)	4,900,848	114,993,017
Profit/(loss) for the year	-	-	-	-	-	38,387,904	(41,169)	38,346,735
Currency translation adjustment - associates (Note 18 (b))	-	-	-	10,922,394	-	-	-	10,922,394
Currency translation adjustment -translating foreign operations	-	-	-	444,665	-	-	-	444,665
Gains on properties revaluation (Notes 10 and 12)	-	-	-	-	(3,129,125)	-	-	(3,129,125)
Deferred tax on properties revaluation	-	-	-	-	(1,392)	-	-	(1,392)
Total comprehensive income for the year	-	-	-	11,367,059	(3,130,517)	38,387,904	(41,169)	46,583,277
At the end of the year	**1,500,000**	**16,038,832**	**1,471,295**	**14,610,039**	**141,977,174**	**(18,880,725)**	**4,859,679**	**161,576,294**

The notes on pages 25 to 124 are an integral part of these annual financial statements.

*See note 28 for the reserves definition.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF CASHFLOWS - 31 DECEMBER 2024

Figures in thousands of Zambian Kwacha	Note	2024	2023
Cash generated from operating activities			
Cash generated from operations	39 (a)	22,037,884	8,366,668
Income tax paid	9(ii)	(426,732)	(531,953)
Net cash inflow from operating activities		21,611,152	7,834,715
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(9,158,402)	(5,852,405)
Proceeds from disposal of property, plant and equipment		392,132	28,390
Disposal of investment property		-	99,853
Investments in exploration and evaluation assets	13	36,006	-
Purchase of investment property	12	(849)	(222,455)
Loans to related parties	19	(2,335)	(20,159)
Repayment of loans by related parties	19	-	-
Investment in associates	18 (b)	(15,133,710)	4,440,584
Purchase of intangible assets	15	(338,116)	(166,131)
Proceeds from term deposits	21 (b)	4,533,711	5,415,472
Investments in term deposits	21 (b)	(5,151,863)	(4,533,711)
Interest received	8	1,706,508	1,184,064
Net cash (outflow)/inflow from investing activities		(23,116,918)	373,502
Cash flows from financing activities			
Proceeds from borrowings	31	7,489,214	6,272,204
Interest paid		(4,952,020)	(10,657,402)
Loan repayments	31	(2,537,493)	(4,567,729)
Proceeds from sale of bonds		-	12,345
Finance lease payments	11 (b)	(326,282)	(256,261)
Capital grants	30	1,259,410	657,129
Net cash inflow/(outflow) from financing activities		932,829	(8,539,714)
Net decrease in cash and cash equivalents		(572,937)	(331,497)
Movement in cash and cash equivalents			
At the start of the year		3,899,218	4,219,040
Net decrease		(572,937)	(331,497)
Foreign exchange differences on cash and cash equivalents		-	11,675
At the end of the year	26	3,326,281	3,899,218

The notes on pages 25 to 124 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2024

1. **General information**

Industrial Development Corporation Limited (the "IDC") and its subsidiaries (together "the Group"). The Company is an investment holding company for the State-Owned Enterprises (SOE) and is wholly owned by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia. The Company's mandate is to play a catalytic role in deepening and supporting Zambia's industrialization capacity to support job creation and domestic wealth formation across key economic sectors. The Company plays its role through co-investing alongside private sector investors. Simultaneously, the Company serves as an investment holding company for previously state-owned enterprises and acquisition of new investments in priority sectors. Sources of financing and revenue include dividend income, equity disposals, bank borrowings and debt issuance in the capital market. Profits generated by the company are reinvested to fund new projects or advanced as shareholder loans to its subsidiaries and paid out to its shareholder, the Minister of Finance, as dividends.

2. **Summary of material accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Industrial Development Corporation Limited (IDC) and its subsidiaries.

2.1 **Basis of presentation**

(a) **Compliance with IFRS Accounting Standards**

The financial statements of Industrial Development Corporation Limited have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS and the Zambia Companies Act. The financial statements comply with IFRS Accounting Standards.

Historical cost convention

The annual financial statements have been prepared on historical cost basis, except where otherwise stated in the accounting policies below. The annual financial statements are presented in Zambia Kwacha (K). Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31 December 2024 have been approved for issue by the Directors.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in the Group's functional currency, Zambian Kwacha unless where otherwise stated.

(b) **Going concern assumption**

As at 31 December 2024 the Group's current liabilities exceeded its current assets by K44.96 billion (2023: 78.59 billion). As at the reporting date, the total borrowings amounted to K65.27 billion (2023: K55.92 billion) on which some of the loan covenants were breached. Subsequent to the year end, the Group, was in a net current liability deficit which is largely impacted by the value of ZESCO and Zamtel's trade payables.

As at 30 September, 2025, the Group's current liabilities exceeded its current assets by K53 billion and the total borrowings amounted to K166.74 billion. The increase in liabilities is mainly attributed to the deferred settlement of invoices to Independent Power Producers resulting from constrained cashflows during the period.

2. Summary of material accounting policies (continued)

2.1 Basis of preparing the financial statements (continued)

(b) **Going concern assumption (continued)**
For the Group, management has implemented several strategies aimed at optimising revenue and expenditure, and these are expected to significantly improve the financial position. Some of the key strategies implemented by the Directors include the following:

- Debt structuring and refinancing of existing loans with lower rates to reduce the finance costs and repayments.

- Reassessment of investments made over the years to identify non-profitable ventures for possible disinvestments.

- The shareholder is undertaking an extensive business review and is expected to influence key decisions that will support sustainability of the business. Once the exercise is complete, the Group will be repositioned to deliver positive finance performance and maximise value for the shareholders.

i) **ZESCO Limited**
ZESCO is a significant subsidiary within the IDC group. In conducting the going concern assessment, the Directors took into consideration the following:

The subsidiary's current liabilities as at 31 December 2024 of K62 billion (2023: K50 billion) exceeded the current assets of K13 billion (2023: K10 billion) by K49 billion (2023: K40 billion).

The increase in current liabilities by 24% to K62 billion from K50 billion in 2023 was mainly due to adverse exchange movement which affected trade payables revaluation.

Current liabilities as at 30 September 2025 of K100.55 billion exceeded the current assets of K47.55 billion by K53 billion.

Operating performance
The subsidiary recorded a decline in generation towards the end of 2023 owing to low water levels at Kariba Dam resulting from the severe drought. The reduced generation abilities continued to impact the subsidiary's performance in 2024. As part of its 10 year strategic plan to invest in renewable energy projects in response to the drought induced energy crisis, the subsidiary commenced development of the 100MWp solar PV plant in Chisamba which was completed and commissioned in quarter two (2) of 2025.

Measures to address net current liability position
The initiatives that the Directors are implementing to actualize its strategic objectives include;

2. Summary of material accounting policies (continued)

2.1 Basis of preparing the financial statements (continued)

(b) Going concern assumption (continued)

i) ZESCO Limited (continued)

a) **Debt Restructuring**
The long-term debt stands at about K57.4 billion (US$2.1 billion), borrowed for capital infrastructure investment. Outlined below is the debt position per category and associated strategy:

- *Loans guaranteed by the Government of the Republic of Zambia*
  The subsidiary has reached an advanced stage in engagements with the Government of the Republic of Zambia (GRZ) through the Ministry of Finance and National Planning (MoFNP) to convert Government guaranteed and on-lent concessional loans amounting to US$371.5 million to equity. Once concluded, the conversion is expected to reduce gearing levels and improve equity.

- *Commercial loans*
  The subsidiary is targeting early redemption on some loans and is in the process of re-negotiating the terms of the existing expensive long-term debt under the commercial loans category. The process of engagement with various lenders is still on going. The strategy includes engagement of individual lenders with a view to restructure the existing debt by reviewing the repayment terms and interest rates and possible deferment of the repayment of loans as they fall due.

b) **Power Purchase Arrears**
The subsidiary has agreed on payment plans with some of the suppliers which include payment of the current invoices and additional amounts towards the liquidation of the arrears.

The subsidiary concluded tariff re-negotiations with Itezhi-Tezhi Power Company (ITPC) as at May 2023, for amendment to Power Purchase Agreement (PPA) of 2015. The effective conclusion of discussions resulted in the reduction of the amount from US$784 million to US$330 million leading to a saving of US$454 million.

2. Summary of material accounting policies (continued)

2.1 Basis of preparing the financial statements (continued)

c) **Revenue Enhancement.**
Migration to cost reflective tariffs for domestic customers through tariff application to Energy Regulation Board. The Energy Regulation Board approved the Multiyear tariffs in April 2023 effective May 2023.

i) **Zambia Telecommunications Company Limited**
The subsidiary made a profit of K1.48 million (2023: K606 million loss) for the year ended 31 December 2024. The subsidiary's current liabilities exceeded its current assets by K1.9 billion (2023: K3 billion) and as at that date, the subsidiary had shareholder surplus of K539 million (2023: K1.9 billion deficit).

Debt Restructuring
Management is working on restructuring the foreign currency denominated debt to mitigate foreign exchange exposure arising from the depreciation of the local currency and improve its financial position. To date, the subsidiary has managed to negotiate a conditional debt discount of US$15 million out of US$30 million owed to ZTE. In addition, the business managed to get a debt settlement discount of US$62,000 from NEC. Other interventions being pursued include:
A claim for reimbursement of costs amounting to K1.23 billion incurred by the subsidiary in maintaining GRZ rural social sites was reimbursed by the Ministry of Finance.

The subsidiary has engaged the Treasury for Debt-to-Equity Conversion of Government Guaranteed Debt amounting to US$22 million.

Debt for asset swaps – Specific assets have been transferred to Infratel leading into a reduction of debt. The assets transferred include Zamtel House, Chelstone Exchange and Kafue Exchange worth K162 million.

The subsidiary has restructured payment plans with Huawei to free up working capital. In this regard, the subsidiary has a debt dismantling agreement with Huawei under which the Ministry of Technology and Science has committed to pay USD7.1 million to Huawei on behalf of the subsidiary. To date, the Treasury has released USD4 million towards dismantling of debt owed to Huawei leaving the balance of USD3.1 million to be settled in future.

Directors' overall assessment on Going Concern
The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. However, in the event that the Group and its subsidiaries do not receive the financial support from the Government and does not meet the turnaround strategy, a material uncertainty exists which may cast doubt about the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. Summary of material accounting policies (continued)

2.2 Changes in accounting policy and disclosures

(a) New Standards and amendments that are effective at 1 January 2024 and are applicable to the Group

These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease liability in a sale and leaseback (Amendments to IFRS 16);
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7);
- Non current liabilities with covenants (Amendments to IAS 1); and

(b) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

- Lack of exchangeability (Amendments to IAS 21);
- Amendments to the classification and measurement of Financial Instruments (Amendments to IFRS 9 and 7);
- IFRS 18 ' Presentation and disclosure in the financial statements'; and
- IFRS 19 (Subsidiaries with Public Accountability: Discosures'.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

2. Summary of material accounting policies (continued)

2.3 Principles of consolidation and equity accounting

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group and these are accounted for at cost less accumulated impairment.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

ii) Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates and Interests in joint ventures are accounted for using the equity method of accounting after initially being recognised at cost.

iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

2. Summary of material accounting policies (continued)

2.3 Principles of consolidation and equity accounting (continued)

iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Industrial Development Corporation Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Industrial Development Corporation Limited has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the CODM, consists of the Chief Executive Officer and the Chief Financial Officer.

2. Summary of material accounting policies (continued)

2.6 Foreign currency translation

i) Functional and presentation currency
Items included in the annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in Zambia Kwacha, which is the Group's functional currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.
All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and;

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.7 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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2. Summary of material accounting policies (continued)

2.8 Revenue recognition

Sale of goods
Revenue is recognised in the period in which the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customers.

Services rendered
Revenue is recognised over time as the services are provided and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance.

The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed and the Group has an enforceable right to payment for the work completed to date.

When services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

Premium income
Gross premium income is measured at the fair value of the consideration receivable and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The underwriting surplus is determined after taking full account of reinsurance, provision for unearned premiums, unexpired risks, and outstanding claims. Premiums are accounted for in the period in which the risk commences.

Investment income
Investment income is accounted for on an accruals basis and relates to interest from Government bonds, bank interest earned and rental income from investment properties.

Dividend income from investments is recognised when shareholder's right to receive payment has been established.

Revenue represents the net invoice value of services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and is recognised when control is transferred to the customers.

2. Summary of material accounting policies (continued)

2.8 Revenue recognition

Interest income
Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income. Interest income is recognised using the effective interest method.

Network services and digital and fintech
The Group provides mobile telecommunication services, including network services and digital. Network services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Group network and transmitted as data representing a digital signal on the network. The transmission of voice, data and SMS all consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network and the right to consume network bandwidth. Network services are, therefore viewed as a single performance obligation represented by capacity on the Group.

Mobile money services
Revenue from transacting on the mobile platform is recognised at a point in time when the performance obligation is satisfied. The Group recognizes revenue when the customer has successfully transacted on the mobile payment platform, at which point the Group has fulfilled its contractual obligation.

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.
Fees comprise of withdraw charges, money transfer charges, commissions and bulk payment charges. These are recognised on the date the transactions are performed.

2.9 Exploration costs

The Group is involved in exploration and evaluation of mineral resources including oil and gas and other similar non – regenerative resources in specific licence areas where the Group has legal rights. This process also involves determination of both the technical feasibility and commercial viability of extracting mineral resources.

General exploration and associated costs incurred in connection with exploration and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstratable, are expensed in the period in which they are incurred. Exploration and associated costs for projects which are commercially viable, and it is considered that future economic benefits will flow to the Group are capitalized.

2. Summary of material accounting policies (continued)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation. Valuations are performed with sufficient regularity to ensure that the fair value does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight - line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Land	Unexpired lease term
Buildings	50 years
Equipment and furniture	15 - 20 years
Motor vehicles	3 - 5 years
IT equipment	4 - 5 years

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above depreciable asset classes once they are brought into use. Capital work in progress is measured at cost less impairments.

The asset's residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

2. Summary of material accounting policies (continued)

2.10 Property, plant and equipment (continued)

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement 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 (OCI) and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

2.11 Investment property

Investment property is property held to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use for the production or supply of goods or services or administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the profit or loss.

Any gain or loss on the disposal of investment property (calculated as the difference between the net proceeds and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount that is included in the revaluation reserve is transferred to retained earnings

2.12 Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

2. Summary of material accounting policies (continued)

2.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

1) The Group as lessor
The Group recognises finance lease receivables in the statement of financial position. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

2) The Group as a lessee

i) Right of use assets
The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use under the contract). Right of use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date (which do not form part of the lease liability value at the commencement date).

Right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term as follows:

Buildings	5 -10 years	Lease term
Office equipment	5 years	Lease term

The right-of-use assets are tested for impairment in accordance with IAS 36 "Impairment of Assets".

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of all remaining lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments where the contracts specify fixed or minimum uplifts) and variable lease payments that depend on an index or a rate.

The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs. Due to the nature of the leased assets the interest rate implicit in the lease is usually not readily determinable, the Group therefore uses the incremental borrowing rate in calculating the present value of lease payments at the lease commencement date.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

2. Summary of material accounting policies (continued)

2.13 Leases (continued)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, less any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercise.

2.14 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the Group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement, and;
- Fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non- controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred,
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2. Summary of material accounting policies (continued)

2.15 Biological assets – Plantation in formation

Plantations in formation are stated at cost or valuation. Cost includes direct costs, overhead expenses and that proportion of depreciation which relates to non-harvesting assets. The accumulated cost or valuation of plantations in formation is stated after deducting those costs which relate to areas clear-fell and to the volume of thinning in the year.

Depreciation is calculated on the straight-line basis to write down the cost of the asset, to its residual value over its estimated average use life as follows:

Palms	4 years
Tea plantation	50 years
Pine	25 years
Eucalyptus	15 years

The cost of timber destroyed by fire and disease is eliminated from plantations in formation and charged to the income statement in the year of damage. It is considered normal to lose a limited amount of timber through the effects of disease and fire.

2.16 Inventories

Inventories are measured at the lower of cost and net realizable value, net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. Summary of material accounting policies (continued)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave because of services rendered by employees up to the reporting date.

Environmental rehabilitation and restoration
In accordance with applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, is accounted for in accordance with:

(a) Changes in the liability which alter the revaluation surplus or deficit previously recognised on that asset, so that:

   i) A decrease in liability is (subject to (b)) be recognised in other comprehensive income and increase the revaluation surplus within equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss;

   ii) An increase in liability is recognised in profit or loss, except that it shall be recognised in other comprehensive income and reduce the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) In the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in profit or loss.

(c) A change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be recognised in profit or loss or in other comprehensive income under If a revaluation is necessary, all assets of that class are revalued.

2. Summary of material accounting policies (continued)

2.17 Provisions (continued)

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability shall be recognised in profit or loss as they occur. This applies under both the cost model and the revaluation model.

2.18 Financial instruments

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Classification and measurement

Financial assets

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group measures its debt instruments at amortised cost as assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. The Group's financial assets are trade and other receivables, cash and cash equivalents, other financial assets at amortised cost, financial assets at fair value through other comprehensive income (FVOCI), reinsurance receivable, insurance receivable and financial assets at fair value through profit or loss (FVTPL).

2. Summary of material accounting policies (continued)

2.18 Financial instruments (continued)

Classification and measurement (continued)

Financial assets (continued)

i) Trade and other receivables
Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

ii) Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

iii) Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

iv) Other financial assets at amortised cost
These assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition other financial assets are measured at amortised cost using the effective interest method.

v) Loans due from related parties
Loans due from related parties are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

vi) Available-for-sale financial assets
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to Note 4(b) for further details.

2. Summary of material accounting policies (continued)

2.18 Financial instruments (continued)

Classification and measurement (continued)

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

ii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

iii) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2. Summary of material accounting policies (continued)

2.18 Financial instruments (continued)

Classification and measurement (continued)

Financial liabilities (continued)

iii) Other financial liabilities (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

The amount of the obligation under the contract, as determined in accordance with IAS 37, or
The amount initially recognised less, where appropriate, cumulative amortization recognised in accordance with the revenue recognition policies.

The accounting policies adopted for specific financial liabilities and equity instruments are as set out below:

iv) Unearned premiums
Unearned premiums relate to the unexpired risks under policies in force. Unearned premiums are calculated on a time basis using the 24th method in respect of all classes of business.

v) Outstanding claims
Outstanding claims, net of reinsurance recoveries, include claims reported but unpaid, and claims incurred but not reported at the reporting date. Any differences between the original claim provision and subsequent re-estimates or settlements are reflected in the underwriting results for the year.

vi) Life assurance funds
The Group's liabilities for unmatured policies under long term insurance contracts are calculated at the reporting date by an Independent Statutory Actuary in accordance with the requirements of the Zambian Insurance Act of 1997 based on the principles set out in the professional guidance. The valuation method used is 'Gross Premium Valuation, method (GPV) recommended by the Actuarial professional standards and in line with section 25 of the Insurance Act 2021. The transfer to or from the policyholder liabilities under insurance contracts reflected in the statement of profit or loss and other comprehensive income represents the increase or decrease in actuarial liabilities.

2. Summary of material accounting policies (continued)

2.18 Financial instruments (continued)

Classification and measurement (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Substantial modification

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument. Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. As at the reporting period, there were no assets and liabilities off-set relating to financial instruments. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.19 Other current assets

Other current assets include prepayments which are amounts paid in advance during the accounting period for an underlying asset that will be consumed in a future period. When the asset is used or consumed, the prepayments are amortised, and costs are recognised in operating expenses. Prepayments are stated at their nominal values in the financial statements.

2.20 Share capital

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

2. Summary of material accounting policies (continued)

2.21 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable accumulative preferred stock.

2.22 Employee benefits

i) Pension obligations

The Group maintains a defined benefit scheme to provide pensions to employees. Payments to the defined benefit retirement plan are recognised as an expense when the employees have rendered service entitling them to the contributions. Costs relating to the scheme are charged against income based on present remuneration. A defined benefit plan is a retirement benefit plan that is not a defined contribution plan.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in accumulated funds and will not be reclassified to income or expenditure. Past service cost is recognised in income or expenditure in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.
Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2. Summary of material accounting policies (continued)

2.22 Employee benefits (continued)

ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

iii) Post-retirement benefits

The expected costs of providing post-retirement benefits under defined benefits arrangements relating to employees' service during the period are charged to profit or loss. Any actuarial assumptions are recognized immediately in other comprehensive income. In all cases, the pension costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of significant judgements in relation to assumptions for future salary and pension increases, long term price inflation and investment returns. While management believes the assumptions used are appropriate, a change in assumptions would impact the earnings of the Group.

2.23 Capital grants

Capital grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight- line basis over the expected lives of the related assets.

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

2.24 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

2. Summary of material accounting policies (continued)

2.24 Income tax (continued)

i) **Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

ii) **Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from 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 and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Summary of material accounting policies (continued)

2.24 Income tax (continued)

ii) Deferred income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the financial statements are disclosed below.

3.1 Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to make assumptions that are mainly based on market conditions existing at each reporting date.

Listed equities are valued based on their listed value (fair value) on 31 December 2024.

Unlisted equities are valued based on various valuation methods, including free cash flow, price earnings (PE) and net asset value basis (NAV) bases.

Judgements and assumptions in the valuations and impairments include determining the:

- Free cash flows of investees
- Replacement values
- Discount or premium applied to the IDC's stake in investees
- Sector/subsector betas
- Debt weighting - this is the target interest bearing debt level
- Realisable value of assets
- Probabilities of failure in using the NAV-model

3.2 Income taxes

Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.3 Unearned premium reserves (UPR)

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the date of the statement of financial position, generally calculated on the 24th method.

3. Critical accounting estimates and judgements (continued)

3.4 Outstanding claims

The estimation of the ultimate liability arising from claims made under insurance contracts requires a lot of judgement. There are several sources of uncertainty that need to be considered in estimating the liability that the Group will ultimately pay for such claims.

3.5 Post-employment obligations

Significant judgement and actuarial assumptions are required to determine the fair value of the post-employment obligations. More detail on these actuarial assumptions is provided in the notes to the financial statements.

3.6 Environmental rehabilitation liability

In determining the environmental rehabilitation liability, an inflation rate of 7.2% (2023:7.2%) was assumed to increase the rehabilitation liability for the next 20 years, and a rate of 7.2% (2023: 7.2%) to discount that amount to present value. The discount rate assumed of 7.2% is a risk-free rate, specifically the rate at which government bond was quoted at year end.

3.7 Impairment of assets

The Group follows the guidance of IAS 36, Impairment of assets to determine when an asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates the impairment indicators that could exist at year end, such as significant decreases in the selling prices of finished goods, significant decreases in sales volumes and changes in the international export regulatory environment.

3.8 Unexpired risk provision

An unexpired risk provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses likely to arise after the end of the financial year from contracts concluded before that date.

3.9 Asset residual values, useful lives, and asset componentizing

The carrying amounts of property, plant and equipment are reviewed at each date of the statement of financial position to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amounts, assets are written down to their recoverable amounts. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. Management have also determined that componentizing items of property and equipment would not result in material differences in asset carrying values. In the opinion of Management, the Group does not have any material property, plant and equipment with material components that can be identified which have different useful lives.

3. Critical accounting estimates and judgements (continued)

3.10 **Provisions**

The Group has made a provision on accounts receivable based on the ageing of the receivables and with reference to past default history. Management believes that the provision is adequate to absorb current bad debts in the financial statements.

Further, a provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre -tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

4. Financial risk management

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Market risk

(i) Foreign exchange risk exposure

Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign currency risk primarily with respect to the Zambian Kwacha. To manage foreign exchange risk, the Group holds bank balances in the relevant foreign currencies and continuously monitors markets and purchases any foreign currency required at the spot rate.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha is detailed in the table below:

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4 Financial risk management (continued)

(i) Foreign exchange risk exposure (continued)

	Exposure				
	USD	EUR	ZAR	Other	Total
As at 31 December 2024					
Financial assets					
Trade and other receivables	1,641,545	-	-	37,472	1,679,017
Amounts due from related parties	7,222,668	-	-	-	7,222,668
Cash and cash equivalents	2,511,321	-	-	17,890	2,529,211
	11,375,534	-	-	55,362	11,430,896
Financial liabilities					
Provisions	245,810	-	-	-	245,810
Borrowings	63,211,063	925,123	23,378	383,201	64,542,765
Amounts due to related parties	2,930,477	-	-	-	2,930,477
Trade and other payables	53,507,898	-	-	41,679	53,549,577
	119,895,248	925,123	23,378	424,880	121,268,629
Net exposure	(108,519,714)	(925,123)	(23,378)	(369,518)	(109,837,733)
As at 31 December 2023					
Financial assets					
Trade and other receivables	7,201,196	-	35	41,875	7,243,106
Amounts due from related parties	6,455,001	-		-	6,455,001
Cash and cash equivalents	2,331,855	-	12	17,890	2,349,757
	15,988,052	-	47	59,765	16,047,864
Financial liabilities					
Provisions	4,568	-	-	-	4,568
Borrowings	59,483,352	-	23,378	-	59,506,730
Amounts due to related parties	4,587,237	-	-	-	4,587,237
Trade and other payables	25,830,402	-	-	-	25,830,402
	89,905,559	-	23,378	-	89,928,937
Net exposure	(73,917,507)	-	(23,331)	59,765	(73,881,073)

4 Financial risk management (continued)

(i) Foreign exchange risk exposure (continued)

Sensitivity

At 31 December 2024, if the Zambian Kwacha had weakened/strengthened by 10% (2023:10%) against major convertible currencies with all other variables held constant, the effect on post-tax profit for the year and shareholders' equity would have been K109.84 million (2023: K73.88 million) higher/lower, mainly as a result of the foreign currency denominated trade payables, other receivables and bank balances.

	2024	2023
Impact on profit and equity	(109,837,733)	(73,881,073)

(ii) Cash flow and fair value Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

2024	% of total loans	2023	% of total loans
65,267,931	100%	55,916,562	100%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

None of the borrowings are referenced to a benchmark interest rate subject to interbank offered rates (IBOR) reform.

As at 31 December 2024, with all other variables held constant, a 2 % (2023: 2%) decrease/increase in the base interest rate would have resulted in change in post-tax profit for the year and shareholders' equity as follows:

	2024	2023
Impact on profit and equity	(1,305,359)	(1,132,875)

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Figures in thousands of Zambian Kwacha

4. **Financial risk management (continued)**

b) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, corporate bonds and deposits with banks, loans due from related parties, as well as trade and other receivables. The Group has no significant concentration of credit risk.

As at 31 December 2024	**Energy & Resources**	**Financial Services**	**Industrial Market**	**Telecommuni cation & Media**	**Tourism, Real estate & Others**	**Transport & logistics**	**Total**
Loss rate per sector	65.99%	70.91%	62.52%	58.74%	39.16%	73.17%	
Gross	32,569,393	143,930	918,158	788,427	106,691	5,439,757	39,966,356
Loss allowance	(21,492,322)	(102,056)	(574,010)	(463,086)	(41,782)	(3,980,448)	(26,653,703)
	11,077,071	41,874	344,148	325,341	64,909	1,459,309	13,312,653
As at 31 December 2023							
Loss rate per sector	73.93%	31.35%	68.09%	80.02%	48.04%	82.07%	
Gross	27,133,736	102,867	855,469	1,011,340	55,645	277,297	29,436,354
Loss allowance	(20,058,789)	(32,246)	(582,514)	(809,231)	(26,733)	(227,569)	(21,737,082)
	7,074,947	70,621	272,955	202,109	28,912	49,728	7,699,272

Figures in thousands of Zambian Kwacha

4 Financial risk management (continued)

b) Credit risk (continued)

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2024	2023
At the start of the year	21,504,146	12,179,924
Impairment charge recognised in profit or loss	9,569,652	9,569,652
Recoveries	(245,430)	(245,430)
At the end of the year	30,828,368	21,504,146

An amount K30.82 billion (2023: K21.50 billion) has been impaired as no repayments have been made on the balances in the year and there is objective evidence of impairment. The Group believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on historical payment behaviour and extensive analysis of customer credit risk.

Impairment losses on trade receivables are presented as net impairment losses on financial assets in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents and Loans due from related parties
While these balances are also subject to the impairment requirements of IFRS 9, the identified impairment was immaterial.

Other financial assets at amortised cost
Other financial assets at amortised cost relate to receivables from related parties, staff debtors, and sundry debtors. All of the Group's other financial assets at amortised cost are considered to have a low risk of default and the counter parties have a strong capacity to meet their contractual cash flow obligations in the near term.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

In addition, the Group's liquidity management policy involves projecting cash flows, monitoring financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Figures in thousands of Zambian Kwacha

4. Financial risk management (continued)

c) Liquidity risk (continued)

i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2024	2023
Expiring within one year (bank loan & overdrafts)	4,462,693	2,705,371

The bank overdraft facilities may be drawn at any time and may be terminated by the banks without notice.

ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
At 31 December 2024:				
Trade and other payables (excluding statutory liabilities)	60,378,456	-	-	60,378,456
Amounts due to related parties	3,401,069	-	-	3,401,069
Bank overdraft	13,949	-	-	13,949
Lease liabilities	538,887	912,201	53	1,451,088
	64,332,361	912,201	53	65,244,562
At 31 December 2023:				
Trade and other payables (excluding statutory liabilities)	48,678,813	-	-	48,678,813
Amounts due to related parties	4,767,326	-	-	4,767,326
Bank overdraft	20,555	-	-	20,555
Lease liabilities	466,161	1,022,281	54,445	1,542,887
	53,932,855	1,022,281	54,445	55,009,581

Figures in thousands of Zambian Kwacha

4. Financial risk management (continued)

d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio which is calculated as Net debt divided by Total 'equity' (as shown in the statement of financial position).

During December 2024, the Group's strategy, which was unchanged from December 2023, was to maintain a gearing ratio of less than 50%. The gearing ratio is not part of the contractual debt covenants imposed by the lenders. Therefore, there is no adverse financing implications on the Group in the event that the ratio deteriorates. The gearing ratio at 31 December 2024 (2023) was as follows:

	2024	2023
Net debt (Note 39 (b))	(61,941,651)	(52,017,343)
Total equity	161,576,294	114,993,017
Compliance with debt covenants	(38%)	(45%)

As at the end of the reporting period, the Group did not comply with all the financial debt covenants. Refer to Note 31 for details.

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4. Financial risk management (continued)

e) Financial instruments by category

	2024	2023
Financial assets at amortised cost	5,183,131	4,564,979
Financial assets at fair value through profit or loss	2,741,000	3,019,500
Financial assets at FVOCI	113,753	98,337
Reinsurance receivables	694,400	268,548
Insurance receivables	278,265	237,390
Trade and other receivables (less prepayments)	11,342,587	7,298,187
Amounts due from related parties	4,154,087	568,035
Loans due from related parties	53,089	50,754
Cash and cash equivalents	3,340,230	3,919,773
	27,900,542	20,025,503
Financial liabilities at amortised cost		
Borrowings	65,267,931	55,916,562
Trade and other payables (less statutory liabilities)	60,378,456	47,822,742
Lease liabilities	1,388,555	1,525,798
Amounts due to related parties	3,401,069	4,767,326
	130,436,011	110,032,428

For the purposes of the statement of cash flows, 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. Accordingly, such overdraft balances have been netted off against cash and bank balances in the presentation of cash and cash equivalents in the cash flow statement. At year-end, total overdrafts amounting to ZMW13.95 million (2023: ZMW20.55 million) were offset against cash balance in accordance with IAS7 statement of cash flows.

5. Segment reporting

The Group's Chief Operating Decision Makers (CODMs), (consisting of the Chief Executive Officer and the Chief Financial Officer), examine the Group's performance from a product perspective and has identified two aggregated reportable segments of its business as shown in the table below. The business activities are grouped in these segments based on the nature of their products and services.

- Energy and resources
- Financial services
- Industries
- Telecommunication and media
- Tourism, real estate and other
- Transport and logistics

The individual segments have been aggregated into Energy and resources, Financial services, Industries, Telecommunication and media, Tourism, real estate and other and Transport and logistics as they have similar average gross margins and similar expected growth rates.

The CODMs primarily use a measure of operating profit/(loss) to assess the performance of the operating segments. Interest income, finance costs and assets are not allocated to segments, as these activities are driven by the central treasury function which manages the cash position of the Group while assets are shared between the segments. There is no single customer of the Group making up 10% of revenue.

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5. **Segment reporting (continued)**

i) *Segment revenue*

2024	Energy and resources	Financial services	Industries	Telecommunication and media	Tourism, real estate and others	Transport and logistics	Total
Revenue	36,387,202	258,099	868,484	1,114,022	162,899	569,549	39,360,255
Premium, claims and reinsurance commissions	-	1,094,657	-	-	-	-	1,094,657
Other income	39,684,555	317,530	201,460	1,854,897	9,278	81,609	42,149,329
Cost of material	(31,906,766)	(1,119,630)	(514,511)	(360,452)	(28,804)	(159,430)	(34,089,593)
Premiums ceded to reinsurers	-	-	-	-	-	-	-
Employee benefit expenses	(5,248,629)	(73,565)	(416,985)	(248,770)	(25,421)	(268,001)	(6,281,371)
Depreciation and amortisation	(7,054,330)	(14,713)	(60,624)	(388,708)	(22,857)	(81,692)	(7,622,924)
Fair value adjustments	-	-	1,016,482	-	47,199	-	1,063,681
Other expenses	(11,536,805)	(132,538)	(225,748)	(415,154)	(47,627)	(274,716)	(12,632,588)
Operating profit	20,325,227	329,840	868,558	1,555,835	94,667	(132,681)	23,041,446

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5. Segment reporting (continued)

i) Segment revenue

	Energy and resources	Financial services	Industries	Telecommunication and media	Tourism, real estate and others	Transport and logistics	Total
2023							
Revenue	40,684,057	176,001	1,433,289	1,021,715	126,132	616,150	44,057,344
Premium, claims and reinsurance commissions	-	948,755	-	-	-	-	948,755
Other income	7,646,306	283,179	6,838	43,614	5,413	71,981	8,057,331
Cost of material	(34,250,424)	(548,977)	(927,606)	(275,483)	(19,969)	(190,494)	(36,212,953)
Premiums ceded to reinsurers	-	(305,047)	-	-	-	-	(305,047)
Employee benefit expenses	(5,672,050)	(72,613)	(412,215)	(217,795)	(25,921)	(244,051)	(6,644,645)
Depreciation and amortisation	(4,118,365)	(15,663)	(40,904)	(449,602)	(18,340)	(80,683)	(4,723,557)
Fair value adjustments	1,767,100	-	1,413,912	-	25,902	-	3,206,914
Other expenses	(24,757,509)	(125,222)	(555,966)	(387,359)	(43,817)	(342,552)	(26,212,425)
Operating (loss)/profit	(18,700,885)	340,413	917,348	(264,910)	49,400	(169,649)	(17,828,283)

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5. Segment reporting (continued)

i) Segment assets and liabilities

The Group's assets and liabilities are not allocated to each segment. However, the CODMs review information regarding the operating assets and liabilities of the main reporting entities within the Group as shown in the table below.

	Energy and resources	Financial services	Industries	Telecommunication and media	Tourism, real estate and others	Transport and logistics	Total
As at 31 December 2024							
Total assets	282,158,314	9,768,974	10,230,450	4,845,753	2,028,400	2,507,975	311,539,866
	282,158,314	9,768,974	10,230,450	4,845,753	2,028,400	2,507,975	311,539,866
Total liabilities	139,430,986	1,083,429	2,447,061	4,432,166	406,310	2,163,620	149,963,572
	139,430,986	1,083,429	2,447,061	4,432,166	406,310	2,163,620	149,963,572
As at 31 December 2023							
Total assets	162,969,892	4,914,798	8,321,971	2,954,713	1,785,350	5,345,440	186,292,164
	162,969,892	4,914,798	8,321,971	2,954,713	1,785,350	5,345,440	186,292,164
Total liabilities	134,903,402	1,828,552	2,462,121	5,317,007	355,003	2,219,716	147,085,801
	134,903,402	1,828,552	2,462,121	5,317,007	355,003	2,219,716	147,085,801

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6. Other income

	2024	2023
Treasury income	1,668,192	1,397,540
Rental income	18,635	88,965
Bad debts recovered	-	20,174
Profit from asset disposal	324,816	41,729
Profit /(loss) from the sale of bonds	34,233,364	-
Exchange (loss)/gain other than on financing	1,007,103	-
Amortisation income	252,566	238,333
Sundry income*	3,375,921	6,176,245
Pension funds - management fees	-	5,083
Government grants	1,227,312	89,261
	42,107,909	8,057,330

7. Expenses by nature

7.1 Cost of materials

	2024	2023
Local purchases	11,585,273	17,312,282
Direct labour costs	1,630,296	1,269,989
Maintenance costs	706,288	688,542
Power imports	9,700,602	41,271
Generation water usage costs	251,948	283,262
Local wheeling charges	2,564,663	1,104,642
Other miscellaneous expenses	7,650,523	15,512,965
	34,089,593	36,212,953

7.2 Administrative expenses

	2024	2023
Depreciation (Note 10)	6,388,859	4,727,173
Amortisation (Note 15)	689,466	799,102
Depreciation charge on right of use assets (Note 11 a)	175,337	261,763
Depreciation charge on exploration and evaluation (Note 13)	-	-
Employee benefits (Note 7.4)	6,656,509	7,013,847
Other expenses	545,271	24,778,741
	14,455,442	37,580,626

7.3 Other costs

	2024	2023
Premiums ceded to reinsurers	-	305,047

7.4 Employee benefits

	2024	2023
Salaries and other staff costs	6,287,307	6,644,645
Retirement benefits costs:		
NAPSA and defined contributions schemes	369,202	369,202
	6,656,509	7,013,847

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Figures in thousands of Zambian Kwacha

	2024	2023
8. Finance income / (costs)		
Finance income		
Interest income on investments and placements	1,706,508	1,184,064
	1,706,508	1,184,064
Finance cost		
Foreign exchange losses on lease liabilities (Note 11 (b))	(463)	(5,158)
Foreign exchange gains/(losses) on loans due from related parties (Note 19)	-	9,910
Net exchange gains/ (losses)	(5,050,029)	(12,426,600)
Interest expense on loans due from related parties (Note 19)	(2,335)	(10,249)
Interest expense on lease liabilities (Note 11 (b))	(5,871)	(92,426)
Interest expense on loans	(4,952,020)	(10,657,402)
	(10,010,718)	(23,181,925)
Net finance costs	(8,304,210)	(21,997,861)

9. Income tax expense

	2024	2023
Current income tax expense	(1,156,179)	(530,635)
Deferred income tax charge (Note 29)	(323,651)	(4,935,907)
	(1,479,830)	(5,466,542)

Figures in thousands of Zambian Kwacha

9 Income tax expense (continued)

i) Numerical reconciliation of income tax expense to prima facie tax payable

The tax on the Group' profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2024	2023
Profit/(loss) before income tax	39,867,734	(36,788,936)
Adjust for:		
Share of profit/(loss) of associate	(4,147,666)	(3,004,299)
Share of profit/(loss) of joint venture	(741,995)	(32,909)
	(34,978,073)	(39,826,144)
Tax calculated at the statutory income tax rates of 30%/10% (2023 - 30%/10%)	10,493,422	11,933,470
Tax effect of:		
Expenses not deductible for tax purposes	(9,524,972)	(11,900,819)
Effect of a lower tax rate - ZDA incentive	-	173,475
Tax rate adjustment	(814,180)	185,092
Under provision current year - deferred tax	(1,414,591)	(54,390)
Tax rate adjustment due to ZDA incentives	38,168	(5,803,370)
Tax utilised during the year	(257,677)	-
Income tax expense	(1,479,830)	(5,466,542)

ii) Movement in current income tax on the statement of financial position:

	2024	2023
At the start of the year	1,386,706	1,578,699
Current income tax charge	1,156,179	530,635
Translation adjustment	(26,215)	(65,947)
Classified as assets held for sale	1,222	-
Over provision in prior year	(68,869)	(124,728)
Payments during the year	(426,732)	(531,953)
At the end of the year	2,022,291	1,386,706

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Figures in thousands of Zambian Kwacha

10. Property, plant and equipment

	Land & buildings	Equipment and Furniture	Motor vehicles	IT equipment	Capital work in progress	Total
At 31 December 2022						
Cost	14,721,783	69,616,566	2,133,171	877,456	34,595,219	121,944,195
Accumulated depreciation	(2,234,965)	(14,019,504)	(1,164,819)	(1,154,068)	852,920	(17,720,436)
Net book value	12,486,818	55,597,062	968,352	(276,612)	35,448,139	104,223,759
Year ended 31 December 2023						
Opening net book value	12,486,818	55,597,062	968,352	(276,612)	35,448,139	104,223,759
Additions	66,901	75,273	147,119	14,486	5,548,626	5,852,405
Depreciation capitalised	-	-	-	-	(81)	(81)
Disposals	(7,679)	(12,738)	(7,474)	(500)	-	(28,391)
Transfer from CWIP	644,465	12,234,999	114,759	-	(13,032,001)	(37,778)
Revaluation surplus	(4,649,738)	112,786,622	(4,988,032)	-	6	103,148,858
Transfer to intangibles	-	13,265	-	-	(27,357)	(14,092)
Impairment	-	-	-	-	(28,007)	(28,007)
Adjustment	40,606	79,451	(4,765)	(4,419)	(1,929)	108,944
Discontinued operations	(82,546)	-	-	-	-	(82,546)
Depreciation charge	(773,595)	(3,193,717)	(497,895)	(261,966)	-	(4,727,173)
Depreciation on disposals	126	11,931	29,574	138	-	41,769
Depreciation elimination on revaluation	8,156	-	-	-	-	8,156
Depreciation impairment	2,014	(6,204)	5,970	4,060	-	5,840
Closing net book value	7,735,528	177,585,944	(4,232,392)	(524,813)	27,907,396	208,471,663
At 31 December 2023						
Cost	10,733,792	194,793,438	(2,605,222)	887,023	27,054,476	230,863,507
Accumulated depreciation	(2,998,264)	(17,207,494)	(1,627,170)	(1,411,836)	852,920	(22,391,844)
Net book value	7,735,528	177,585,944	(4,232,392)	(524,813)	27,907,396	208,471,663

**** Adjustments includes net exchange losses on capital work in progress in ZESCO Limited*

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Figures in thousands of Zambian Kwacha

10. Property, plant and equipment (continued)

	Land & building	Equipment and Furniture	Motor vehicles	IT equipment	Capital work in progress	Total
Year ended 31 December 2024						
Opening net book value	7,735,528	177,585,944	(4,232,392)	(524,813)	27,907,396	208,471,663
Additions	177,071	391,756	3,492,574	352,115	4,744,886	9,158,402
Disposals	(91,502)	(12,085)	(25,750)	(262,795)	-	(392,132)
Addition of subsidiary	85,328	1,741	2,196	421	-	89,686
Transfer from CWIP	15,137	58,902	12,530	-	(99,504)	(12,935)
Revaluation surplus	26,362	78,213	-	(327,958)	-	(223,383)
Adjustment	(136,498)	23,923	(40,230)	5,830	(44,842)	(191,817)
Depreciation charge	(462,409)	(5,410,981)	(283,881)	(204,993)	(26,595)	(6,388,859)
Depreciation on disposals	7,771	11,857	27,165	143,064	-	189,857
Depreciation elimination on revaluation	5,092	5,741	3,045	1,341,125	-	1,355,003
Depreciation impairment	539	27	-	52	-	618
Closing net book value	7,362,419	172,735,038	(1,044,743)	522,048	32,481,341	212,056,103
At 31 December 2024						
Cost	10,809,689	195,335,888	836,098	654,636	31,655,016	239,291,327
Accumulated depreciation	(3,447,270)	(22,600,850)	(1,880,841)	(132,588)	826,325	(27,235,224)
Net book value	7,362,419	172,735,038	(1,044,743)	522,048	32,481,341	212,056,103

Valuation Methods

The following subsidiaries have had their assets: ZESCO Limited, Infratel Limited, ZSIC Life Insurance Plc, ZSIC Insurance General Limited, Mulungushi International Conference Centre, Mulungushi Village, ZCCM-IH, ZAMTEL, and Zambia Railways. The Group has disclosed the valuation techniques for ZESCO, Mulungushi International Conference Centre, Zambia Railways, Infratel Limited and ZSIC Life given their significance.

10 Property, plant and equipment (continued)

Valuation Methods (continued)

i) As at 31 December 2022, IDC Limited undertook a revaluation of the corporate offices, 61 Independence Avenue, Prospect hill, Lusaka. The property valuations were performed by Sherwood Greene, an accredited and independent valuer using comparable method technique. The valuation model used is in accordance with 'RICS Definition of Value and General Principles to all Valuation.

ii) **Mulungushi International Conference Centre and Zambia Railways**
Mulungushi International Conference Centre and Zambia Railways were revalued by Government Valuation Department, Sandridge Associates and MAK Associates, in October 2019 and December 2018 respectively. The method used was depreciated replacement cost basis, for which comparable market prices were obtained and compared with the carrying values stated in the subsidiary fixed asset registers.

iii) **ZSIC Life Insurance PLC**
An independent valuation of the company's leasehold properties was performed by Sherwood Greene Property Consultants, Independent Registered Valuation Surveyors as of 31 December 2024. The fair values of the Company's property as of 31 December 2022 were based at their market value.

iii) **ZSIC General Limited**
The value of leasehold buildings of the Company at 31 December 2024 have been arrived at on the basis of valuation carried out by Messrs Sherwood Greene Property Consultants, independent valuers not related to the Company. Sherwood Greene Property Consultants are members of the Surveyors Institute of Zambia (SIZ) and the Zambia Institute of Estate Agents (ZIEA) and they have appropriate qualifications and recent experience in the valuation of properties in relevant locations. The valuation which was carried out on an open market basis conforms to international valuation standards. (Royal Institution of Chartered Surveyors Appraisal and Valuation Standards).

iv) **Infratel Limited**
The Company's Data Centre land, buildings and ICT equipment are stated at their revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation. The fair value measurement of the Company's Data Centre land, buildings and ICT equipment as at 31 December 2024 were performed by Sandridge Associates, independent valuers not related to the Company.

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10. Property, plant and equipment (continued)

Valuation Methods (continued)

iv) Infratel Limited (continued)

The information below shows the valuation techniques used as well as the significant inputs used:

Property, plant and equipment	Valuation technique	Description of valuation technique	Observable inputs
Land and buildings	Depreciated Replacement Cost (DRC)	The DRC method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration. The Current Market Value is built up from the Land and improvement Values of the buildings derived from comparable transactions. Considerations were made with reference to: Location, Demand for and supply of such properties and Time of Sale.	Not applicable

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10. **Property, plant and equipment (continued)**

Valuation Methods (continued)

v) ZESCO

The Group's civil engineering works, generation plants and transmission and distribution systems and leasehold buildings are stated at their revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation. The fair value measurement of the Group's civil engineering works and buildings and generation plants and transmission and distribution systems as at 31 December 2024 were performed by Messrs Multiconsult United Kingdom and Upmarket Property Consultants respectively, independent valuers not related to the Group.

Property, plant and equipment	Valuation technique	Description of valuation technique	Observable inputs
Leasehold land and buildings	Market based approach - Direct Comparable Method (DCM) and Depreciated Replacement Cost (DRC)	Direct comparable method renders an estimate of value through comparison with other similar available properties which have recently transacted in the vicinity in an attempt to discern the actions of buyers and sellers active in the marketplace. The current market value is built up from the Land and improvement values of the buildings derived from comparable transactions. Considerations were made with reference to; Location factor, time of sale, accessibility, quality, prevailing economic property trends. The Depreciated Replacement Cost method determines the present market value of the subject property by estimating the present cost of replacing the building(s) by estimating the total amount of accrued depreciation from all causes, namely physical deterioration, functional obsolescence and external obsolescence, subtracting the accrued depreciation from the present replacement costs, estimating the value of minor improvements and adding the site value to the depreciated cost of the building(s).This method was used where there was no market-based evidence of fair value because of the specialized nature of the item of property, plant and equipment and the item is rarely sold, except as part of a continuing business.	Not applicable

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10. Property, plant and equipment (continued)

Valuation Methods (continued)

v) ZESCO (continued)

The information below shows the valuation techniques used as well as the significant inputs used.

Property, plant and equipment	Valuation technique	Description of valuation technique	Observable inputs
Transmission and distribution systems	Depreciated Current Replacement Value (DCRV)	The DCRV method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration. Transmission line asset prices were obtained from recent ZESCO transmission line projects pricing schedules. An additional 3% on-costs was added to account for the Owner's costs. Line costs were priced per unit length and according to terrain type (flat, hilly and swampy). Distribution equipment pricing data was obtained from recent ZESCO in-house pricing data. Unit installed prices (material and labour) per length of overhead line and underground cable was calculated from these data and a further 100% on-costs were added.	Market prices, exchange rates, discounted rate
Civil engineering works and generation plants (Hydro stations, diesel stations and HV stations)	Depreciated Current Replacement Value (DCRV)	The Depreciated Current Replacement Cost (DRCV) method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration. The current replacement value (CRV) of electrical and mechanical equipment was established using ZESCO data for recent projects. For the civil work structures, a bill of quantities was prepared covering the major work items for each hydro scheme section (e.g. embankments, power intakes, canals, forebays, power tunnels, pressure shafts, powerhouses etc.). The DCRV has been calculated in the Asset Register on a linear basis, a minimum value of 10% CRV was allocated if the asset is still in service. A scrap value has also been allocated where it is ZESCO's current practice to sell scrap materials.	Market prices, exchange rates, discounted rate

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Figures in thousands of Zambian Kwacha

10. Property, plant and equipment (continued)

Valuation Methods (continued)

The significant inputs include the estimated construction costs and other ancillary expenditure. A slight increase in the depreciated factor would result in a significant decrease in the fair value of civil engineering works and buildings, generation plants and transmission and distribution systems, and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings, and vice versa.

In the opinion of the Directors there are no major components of property, plant and equipment which have different useful lives that would require to be depreciated separately and allocated separate residual values.

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11. Leases

a) Right of use assets

The Group leases various offices (classified as buildings) tower spaces and office equipment. Lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

	Tower space	Office equipment	Motor vehicles	Buildings	Total
As at 31 December 2022					
Cost	398,248	62,795	28,294	325,559	814,896
Accumulated depreciation	(286,893)	(60,432)	(6,032)	(274,690)	(628,047)
Net book value	111,355	2,363	22,262	50,869	186,849
Year ended 31 December 2023					
Opening net book value	111,355	2,363	22,262	50,869	186,849
Additions	706,774	59,415	92,111	601,918	1,460,218
Remeasurement	18,438	-	-	30,913	49,351
Termination of lease	-	-	1,753	(57,074)	(55,321)
Depreciation charge	(205,406)	(1,346)	(42,450)	(12,561)	(261,763)
Net book value	631,161	60,432	73,676	614,065	1,379,334
As at 31 December 2023					
Cost	1,123,460	122,210	122,158	901,316	2,269,144
Accumulated depreciation	(492,299)	(61,778)	(48,482)	(287,251)	(889,810)
Net book value	631,161	60,432	73,676	614,065	1,379,334

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

11 Leases (continued)

a) Right of use assets (continued)

	Tower space	Office equipment	Motor vehicles	Buildings	Total
Year ended 31 December 2024					
Opening net book value	631,161	60,432	73,676	614,065	1,379,334
Additions	5,358	249,872	18,823	1,680	275,733
Remeasurement	86,460	-	-	(404)	86,056
Termination of lease	(17,594)	4,033	(3,777)	-	(17,338)
Depreciation charge	(150,374)	(22,810)	(473)	(1,680)	(175,337)
Net book value	555,011	291,527	88,249	613,661	1,548,448
As at 31 December 2024					
Cost	1,197,684	376,115	137,204	902,592	2,613,595
Accumulated depreciation	(642,673)	(84,588)	(48,955)	(288,931)	(1,065,147)
Net book value	555,011	291,527	88,249	613,661	1,548,448

b) Lease liabilities

	2024	2023
i) Current	538,887	466,161
Non-current	849,668	1,059,637
	1,388,555	1,525,798

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

11. Leases (continued)

b) Lease liabilities (continued)

ii) Movement in lease liabilities in the statement of financial position is as illustrated below:

	2024	2023
At the start of the year	1,525,798	260,055
Additions	97,386	1,410,582
Interest charged	5,871	92,426
Foreign currency losses	463	5,158
Remeasurements	85,319	19,236
Derecognition	-	(5,398)
Principal and interest payments	(326,282)	(256,261)
At the end of the year	1,388,555	1,525,798

iii) Amounts recognised in the statement of profit or loss

Foreign currency losses	463	5,158
Depreciation charge	175,337	261,763
Interest expense on lease liabilities	52,903	92,426
	228,703	359,347

iv) Maturity analysis of contractual lease payments outstanding

Within 1 year	538,887	466,161
Between 1 and 2 years	912,201	1,022,281
Later than 5 years	53	54,445
Minimum lease payment	1,451,141	1,542,887
Finance charge	(62,586)	(17,089)
Net present value	1,388,555	1,525,798

12. Investment properties

At the start of the year	5,364,492	4,951,719
Additions	849	222,455
Reclassification from current assets	2,973	278,943
Transfer to assets held for sale	(56,988)	(14,674)
Disposals	-	(99,853)
Revaluation surplus	41,420	-
Change in fair value	43,582	25,902
At the end of the year	5,396,328	5,364,492

12. Investment properties (continued)

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss. The investment properties are leased to tenants under operating leases with rentals payable monthly. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Measurement of fair value

(i) Fair value hierarchy

The fair value of investment properties determined on 31 December 2024 by external, independent property valuers and the Government valuation department, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the entities' Investment Property Portfolio.

(ii) Valuation technique and key assumptions are noted below.

The method used in valuing investment property under development is the capital value basis. The valuer uses the amount payable for similar areas. The fair value of Investment property under development has been classified as level 3 based on the inputs to the valuation technique used. The key assumptions are as follows:

- Prevailing market conditions and likely future trends;
- Factors affecting values for similar properties in the same or similar locations;
- Development potential for each site; and
- Current and expected demand for commercial properties.

Figures in thousands of Zambian Kwacha

13. Exploration and evaluation assets	**2024**	**2023**
Cost		
Balance at 1 January	53,161	53,161
Additions	-	-
Impairment	(36,006)	-
As at 31 December	17,155	53,161
Depreciation		
Balance at 1 January	(1,724)	(10,378)
Depreciation adjustment	-	17,308
Charge for the year	-	(8,654)
As at 31 December	(1,724)	(1,724)
Net book value		
As at 31 December	15,431	51,437

Exploration and evaluation assets represent costs capitalized by the Group in relation to diamond drilling, laboratory analysis of drilling core samples, geochemical and geophysical studies as well as costs incurred in acquisition of rights to explore the license area in Kasenseli, Mwinilunga district.

14. Other assets

Non-current assets		
Environmental protection fund	369	-
Trade and other receivables (note (a))	2,553,051	-
Unconsolidated entities* (note (b))	-	266,148
	2,553,420	266,148

Other long-term assets relate to:

(a) the amounts due to ZCCM -IH receivables from KCM for price participation;

(b) Unconsolidated entities*

Zambia International Trade Fair	-	52,242
Zambia Airways Limited	-	182,344
Agro-Luswishi	-	31,562
	-	266,148

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15. Intangible assets

	Goodwill	Other intangibles	Total
As at 31 December 2022			
Cost	119,818	4,332,039	4,451,857
Accumulated amortisation	(119,818)	(615,824)	(735,642)
Closing net book value	-	3,716,215	3,716,215
Year ended 31 December 2023			
Opening net book value	-	3,716,215	3,716,215
Additions	-	166,131	166,131
Transfer from PPE (Note 10)	-	11,732,618	11,732,618
Impairment depreciation	-	(1,841)	(1,841)
Amortisation charge	-	(799,102)	(799,102)
Closing net book value	-	14,814,021	14,814,021
As at 31 December 2023			
Cost	119,818	16,230,788	16,350,606
Accumulated amortisation	(119,818)	(1,416,767)	(1,536,585)
Closing net book value	-	14,814,021	14,814,021
Year ended 31 December 2024			
Opening net book value	-	14,814,021	14,814,021
Additions	-	338,116	338,116
Fair valuation	-	6,272,769	6,272,769
Amortisation charge	-	(689,466)	(689,466)
Classified to held for sale	-	(254)	(254)
Impairment depreciation	-	(66,561)	(66,561)
Closing net book value	-	20,668,625	20,668,625
As at 31 December 2024			
Cost	-	22,225,595	22,225,595
Accumulated amortisation	-	(1,556,970)	(1,556,970)
Closing net book value	-	20,668,625	20,668,625

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16. Reinsurance receivables

Reinsurance receivables are amounts receivable from the underwriting of the insurance contracts. The year end balance is made up as follows:

	2024	2023
Gross reinsurance receivables	268,548	268,548
Provision for bad and doubtful debts	425,852	-
	694,400	268,548

The year end balances included amounts that have been outstanding beyond the period of cover of the treaties and agreements signed with various Reinsurance Companies.

An amount of K268.55 million (2022: K173.47 million) relates to receivables outstanding for over 365 days. The treaties and agreements provide for a right of set-off of liabilities against assets subject to agreement by both parties. The Company is in the process of agreeing the balances to be offset. In addition, due to the nature of reinsurance transactions, the period of settlement of balances extends beyond the expiry of the agreements and treaties entered into.

17 Insurance receivables	2024	2023
Gross insurance receivables	301,811	258,684
Allowance for bad debts	(23,546)	(21,294)
	278,265	237,390
Less than 1 year	221,735	-
Between 1 and 5 years	56,530	237,390
Net insurance receivable	278,265	237,390

Figures in thousands of Zambian Kwacha

18. Interest in other entities

a. Joint ventures

The following shows the breakdown of Group's investments in joint ventures as at 31 December:

Names of joint ventures	**2024**	**2023**
Itezhi Tezhi Power Corporation Limited	1,483,990	18,272
Emerged Railways Properties Private Limited	256,488	256,488
	1,740,478	274,760
Share of profit/(loss) from joint venture		
Itezhi Tezhi Power Corporation Limited	741,995	18,272
Emerged Railways Properties Private Limited	-	14,637
	741,995	32,909

The entities have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also the entity's principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. See accounting policy note 2.3 (ii) for details.

i) Summarised financial information for the associates

Names of joint ventures	**Place of incorporation**	**Ownership interest**	
		2024	**2023**
Itezhi Tezhi Power Corporation Limited	Zambia	50%	50%
Emerged Railways Properties Private Limited	Zimbabwe	50%	50%

The information disclosed below reflects the amounts presented in the annual financial statements of the relevant joint ventures and not the Group's share of those amounts.

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Figures in thousands of Zambian Kwacha

18. Interest in other entities (continued)

a. Joint ventures (continued)

i) Summarised financial information for the associates (continued)

	Itezhi Tezhi Power Corporation Limited		Emerged Railways Properties Private Limited	
	2024	**2023**	**2024**	**2023**
Statement of profit or loss:				
Revenue	1,714,326	338,911	-	14,563
Profit/(loss) for the year	1,483,990	18,272	-	(9,833)
Total comprehensive income	1,483,990	18,272	-	(9,833)
Statement of financial position:				
Non-current assets	1,455,185	299,703	-	342,176
Current assets	3,666,843	333,299	-	28,574
Total assets	5,122,028	633,002	-	370,750
Capital and reserves	2,379,390	372,240	-	346,414
Non-current liabilities	1,231,877	26,207	-	-
Current liabilities	1,510,761	234,555	-	24,336
Total equity and liabilities	5,122,028	633,002	-	370,750

ii) Reconciliation of carrying amounts:

	2024	2023	2024	2023
At the start of the year	1,954,687	1,936,415	191,807	173,107
Impairment (charge)/reversal during the year	-	-	(191,807)	5,672
Currency translation adjustment	111,758	-	-	5,709
Share of profit/ (loss) for the year	741,995	18,272	-	7,319
At the end of the year	2,808,440	1,954,687	-	191,807

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18 Interest in other entities (continued)

b. Investment in associates

Reconciliation of carrying amounts

	2024	2023
At the start of the year	13,565,241	18,005,825
Share of profit of equity accounted associates	4,147,666	3,004,299
Share of OCI	(1,558)	11,529
Dividend received	(750,029)	(839,588)
Additions	5,316,339	540,849
Transfer to subsidiaries	(39,348)	(11,065,507)
Impairment of investment in associates	(4,461,755)	-
Currency translation adjustment	10,922,394	3,907,834
At the end of the year	28,698,950	13,565,241

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Figures in thousands of Zambian Kwacha

18. Interest in other entities (continued)

b. Investment in associates

Investment in Associates	Country of incorporation	% interest held	Total assets	Total liabilities	Net asset value	Share of net assets	Revenues	Profit/ (loss)	Share of profit/ (loss)	Share of profit/ (loss) not recognised
31 December 2024										
Konkola Copper Mines Plc	Zambia	20.60%	60,357,400	(37,260,683)	23,096,717	4,757,924	10,778,856	12,152,529	2,503,421	-
Copperbelt Energy Corporation Plc	Zambia	32.41%	23,966,920	(11,255,493)	12,711,427	4,119,773	14,322,710	2,534,803	821,529	-
CNMC Luanshya Copper Mine Plc	Zambia	20.00%	14,464,692	(4,856,635)	9,608,057	1,921,611	11,758,119	3,916,505	783,301	-
Maamba Collieries Limited	Zambia	35.00%	21,705,388	(5,574,779)	16,130,609	5,645,713	6,323,317	3,071,614	1,075,064	-
Lubambe Copper Mines Limited	Zambia	20.00%	7,471,312	(33,780,400)	(26,309,088)	(5,261,818)	3,896,237	(2,706,705)	-	(541,341)
Mopani Copper Mines Plc	Zambia	49.00%	52,037,017	(30,117,198)	21,919,819	10,740,711	13,145,078	(3,489,692)	(1,709,949)	-
Mingomba Mining Limited	Zambia	20.00%	8,518,157	(134,541)	8,383,616	1,676,723	-	(727,657)	(145,531)	-
Elsewedy Electric Limited	Zambia	40.00%	633,002	(260,762)	372,240	148,896	476,719	78,717	31,486	-
Zambia Electrometer Limited	Zambia	40.00%	6,338	(123,187)	(116,849)	(46,740)	-	-	-	-
Indo Zambia Bank Limited	Zambia	40.00%	20,852,195	(17,964,640)	2,887,555	1,155,022	1,614,589	724,106	289,642	-
ZANACO PLC	Zambia	25.00%	48,078,761	(42,647,858)	5,430,903	1,357,726	5,904,501	1,793,357	448,339	-
Kagem Mining Limited	Zambia	25.00%	3,194,315	(2,082,064)	1,112,250	278,063	2,258,934	(26,634)	(6,658)	-
Bangweulu Power	Zambia	20.00%	900,162	(1,162,589)	(262,427)	(52,484)	140,677	(56,106)	-	(11,221)
Ngonye Power	Zambia	20.00%	980,133	(858,651)	121,482	24,297	97,576	30,262	6,052	-
Lusaka Trust Hospital	Zambia	45.00%	176,987	(50,933)	126,054	56,724	81,769	(4,579)	(2,060)	-
Zambia Reinsurance Plc	Zambia	28.17%	209,804	(74,350)	135,454	38,157	140,341	28,462	8,017	-
Zepre	Zambia	0.57%	14,287,136	(4,350,828)	9,936,308	56,637	7,567,133	640,352	3,650	-
Marcopolo	Zambia	25.00%	3,649,464	(1,366,980)	2,282,485	570,621	769,691	127,919	31,979	-
ZICB	Zambia	30.21%	4,668,738	(4,096,551)	572,187	172,858	475,047	31,064	9384	-
			286,157,921	(198,019,122)	88,138,799	27,360,414	79,751,294	18,118,317	4,147,666	(552,562)

The Group's share of accumulated unrecognized losses from associates who are in net liability position was K552 million (2023: K608 million) at the year end. Where the equity accounted value is zero, no further losses are recognised by IDC as there is no legal obligation to settle any liabilities.

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Figures in thousands of Zambian Kwacha

18. Interest in other entities (continued)

b. Investment in associates

31 December 2023	Country of incorporation	% interest held	Total assets	Total liabilities	Net asset value	Share of net assets	Revenues	Profit/ (loss)	Share of profit/(loss)	Share of profit/(loss) not recognised
Copperbelt Energy Corporation Plc	Zambia	31.1%	17,395,082	(6,690,717)	10,704,365	3,325,846	7,845,760	2,825,126	877,766	-
CNMC Luanshya Copper Mine Plc	Zambia	20.0%	9,764,051	(3,482,600)	6,281,451	1,256,290	8,492,866	2,929,081	585,816	-
Maamba Collieries Limited	Zambia	35.0%	20,987,054	(9,153,362)	11,833,692	4,141,792	5,001,542	2,566,315	898,210	-
Lubambe Copper Mines Limited	Zambia	20.0%	7,465,494	(26,108,115)	(18,642,621)	(3,728,524)	2,516,011	(3,055,266)	-	(611,053)
Rembrandt Properties Limited	Zambia	49.0%	162,422	(82,119)	80,303	39,348	14,768	(2,468)	1,209	-
Mingomba Mining Limited	Zambia	20.0%	6,658,716	(20,396)	6,638,320	1,327,664	-	(496,875)	(99,375)	-
Elsewedy Electric Limited	Zambia	40.0%	633,002	(260,762)	372,240	148,896	338,911	134,289	53,715	-
Zambia Electrometer Limited	Zambia	40.0%	6,338	(123,187)	(116,849)	(46,740)	-	-	-	-
Indo Zambia Bank Limited	Zambia	40.0%	16,994,558	(14,707,199)	2,287,359	914,944	1,905,281	604,333	241,733	-
ZANACO PLC	Zambia	25.0%	44,800,219	(40,535,684)	4,264,535	1,066,134	4,728,291	1,738,382	434,595	-
Kagem Mining Limited	Zambia	25.0%	2,819,202	(1,607,671)	1,211,531	302,883	2,381,871	(176,088)	44,022	-
Bangweulu Power	Zambia	20.0%	801,043	(817,657)	(16,614)	(3,323)	86,257	(13,495)	-	(2,699)
Ngonye Power	Zambia	20.0%	720,200	(647,870)	72,330	14,466	89,885	79,100	15,820	-
Lusaka Trust Hospital	Zambia	45.0%	175,522	(45,889)	129,633	58,335	72,873	4,348	1,956	-
Zambia Reinsurance Plc	Zambia	28.2%	151,653	(46,260)	105,393	29,689	90,023	18,598	5,239	-
Zepre	Zambia	0.6%	12,352,240	(3,709,408)	8,642,832	49,264	6,115,285	364,323	2,076	-
Marcopolo	Zambia	25.0%	3,649,464	(1,366,980)	2,282,484	570,621	769,691	127,919	31,979	-
ZICB	Zambia	30.2%	4,023,484	(4,261,775)	(238,291)	(71,988)	372,017	18,762	-	5,668
			149,559,744	(113,667,651)	35,892,093	9,395,597	40,821,332	7,666,384	3,004,299	(608,084)

Figures in thousands of Zambian Kwacha

	2024	2023
19 Loans due from related parties		
At 1 January	50,754	30,595
Interest accrued	2,335	10,249
Exchange differences	-	9,910
At 31 December	53,089	50,754

Breakdown analysis of the loans due from related parties

		2024	2023
Bangweulu Power Company Limited	Associate	48,859	46,524
Zambia China Mulungushi Textiles Limited	Associate	2,628	2,628
Pelidic Zambia Limited	Project	1,602	1,602
		53,089	50,754

The terms of loans are disclosed below:

Bangweulu Power Company Limited
Unsecured shareholding loan of US$1.77 million with a 4 year tenor to Bangweulu for the start up capital. The rate of interest is at 10.40% p.a.

Zambia China Mulungushi Textiles Limited

K5 million unsecured shareholder loan at an annual interest rate of 10% for a period of 3 years. The purpose of the loan was to settle all staff related obligations.

Pelidic Zambia Limited
This is unsecured shareholding loan of K1 million with a 3 year tenure. The rate of interest is at 24.63% p.a.

Figures in thousands of Zambian Kwacha

20. Financial assets at fair value through profit or loss

	2024	2023
Reconciliation of carrying amounts		
At 1 January	3,019,500	1,252,400
Changes in fair value	(278,500)	1,767,100
At 31 December	2,741,000	3,019,500

2024		**% Holding**	**At 1 January**	**Valuation movement**	**Valuation 31 December**
NFC Africa Mines Plc	Zambia	15%	3,019,500	(278,500)	2,741,000
2023					
NFC Africa Mines Plc	Zambia	15%	1,252,400	1,767,100	3,019,500

Measurement of fair value

Fair value hierarchy
The fair value for the Group's financial investments at fair value through profit or loss was determined by Stock Brokers Zambia, an external independent valuer, having appropriate recognised professional qualifications and recent experience of the financial investments being valued. The independent valuers provide the fair value of these investments annually.

The fair value measurement for the Group's investments of K2.74 billion (2023: K3.02 billion) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Figures in thousands of Zambian Kwacha

20. Financial assets at fair value through profit or loss (continued)

Levels 2 and 3 fair value

2024	**Level 2**	**Level 3**	**Total**
Balance at 1 January	-	3,019,500	3,019,500
Net change in fair value	-	(278,500)	(278,500)
Balance at 31 December	-	2,741,000	2,741,000
2023			
Balance at 1 January	-	1,252,400	1,252,400
Net change in fair value	-	1,767,100	1,767,100
Balance at 31 December	-	3,019,500	3,019,500

i) Valuation Technique

Level 3 fair value

The following table shows the valuation technique used in measuring the fair value of investment in fair value through profit or loss, as well as the significant unobservable inputs used.

Figures in thousands of Zambian Kwacha

20. Financial assets at fair value through profit or loss (continued)

i) Valuation Technique

Level 3 fair value

Investee name	Valuation technique	Significant unobservable inputs and assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
NFC Africa Mines Plc	Discounted cash flows is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. There has been no changes to the valuation technique applied in the prior year. The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics.	Target participation capital structure Debt to total capitalisation (2024:42.9%, 2023: 26.2%). - Equity to total capitalisation (2024:57.1%, 2023:73.8%) • Cost of debt - Cost of debt (2024: 10.6%, 2023: 10.0%) - Effective tax rate (2024: 30%, 2023: 30%) - After tax cost of debt (2024: 7.4%, 2023: 7.0%) • Cost of equity - Risk free rate (2024: 4.6%, 2023: 3.9%) - Market risk premium (2024: 8.5%, 2023: 9.72%) - Levered beta (2024: 2.06, 2023: 1.53). - Cost of equity (2024:22.2%, 2023: 18.7%) • WACC (2024: 15.8%, 2023: 15.6%)	The estimated fair value would increase/ (decrease) if: • Equity to total capitalisation were (lower)/ higher. • Cost of debt were (lower)/ higher. • The cost of equity were (lower)/higher. • If the copper price reduced/ increased the fair value would be (lower)/higher.

Figures in thousands of Zambian Kwacha

21. Financial assets at amortised cost and fair value through OCI	2024	2023
a) Financial assets at amortised cost		
Noncurrent		
Government securities (i)	24,712	24,712
Bank fixed term deposits (ii)	-	-
Corporate bonds (iv)	5,231	5,231
Collective investment scheme	283	283
Treasury bills (iii)	1,042	1,042
	31,268	31,268
Less: Provision for impaired investment	-	-
At 31 December	31,268	31,268
The financial assets at amortized costs comprise:		
i) Government Bonds		
Five-year maturity	17,746	17,746
Seven-year maturity	1,825	1,825
Ten-year maturity	2,094	2,094
Fifteen-year maturity	3,047	3,047
	24,712	24,712
ii) Bank fixed deposits		
Two-year maturity	2,508	2,508
Less:Provision	(2,508)	(2,508)
	-	-
iii) Treasury bills		
91 days	-	-
182 days	-	-
364 days	1,042	1,042
	1,042	1,042
iv) Corporate bonds		
Ten-year maturity	-	-
Fifteen-year maturity	5,231	5,231
	5,231	5,231
b) Other financial assets at amortised cost		
Term deposits relate to fixed deposits placed in various banks.		
The movement in term deposits is as follows:		
At the start of the year	4,533,711	5,415,472
Matured during the period	(4,533,711)	(5,415,472)
Additions	5,151,863	4,533,711
At the end of the year	5,151,863	4,533,711

Figures in thousands of Zambian Kwacha

21. Financial assets at amortised cost and fair value through OCI (continued)

As at 31 December 2024, ZCCM-IH held investments in government bonds with a total carrying value of ZMW50 million. The tenure of the government bonds is 3 years. The bonds carry yields of 21.5% and 20% per annum.

As at 31 December 2024, ZCCM-IH held investments in the CEC renewable bond with a total carry value of ZMW279.53 million. The tenure of the bond is 15 years. The bond carries an interest rate of 8.23%.

c) Financial assets at fair value through OCI

Investment in shares listed on LuSE	2024	2023
The details and carrying amounts of financial assets at FVOCI are as follows:		
At the beginning of the year	98,337	78,392
Fair value adjustments	15,416	19,945
At the end of the year	113,753	98,337

	Number of shares	Market share price Kwacha	Market value 2024	Market value 2023
Commerce Bank Plc	381,140	1.00	381	381
Development Bank of Zambia	7,000	0.29	2	2
First Quantum Minerals Limited	1,063,830	3.70	-	-
Lafarge Cement Zambia Plc	153,802	25.50	3,922	2,122
National Breweries Plc	39,253	3.01	118	161
Pamodzi Hotels Plc	37,400	-	-	27
Zambia Privatization Trust Fund	124	-	-	62
Zanaco Bank Plc	6,250,000	6.17	34,625	23,750
ZAFFICO Plc	8,000,000	2.26	18,071	20,243
Zambian Breweries Plc	2,307	-	-	16
REIZ	1,144,032	1.94	2,219	1,487
ZEP-Re Insurance	267,315	203.56	54,415	50,086
			113,753	98,337

Figures in thousands of Zambian Kwacha

21. Financial assets at amortised cost (continued)

c) Financial assets at fair value through OCI

Listed equity investments comprise investments in shares listed on the Lusaka Securities Exchange. These investments amount to less than 20% of the ordinary share capital of the investees. The Group is not able to exert significant influence over the investees. Fair values are determined by reference to price quotations published by the stock exchange.

22. Biological assets - plantation in formation

The Group's biological assets comprise of pine, tea plantation, palms and eucalyptus.

	2024	2023
At 1 January	7,118,980	5,805,793
Changes in fair value	887,835	899,079
	8,006,815	6,704,872
Eliminated in respect of thinning	-	(100,695)
Volume gain	-	514,801
At 31 December	8,006,815	7,118,978
Impairment loss		
At the start of the year	2	2
Charge for the year	(2)	(2)
At the end of the year	-	-
Net book value	8,006,815	7,118,978

Capitalisation of expenses

Capitalisation of expenses includes expenses directly related to plantation management activities and 25% of administrative costs.

IAS 41 – Agriculture requires an entity to use fair value approach in measuring its biological assets. The Directors are of the opinion that fair value cannot be measured reliably hence have opted for a reliability exception allowed by the standard. In this case plantations in formation should be measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line basis to write down the cost of the asset to its residual value over its estimated useful life as follows:

Tea plantation	50 years
Pine	25 years
Palms	4 years
Eucalyptus	15 years

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23. Inventories

	2024	2023
Fuel	24,218	19,587
Goods in transit	-	35,925
Materials	1,642,693	1,366,985
Other inventories	1,081,213	1,560,281
Loss allowance for slow moving inventory	(206,039)	(305,761)
	2,542,085	2,677,017

Movements on the provision for impairment of inventories are as follows:

	2024	2023
At 1 January	305,761	217,871
Impairment charge/(reversal)	(99,722)	87,890
At 31 December	206,039	305,761

24. Trade and other receivables

	2024	2023
Trade receivables	36,023,752	26,376,878
Loss allowance	(26,653,703)	(21,504,146)
Trade receivables-net	9,370,049	4,872,732
Prepayments	317	99,649
Other receivables	1,972,538	2,425,455
	11,342,904	7,397,836

Due to the short-term nature of current receivables, their carrying amount are considered to be same as their fair value.

25. Assets held for sale

	2024	2023
Government bonds**	48,146	43,293
Investment in subsidiaries (a)	92,140	23,626,388
	140,286	23,669,681

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Figures in thousands of Zambian Kwacha

25. Assets held for sale (continued)

*The Board resolved to sell 160 million shares being 40% of its shareholding in Zaffico valued at K208.38 million through an IPO. As at 31 December 2024, shares amounting to 13.81 million valued at K17.96 million still remained unsold and continue to be held by IDC as part of the 63% investment in ZAFFICO.

**Ministry of Finance issued bonds with a face value of K2.67 billion in favour of the Company (" IDC ") to unlock liquidity, with the view of financing the Company's subsidiaries and projects. During the year the Company sold bonds with a face value of K28.43 million.

(a) Investment in subsidiaries - assets held for sale

	2024	2023
At 1 January		
Investrust Bank Plc	-	1,593,397
Subsidiaries	92,140	-
Mopani Copper Mines	-	22,032,991
At 31 December	92,140	23,626,388

(b) Investment in subsidiaries - liabilities associated with assets held for sale

ZCCM-IH Plc held a controlling interest in Mopani until the shareholders approved the Strategic Equity Transaction at an Extraordinary Meeting held on Friday 23 February 2024. This new partnership resulted in International Resources Holdings RSC Limited ("IRH"), through its wholly owned subsidiary, Delta Mining Limited ("Delta") acquiring a 51% stake in Mopani which diluted ZCCM-IH's stake from 100% to 49%. As a result, Mopani was reclassified as an associate in accordance with IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

Upon the reclassification, Mopani was derecognised from the Group's Statement of Financial Position as a subsidiary and recognised as part of the Group's investment in associates on 20th March 2024.

	2024	2023
At 1 January		
Investrust Bank Plc	-	2,503,825
Mopani Copper Mines	-	60,173,129
At 31 December	-	62,676,954

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25. Assets held for sale (continued)

(c) Financial performance and cash flow information

The financial performance and cash flow information presented for Investrust Bank Plc and Mushe Milling Limited are for the year ended 31 December 2024 and 2023.

	At 31 December 2024			At 31 December 2023		
	Mopani Copper Mines	**Investrust Bank Plc**	**Consolidated**	**Mushe Milling Company Limited**	**Investrust Bank Plc**	**Consolidated**
Financial performance						
Revenue / interest income	-	-	-	38,925	206,224	245,149
Cost of sales /interest expense and operating expenses	-	-	-	(55,338)	(260,818)	(316,156)
Gross loss	-	-	-	(16,413)	(54,594)	(71,007)
Other income	-	-	-	18	53,471	53,489
(Loss)/profit before tax	-	-	-	(16,395)	(1,123)	(17,518)
Income tax charge	-	-	-	-	(1,485)	(1,485)
(Loss)/profit for the year	-	-	-	(16,395)	(2,608)	(19,003)
(Loss)/profit attributable to non-controlling interest	-	-	-	-	(746)	(746)
Cashflow information:						
Net cash (outflow)/inflow from operating activities	-	-	-	(1,569)	(4,874)	(6,443)
Net cash outflow from investing activities	-	-	-	-	(342)	(342)
Net cash inflow / (outflow) from financing activities	-	-	-	1,969	-	1,969
Net cash movement	-	-	-	400	(5,216)	(4,816)

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Figures in thousands of Zambian Kwacha

25. Assets held for sale (continued)

(d) Assets and liabilities of disposal group classified as held for sale

During the financial year ended 31 December 2024, the Bank of Zambia (BOZ) exercised regulatory authority over Investment Bank PLC (Investrust). On 2 April 2024, the Lusaka Securities Exchange (LuSE) issued a notice halting the trading of Investrust's securities and subsequently, on 24 April 2024, LuSE formally suspended the listing of Investrust Bank PLC.

Mopani Copper Mines was reclassified to investments in associates following dilution of ZCCM-IH's stake from 100% to 49%, having sold 51% to Delta Mining Limited (note 25 (b)).

The following assets and liabilities were reclassified as held for sale in relation to Investrust Bank Plc and Mushe Milling Company Limited as at 31 December 2024 and 31 December 2023.

	At 31 December 2024			At 31 December 2023		
	Mopani Copper Mines	Investrust Bank Plc	Consolidated	Mopani Copper Mines	Investrust Bank Plc	Consolidated
Assets classified as held for sale:						
Property, plant and equipment	-	-	-	12,525,429	-	12,525,429
Intangible assets	-	-	-	3,121,181	-	3,121,181
Financial assets through profit or loss	-	-	-	-	-	-
Term deposits	-	-	-	-	1,005,015	1,005,015
Trade and other receivables	-	-	-	2,691,333	28,161	2,719,494
Inventories	-	-	-	3,489,128	-	3,489,128
Other assets	-	-	-	147,553	-	147,553
Cash and cash equivalents	-	-	-	58,367	560,221	618,588
Total assets of the disposal group held for sale	-	-	-	22,032,991	1,593,397	23,626,388

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25. Assets held for sale (continued)

(d) Assets and liabilities of disposal group classified as held for sale

	At 31 December 2024			At 31 December 2023		
	Mopani Copper Mines	Investrust Bank Plc	Consolidated	Mopani Copper Mines	Investrust Bank Plc	Consolidated
Liabilities directly associated with assets classified as held for sale						
Borrowings	-	-	-	(43,518,156)	-	(43,518,156)
Provisions for environmental rehabilitation	-	-	-	(3,263,137)	-	(3,263,137)
Bank Overdraft	-	-	-	(1,095,462)	-	(1,095,462)
Trade and other payables	-	-	-	(12,296,374)	(2,503,825)	(14,800,199)
Total liabilities directly associated with assets classified as held for sale	-	-	-	(60,173,129)	(2,503,825)	(62,676,954)
Net liabilities held for sale	-	-	-	(38,140,138)	(910,428)	(39,050,566)

Figures in thousands of Zambian Kwacha

26. Cash and cash equivalents

	2024	2023
Cash and cash equivalents	2,807,351	3,784,020
Fixed deposits	532,879	135,753
	3,340,230	3,919,773

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Balances as above	3,340,230	3,919,773
Bank overdrafts	(13,949)	(20,555)
Balances per statement of cash flows	3,326,281	3,899,218

As at the reporting period, there were no deposits at call nor any restricted cash.

27. Share capital

Issued and fully paid ordinary shares of K1 each	1,500,000	1,500,000
	1,500,000	1,500,000
Authorised ordinary share of K1 each	1,500,000	1,500,000

The authorised share capital of the Company is K1,500 million (2023: K1,500, million) comprising 1,500,000,000 (2023: 1500,000,000) ordinary shares at a par value of K1.00 each. The issued and fully paid-up share capital is at K1,500 million (2023: K1,500 million) comprisng 1,500,000,000 (2023:1,500,000,000) ordinary shares at a par value of K1.00 each. Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

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Figures in thousands of Zambian Kwacha

28 Capital and other reserves

	Capital reserve	Revaluation reserve	Translation reserve	Total
31 December 2024				
At the start of the year	16,038,832	145,107,691	3,242,980	164,389,503
Transactions with owners	-	-	-	-
Gains on properties revaluation	-	(3,129,125)	-	(3,129,125)
Deferred tax on property revaluation	-	(1,392)	-	(1,392)
Currency translation	-	-	11,367,059	11,367,059
At the end of the year	16,038,832	141,977,174	14,610,039	172,626,045
31 December 2023				
At the start of the year	16,038,832	15,661,213	15,772,660	47,472,705
Transactions with owners	-	-	-	-
Gains on properties revaluation	-	129,572,695	-	129,572,695
Deferred tax on properties revaluation	-	(126,217)	-	(126,217)
Currency translation	-	-	(12,529,680)	(12,529,680)
At the end of the year	16,038,832	145,107,691	3,242,980	164,389,503

i) **(i) Capital reserve**

The capital reserve represents the net assets value of State-Owned Enterprise (SOE) transferred by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia to the Company and subsequent capital raised from non-operating activities. K612.09 million relates to the capitalization incurred on Mulungushi Conference Centre Limited new building by the Ministry of Housing and Infrastructure Development.

Figures in thousands of Zambian Kwacha

28. Capital and other reserves (continued)

ii) Translation reserve

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the financial statements of the Group's foreign operations that are not considered integral to the operations of the parent Company, arising when the Group's entities are consolidated. Subsidiary translation reserve for the year were as follows:

	2024	2023
Cash and cash equivalents	26,047	(281,464)
Trade and other receivables	(1,078)	904,155
Environmental Protection Fund	175	42,858
Borrowings	432,871	(12,707,437)
Retirement benefits	(154)	(69,146)
Provisions for environmental rehabilitation	35,243	(815,048)
Trade and other payables	(44,945)	(3,350,997)
Provisions	(3,494)	(160,435)
Total	444,665	(16,437,514)

iii) Revaluation reserve

Revaluation reserve arose from the periodic revaluation of property, plant and equipment, and represented 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

29. Deferred income tax

The balances have been measured using the substantively enacted rate of 30% for 2024 (2023; 30%). The movement on the deferred income tax account is as follows:

	2024	2023
At the start of the year	486,654	200,645
Credit recognised in other comprehensive income	1,997	4,779
Over provision	4,852,931	(4,654,697)
Charge to profit or loss	323,651	4,935,907
At the end of the year	5,665,233	486,654

Deferred income tax assets and liabilities and deferred income tax charge/(credit) in profit or loss are attributable to the following items:

Year ended 31 December 2024	At the start of the year	Recognised in profit or loss	Recognised in OCI	Under / (over) provision	At the end of the year	Deferred tax assets	Deferred tax liabilities
Net unutilised tax losses	(4,415,489)	705,103	-	3,710,386	20	-	20
Accelerates capital allowances	11,362,723	1,452,704	-	(12,493,692)	321,735	-	321,735
Revaluation surplus and excess depreciation*	129,708	100,526	2,689	1,461,914	1,694,837	-	1,694,837
Provision and other	(7,926,185)	(1,299,618)	(692)	11,319,970	2,093,475	-	2,093,475
Change in financial assets at fair value through profit or loss	110,252	-	-	(110,252)	-	-	-
Unrealised exchange losses	(153,577)	(106,827)	-	(11,634)	(272,038)	(272,038)	-
Unrealised exchange gains	1,379,202	(528,238)	-	976,240	1,827,204	-	1,827,204
Total	486,654	323,650	1,997	4,852,932	5,665,233	(272,038)	5,937,271

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

29. Deferred income tax (continued)

	At the start of the year	Recognised in profit or loss	Recognised in OCI	Under / (over) provision	At the end of the year	Deferred tax assets	Deferred tax liabilities
Year ended 31 December 2023							
Net unutilised tax losses	(4,356,718)	(41,253)	-	(17,518)	(415,489)	(4,415,489)	-
Accelerates capital allowances	12,528,654	(12,355)	-	(1,153,576)	11,362,723	-	11,362,723
Revaluation surplus and excess depreciation*	(135,005)	151,758	(4,779)	108,176	129,708	-	129,708
Provision and other	(8,220,921)	3,884,709	-	(3,589,973)	(7,926,185)	(7,926,785)	-
Change in financial assets at fair value through profit or loss	110,252	-	-	-	110,252	-	110,252
Unrealised exchange losses	(88,303)	(65,449)	-	175	(153,577)	(153,577)	-
Unrealised exchange gains	362,686	1,018,497	-	(1,981)	1,379,202	-	1,379,202
Total	200,645	4,935,907	(4,779)	(4,654,697)	486,654	(12,495,851)	12,981,885

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Figures in thousands of Zambian Kwacha

. **Deferred income tax (continued)**

*The amount includes deferred tax on revaluation surplus of K1.12 million (2023 K4.78 million).

Subject to agreement with the Zambia Revenue Authority, the Group had estimated tax losses of K34.65 billion which are available for carry forward for a period of 10 years from the year in which they arose and for set off against future taxable profits. The cumulative tax losses comprise:

Year of Tax Loss	Expiry years of tax loss carry forward	Total Balance of 31 December 2024	Utilised	Tax Loss Carried Forward
2017	2027	(3,084,293)	3,084,293	-
2018	2028	(9,249,269)	9,249,269	-
2019	2029	(9,195,007)	9,195,007	-
2020	2030	(19,506,943)	10,811,656	(8,695,287)
2021	2031	(3,186,765)	829,009	(2,357,756)
2022	2032	(5,898,331)	1,738,700	(4,159,631)
2023	2033	(18,456,032)	15,253	(18,440,779)
2024	2034	(1,006,331)	9,084	(997,247)
Total		(69,582,971)	34,932,271	(34,650,700)

Figures in thousands of Zambian Kwacha

30. Capital grants

	2024	2023
At the start of the year	3,718,608	3,311,034
Grants received during the year	1,259,410	657,129
Transfer from REA	524,864	14,696
Amortization	(276,256)	(264,251)
Transfer to amounts awaiting allotment	-	-
At the end of the year	5,226,626	3,718,608
Maturity analysis		
Non-current liability	5,017,335	3,560,562
Current liability	209,291	158,046
	5,226,626	3,718,608

The capital grants are related to the funds provided by the Government and Partners in funding various projects within the Group. The capital grants are amortised over the useful life of the assets.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2024

Figures in thousands of Zambian Kwacha

31. Borrowings

	2024	2023
At the start of the year	55,916,562	66,284,855
Received during the year	7,489,214	6,272,204
Payments during the year	(714,181)	-
Exchange loss/(gain)	(2,537,493)	(4,567,729)
Prior year adjustment	514,258	15,487,080
Reclassification to held for sale	4,599,571	358,459
At the end of the year	-	(27,918,307)
	65,267,931	55,916,562
Amounts due within one year	4,448,743	2,684,816
Amounts due after one year	60,819,188	53,231,746
	65,267,931	55,916,562

During the year, the Group identified a loan of ZMW514,258 that had been omitted from the prior year's borrowings schedule. The omission, assessed as a prior period error in terms of IAS8, was not considered material and has therefore been corrected in the current year through the loan reconciliation, with no restatement of prior year figures.

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31.	Borrowings (continued)	2024	2023
31.1	ZTE Corporation – Rural	-	167,671
31.2	ZTE Corporation – GSMIII	-	36,854
31.3	Huawei – National Fiber	102,243	118,155
31.4	Industrial Commercial Bank of China & Export Import Bank	26,282,142	24,168,677
31.5	ABSA Medium Term Loan	195,000	292,500
31.6	Industrial Commercial Bank of China	3,962,149	3,660,738
31.7	ZANACO-Medium Term Loam ZMW	277,877	374,900
31.8	Nordea Stanbic Bank	2,005,668	1,853,092
31.9	China Exim Bank	1,254,149	1,158,743
31.10	National Pensions Scheme Authority (Kafue Gorge Lower)	6,700,190	6,728,944
31.11	National Pensions Scheme Authority (Marcopolo Tiles Company)	541,269	-
31.12	African Development Bank	1,085,580	973,909
31.13	Industrial Commercial Bank of China Facility-Chipata-Lundazi	590,957	546,001
31.14	Industrial Commercial Bank of China Facility Loan - Musonda Falls	609,003	562,675
31.15	Industrial Commercial Bank of China Facility -Mpika Transmission	610,519	564,076
31.16	GRZ/Agency Francaise De Development	809,707	748,110
31.17	ZANACO Syndicated Loan (US$359 million)	3,762,888	3,353,255
31.18	GRZ/International Development Agency	2,367,206	2,187,127
31.19	DBSA - Kafue George Hydro Power Station	2,356,016	2,176,788
31.20	European Investment Bank 1	1,150,891	1,063,340
31.21	GRZ Loan-EDM	522,563	522,563
31.22	GRZ/World Bank Facility 2	90,105	83,251
31.23	GRZ/International Development Association- Kafue Muzuma	1,157,484	1,069,432
31.24	GRZ/World Bank	122,806	113,464
31.25	GRZ/Japan International Cooperation Agency	382,015	389,947
31.26	Nigeria Trust Fund	239,422	221,208
31.27	European Investment Bank	392,339	362,492
31.28	China Exim Bank-(ii) Kabwe-Pensulo	182,229	168,367
31.29	Agence Francaise de Development	86,888	85,393
31.30	EIB - LTDRP Loan Facility	2,057,801	1,442,336
31.31	India Exim Bank Loan 2	369,255	363,909
31.32	KNBEPC Loan-Karpower	514,258	-
31.33	ABSA Lease	-	17,292
31.34	GRZ Loan-Karpower	278,300	257,129
31.35	ABSA Vehicle Lease II	33,702	25,963
31.36	GRZ Emergency Power	834,900	-
31.37	ABSA Medium Term Facility	162,500	-
31.38	KNBE Emergency Power Loan	55,273	-
31.39	Fibrecom K30 Million Bridge Finance	30,000	-
31.40	US$150 Million Glencore Payment Covenant Between GRZ and ZCCM IH	2,811,202	-
31.41	ZICB BOZ Stimulus Loan	20,623	20,623
31.42	ZICB Infratel Facility	9,767	12,088
31.43	Zambia Industrial Commercial Bank	1,617	-
31.44	Indo Zambia Bank	201,243	-
31.45	Zambia National Commercial Bank	24,113	-
31.46	Reload Logistics	24,072	25,550
		65,267,931	55,916,562

Figures in thousands of Zambian Kwacha

31. **Borrowings (continued)**

31.1 **ZTE Corporation – Rural**

The loan obtained by Zamtel was denominated in US Dollars. The loan was obtained to finance the supply, delivery and installation and commissioning of the Rural Telecommunication Network. Interest is at 6 months US$ libor+ 4% p.a. The effective interest rate is 4.5%. The loan is payable over a period of three (3) years with a grace period of 6 months from May 2010. Vendor financing liabilities are secured by a third-party guarantee by the Government of the Republic of Zambia. The balance as at the reporting date was nil.

31.2 **ZTE Corporation – GSMIII**

The loan obtained by Zamtel wass denominated in US Dollars. The loan was obtained to finance the supply, delivery and commissioning of GSM Cellular Telephone Systems. Interest is at 6 months US$ libor + 4%p.a. The effective interest rate is 4.5%. Repayment is three (3) years beginning two (2) years grace period from the May 2010. Vendor financing liabilities are secured by a third-party guarantee by the Government of the Republic of Zambia. The balance as at the reporting date was nil.

31.3 **Huawei – National Fibre**

The financings were obtained to finance the supply, delivery, and installation and commissioning of the SDH Optical Fibre Network by Zamtel. The loans are denominated in US Dollars and bear interest at 6 months US$ libor + 4% p.a. The effective interest rate is 4.5%. Repayment is three (3) years beginning two (2) years grace period from November 2010. Vendor financing liabilities are secured by a third-party guarantee by the Government of the Republic of Zambia. The balance as at the reporting date was K102.24 million.

31.4 **Industrial Commercial Bank of China and Export Import Bank of China**

On 13 November 2017, a facility agreement of up to US$1.53 billion was signed between Kafue Gorge Lower Power Development Corporation Limited, Industrial and Commercial Bank of China Limited and The Export-Import Bank of China. Drawdowns had only begun after the financial close was achieved in June 2018. As at 31 December 2023 the total outstanding was US$934 million or K26.28 billion.

31.5 **ABSA - Medium Term Loan**

This is a K360 million loan facility from ABSA Bank Zambia Plc meant to purchase various materials for dismantling the backlog for new customer connections. Finance charges on this facility are at a margin of 13% plus Bank of Zambia Policy Rate (BPR). This credit agreement was signed on 2nd December 2022. Principal and interest are paid monthly, and the loan tenure is for 48 months. The facility balance at the reporting date was K195 million.

31.6 **Industrial Commercial Bank of China**

This is a US$285 million loan facility obtained by Zesco from Industrial Commercial Bank of China on 30 May 2011 to finance the Pensulo-Msoro-Chipata West 330 KV and Pensulo-Kasama 330 kV Transmission lines. Interest is 2.5% Margin plus LIBOR (Screen Rate), the Loan will be repaid over 10 years. The loan is denominated in United States Dollar and the balance at the reporting date was K3.96 billion.

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Figures in thousands of Zambian Kwacha

31. **Borrowings (continued)**

31.7 **ZANACO-Medium Term Loan ZMW**

This is a US$315.6 million loan facility obtained by Zesco from China Exim Bank in October 2008 with tenure of 15 years. Interest is computed at LIBOR plus 2% per annum. The facility is secured by receivables from Copperbelt Energy Corporation and Chambeshi Mining Company. The loan is denominated in United States Dollar and as at reporting date, the loan balance was K278 million.

31.8 **Nordea Stanbic Bank**

This is a US$133 million loan facility obtained by ZESCO from Nordea bank on 14 August 2014. The loan was obtained to finance the connection of Northwestern Province to the National Grid. The loan shall be repaid over a 14-year period including a grace period of 2 years. The interest rate is 3.69% per annum payable semi-annual. The loan facility is in United States Dollar and the balance at the reporting date was K2.01 billion.

31.9 **China Exim Bank**

This is a US$45 million facility obtained by ZESCO from China Exim bank through the Ministry of Finance on 13 October 2014. The loan was obtained to Finance the Kariba North Bank- Kafue west 330KV transmission project. The interest rate is 2%. The facility is in United States Dollar and the balance as at the reporting was K1.25 billion.

31.10 **National Pensions Scheme Authority (Kafue Gorge Lower)**

The loan facility of US$190 million from National Pension Scheme Authority (NAPSA) denominated in United States Dollars was issued to Industrial Development Corporation Limited as the principle borrower, Zambia Power Corporation Limited as the 1st Beneficiary and ZESCO Limited as the 2nd beneficiary. The on-lent loan was obtained to enable ZESCO Ltd finance a hydro power generation project at the Kafue Gorge Lower in the Southern Province of Zambia. The loan is secured by a Sovereign Guarantee Deed executed by Ministry of Finance on behalf of GRZ. The loan is repayable over a period of 20 years (240 months) and the first instalment is due after 36 months from the date disbursement 19 May 2020. The interest rate relating to this loan is 10% on the outstanding amount drawn. The loan has a moratorium of three years and has a repayment period of 20 years. The facility is in United States Dollar and the amount as at the reporting date was K6.70 billion.

31.11 **National Pensions Scheme Authority (Marcopolo Tiles Company)**

The facility of K375 Million was obtained from NAPSA by IDC to finance investments in Marcopolo Tiles Limited. The loan has a tenure of 7 Years with an interest of 15% where the loan facility is dominated in Zambian Kwacha. The balance at the reporting date was K541 million.

31.12 **African Development Bank**

This is a US$40.212 million loan facility obtained from the African Development Bank (AFDB) by the Government of the Republic of Zambia on 19 December 2012. The loan was obtained to finance the transmission line for the Itezhi-Tezhi Hydro Power and Transmission Line Project at semi-annual interest of 2.5%. The loan facility is in United States Dollars and the balance at the reporting date was US$37.876 million or K1.09 billion.

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Figures in thousands of Zambian Kwacha

31 **Borrowings (continued)**

31.13 **Industrial and Commercial Bank of China - Chipata-Lundazi- Chama 132 kv Transmission Line**

This is a US$ 36.84 million facility obtained from Industrial and Commercial Bank of China by Zesco Limited on 10th August 2017. The loan facility was obtained to finance the connection of Lundazi and Chama to the National Grid. This loan shall be repaid over a 15 year period including a grace period of 3 years. The interest is LIBOR plus 3.35% per annum. The loan facility is in United States Dollars and the balance at the reporting date was K591 million.

31.14 **Industrial and Commercial Bank of China Loan - Musonda Falls**

This is a US$35.25 loan facility obtained from Industrial and Commercial Bank of China by Zesco Limited on 26th January 2017. The loan facility was obtained to finance the rehabilitation and upgrading of Musonda Falls Hydro Power Plant. The loan shall be repaid over a 15 year period including a grace period of 3 years. The interest is LIBOR plus 3.35% per annum. The loan facility is in United States Dollars and the balance at the reporting date was K609 million.

31.15 **Industrial and Commercial Bank of China Loan - Mpika Transmission**

This is a US$29.6 million facility obtained from Industrial and Commercial Bank of China by Zesco Limited on 13th July 2016. The loan facility was obtained to finance the improvement of power supply in Mpika. The loan shall be repaid over a 15 year period including a grace period of 3 years. The interest is LIBOR plus 3.35% per annum. The loan facility is in United States Dollars and the balance at the reporting date was K610 million.

31.16 **GRZ/Agence Francaise De Development**

This is a US$34.4 million loan facility obtained from the Agence Francaise De Development (AFD)on 18th December 2012 by the Government of the Republic of Zambia and on-lent to ZESCO to finance the construction of Itezhi Tezhi Hydro Power Station. Interest is computed at 1.5% semi annum and the loan (principal plus interest) will be repaid over 25 years including 5 years grace period. The loan is denominated in United States Dollars. The total draw downs in the year under review were K54.9 million and the balance at the reporting date was K810 million.

31.17 **Zanaco Syndicated Loan ($359 million)**

This is the US$359 million Zanaco facility for settlement of IPP arrears. The facility is payable in 5 years. Principal payments will be made quarterly starting December 2024. Interest is charged at 9.75% plus Bank of Zambia Policy rate for the Kwacha facility while the US$ facility will be charged at 5.07% plus SOFR. The balance at close of the year was K3.76 billion.

31.18 **GRZ/International Development Agency**

This is a US$105 million loan facility obtained from the International Development Association on 3 October 2013 by the Government of the Republic of Zambia and on lent to Zesco to finance the Lusaka Transmission and Distribution Rehabilitation Project. Interest is charged at 1.5% semi- annum and the loan is denominated in United Sates Dollars and the balance at reporting date was K2.36 billion.

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31 **Borrowings (continued)**

31.19 **Development Bank of Southern Africa - Kafue Gorge Hydro Power Station**

This is a ZAR210.4 million and US$104 million loan facility obtained from Development Bank of South Africa. The ZAR210.4 million loan was obtained to finance the Power Rehabilitation Projects. The duration of the loan is 20 years including a grace period of 5 years. The loan facility has a fixed interest rate of 15.25% per annum. The balance at the reporting date was K2.36 billion.

31.20 **European Investment Bank 1**

This is a EUR 50 million loan facility from the European Investment Bank (EIB) by the Government of the Republic of Zambia on the 10 December 2012. The facility was obtained for the purpose of financing the Itezhi-Tezhi Hydro Power plant, Mumbwa Substation and Lusaka West - Mumbwa Transmission Line Project. The facility shall be settled over a period of twenty-five (25) years including a grace period of five (5) years. The interest is charged at 1.2% per cent per annum. The loan facility is in Euros and the balance at the reporting date was K1.15 billion.

31.21 **GRZ Loan - EDM**

This is a K522 million facility obtained from GRZ to facilitate payments of power purchase debt to EDM. Interest is charged at 1% fixed. The balance on the loan at the reporting debt was K522 million.

31.22 **GRZ/World Bank Facility 2**

This is a US$10 million loan facility obtained from World Bank by Government of Republic of Zambia on 21 March 2010. The loan was lent to ZESCO to finance the Increased Access to Electricity Project. The loan shall be repaid over a 20-year period including a grace period of 5 years. The loan will have a 2% interest charge per annum. The loan facility is in United States Dollar and the balance at the reporting date was K90 million.

31.23 **GRZ/International Development Association-Kafue Muzuma**

This is a US$60 million loan facility obtained from the International Development Association on 6 December 2012 by the Government of the Republic of Zambia and on lent to ZESCO to finance the Kafue Muzuma Transmission Project. Interest shall be computed at 2% per annum and the loan (principal plus interest) will be repaid over 20 years including 5 years grace period. The loan is denominated in United States Dollar. The loan balance at the reporting date was K1.16 billion.

31.24 **GRZ/World Bank**

This is a US$16 million loan facility obtained from World Bank by Government of Republic of Zambia on 9 February 2009. The loan was lent to ZESCO to finance the Increased Access to Electricity Project. The loan shall be repaid over a 20 year period including a grace period of 5 years. The loan will have a 2% interest charge per annum. The loan facility is in United States Dollar and the balance at the reporting date was K123 million.

31.25 **GRZ/Japan International Cooperation Agency (JICA)**

This is a Yens 5 billion loan facility obtained from JICA by Government of Republic of Zambia on 1 November 2010. The loan was lent to ZESCO to finance the Increased Access to Electricity Project. The loan shall be repaid over a 15-year period including a grace period of 5 years. The interest is charged at 0.05% per annum. The loan facility is in Japanese Yen and the balance at the reporting date was K382 million.

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31 **Borrowings (continued)**

31.26 **Nigeria Trust Fund**

This is a US$9.22 million loan facility obtained from the Nigerian Trust Fund by the Government of the Republic of Zambia on the 19 December 2012. The loan was lent to ZESCO Limited for the purpose of financing the Itezhi-Tezhi Hydro Power and Transmission Line project. The loan shall be repaid over a period of twenty-five (25) years including a grace period of five (5) years. The interest is charged at zero point seventy-five (0.75%) per annum fixed interest rate. The loan facility is in United States Dollars and the balance at the reporting date was K239 million.

31.27 **European Investment Bank**

This is a EUR22 million loan facility obtained from the European Investment Bank (EIB) by the Government of the Republic of Zambia on the 4 of December 2012. The Government agreed to on-lend to ZESCO Limited on the terms and conditions set forth in the finance contract. The purpose of the facility was to finance the Kafue-Livingstone Transmission Line Project. The loan facility shall be repaid to the Government in equal semi-annual instalments beginning five (5) years after the signature date of the on lending loan and ending ten (10) years after the date of such agreement. The interest is charged at one and half percent (1.5%). The loan balance at the reporting date was K392 million.

31.28 **China Exim Bank – (ii) Kabwe - Pensulo**

This is a US$114 million facility obtained from Export-Import Bank of China (Exim Bank China) by ZESCO Limited on 15 December 2017. The facility was obtained for the construction of the second Kabwe Stepdown-Pensulo 330KV Transmission Line project. The tenure of the facility is 1 years. The principal and Interest shall be repaid in 24 successive semi-annual instalments. The interest is charged at 3% margin plus LIBOR per annum. The balance at the reporting date was K182 million.

31.29 **Agence Francaise de Development**

This is a €40 million loan facility obtained from Agence Francaise de Development by GRZ and on lent to ZESCO Limited on the 23 June 2016 to finance the improvement of power supply in Southern Division. The loan shall be repaid over a 20-year period including a grace period of 5 years. The interest rate 5.00% per annum Fixed. The loan facility is in Euros and the balance at the reporting date was K87 million.

31.30 **GRZ/European Investment Bank - LTDRP Loan Facility**

This is a US$106 million loan facility obtained from European Investment Bank on 3 October 2013 by the Government of the Republic of Zambia and on lent to ZESCO to finance the Lusaka Transmission and Distribution Rehabilitation Project. Interest is charged at 1.2% semi annum and the loan principal plus interest will be repaid over 30 years including 10 years grace period. The loan is denominated in United States Dollars. The balance at the reporting date was K2.06 billion.

31.31 **India Exim Bank Loan 2**

This is a US$20.35 million loan facility obtained from India Exim Bank on 11th April 2018 to finance the construction of 142km 132kV transmission line from Leopards Hill to Chitope along the 33 kV distribution network. The interest rate is LIBOR plus 3%. The facility is in United States Dollars and the balance at the reporting date was K369 million.

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31 **Borrowings (continued)**

31.32 **KNBEPC Loan - Karpower**

This is a US$20 million loan facility obtained from KNBEPC to facilitate payments of electricity purchase debt to Karpower. Interest is charged at 3% fixed. The loan balance at financial year end was US$ 3.324 million or K85 million.

31.33 **ABSA Lease**

This is a K100 million loan facility from ABSA Bank Zambia Plc for the purchase of 89 brand new motor vehicles from Toyota Zambia. Finance charges on this facility are at 10.5% plus Bank of Zambia Policy Rate (BPR). This credit agreement was signed on 3rd June 2021. Principal and interest are paid monthly and the loan tenure is for 3 years. The facility balance at the reporting date was nil.

31.34 **GRZ Loan-Karpower**

This is a US$10 million loan facility obtained from GRZ to facilitate payments of power purchase debt to Karpower. Interest is charged at 1% fixed. The loan balance at financial year end was US$ 10.82 million or K278 million.

31.35 **ABSA Vehicle Lease II**

This is a K145 million ABSA loan facility to facilitate the procurement of operational vehicles to replenish the existing fleet for sustenance of operation. Finance charge on this facility are at 10.50% plus Bank of Zambia Policy Rate (BPR) and has a financing period of 24 months. The facility agreement was signed on 18 November 2022. The Balance at the reporting date was K33.7 million.

31.36 **GRZ Loan-emergency power**

This is a US$30 million emergency power loan to facilitate payments of power purchase and settlement of some IPP debt. The loan was obtained from the Government of the Republic of Zambia. Interest is charged at 1% and the balance at the reporting date was K835 million.

31.37 **ABSA Medium Term Facility (ZMW200 million)**

This is a K200 million medium-term loan facility from ABSA to support backlog dismantling on 23 February 2024. The facility will be settled in four (4) years. The interest structure is the Bank of Zambia Monetary Policy Rate +12.5%. The Balance at the reporting date was K162.5 million.

31.38 **KNBE Emergency Power Loan**

This is a K65 million emergency power loan obtained from Kariba North Bank Extension Power Corporation. Interest on the loan is charged at 3% and the balance at the reporting date was K55 million.

31.39 **Fibrecom ZMW30 million Bridging Finance**

This is a K30 million bridging finance loan from Fibrecom. The facility is payable within 12 months and interest is 18%. The balance at the reporting date was K30 million.

31.40 **US$150 Million Glencore Payment Covenant Between GRZ and ZCCM IH**

This is a US$150 million loan facility agreement with the Government of the republic of Zambia through the Ministry of Finance and National Planning to facilitate the repayment of ZCCM IH's liability to Glencore under the tripartite agreement involving ZCCM IH, Glencore and Standard Chartered Bank Zambia Limited. It is an interest rate free loan and carries no finance charges. The loan shall be repaid from dividend earned from Mopani Copper Mines Plc over a period of ten (10) years, following a five(5) year grace period. The balance at the reporting date was K2.8 billion.

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31 **Borrowings (continued)**

31.41 **ZICB BOZ Stimulus Loan**

In August 2021, an additional loan of K10 million was obtained for property maintenance, rehabilitation and modernisation of 10 Villas under phase 2 of the Mulungushi Village Rehabilitation Project. The loan repayment period is 5 years at an interest rate of 15.25% per annum against the Bank of Zambia stimulus package with a moratorium of 6 months. The loan balance at the reporting date was K20.6 million.

31.42 **ZICB Infratel Facility**

Infratel obtained an approved facility from the Zambia Industrial Commercial Bank for the purpose of financing the purchase of the Azure Stack. On 16th December 2021, a total of K3.06 million was drawn down at an interest rate of 22.75% plus the Bank of Zambia policy rate for a tenure of 60 months. The facility balance at the reporting date was K9.77 million.

31.43 **Indo Zambia Bank Term Facility Loan**

K400 million-loan facility - This is a Bank of Zambia -Targeted Medium Term Refinancing Facility (BOZ - TMTRF) obtained from Indo Zambia Bank by IDC to refinance other facilities, take over other facilities by the other financial providers and provide specific finance to specific projects of the IDC. The loan has a 5-year term at an interest rate of 14.5% per annum. The loan facility is denominated in Zambian Kwacha, and property is pledged as collateral security.

31.44 **Zambia National Commercial Bank Loan Facility**

This is a Euro million-loan facility obtained from Zambia National Commercial Bank PLC by the Company to finance the refurbishment and modernization of the network operations of one of the subsidiaries – Zambia Railways Limited. The loan has a 5-year term at an interest rate of 14.5% per annum. The loan facility is denominated in Euros.

31.45 **Zambia Industrial Commercial Bank Loan Facility**

The facility of K11 million was obtained from ZICB by the Company to finance the purchase of the new motor vehicles for operationalization of Infratel Corporation Limited. The interest rate at 27.5% per annum and to be repaid in 60 months from date of first draw down. The loan facility is denominated in Zambian Kwacha.

31.46 **Reload Logistics**

On 7th February 2020, Zambia Cargo and Logistics Limited received an interest free loan amounting to US$1 million repayable over a 15 year period. The loan has been fair valued at an effective interest rate of 10%. No physical security is attached against this financing. The loan balance at the reporting date was K24.1 million.

Breach of loan agreements

During the current year, the Group was not compliant with the following covenants:

(i) **ABSA Bank Zambia Plc**

The Group was non-compliant with the ABSA Bank letter of credit as the interest cover was below 1.5 times and the current ratio was less than 1.

(ii) **Development Bank of South Africa**

The Group was non-compliant with the DBSA loan covenants. The Group was in breach of the leverage ratio, debt service cover ratio and gearing ratio was more than 72%.

(ii) **Zanaco**

The Group was non-compliant as the gearing ratio was more than 1: and the current ratio was less than 1.

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32. Retirement benefit obligations	**2024**	**2023**
Retirement benefits	5,243,049	2,378,268
Pensions - defined contribution plans	39,535	42,677
Pensions - defined benefit plans	120,885	325,840
	5,403,469	2,746,785
Non-current portion	5,171,272	2,598,428
Current portion	232,197	148,357
	5,403,469	2,746,785

Defined contribution plan

Defined contribution plans are pension plans under which the Group pays fixed contributions into the National Pension Scheme Authority, which is a defined contribution plan. The Group 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.

The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate. The Group has no further obligation once contributions have been paid.

The total expense recognised in the profit or loss represents contributions payable to these plans by the Group.

Defined benefit plan

The Group operates a defined benefit plan for qualifying employees. Under the plan, the employees are entitled to the present value of accrued retirement benefits up to the point of separation premised on an actuarily determined formula as provided for in the Trust Deeds and Rules and express statutory provisions applicable to DB schemes. No other post – retirement benefits are provided to these employees.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for ZSIC General Insurance Limited and ZSIC Life PLC, were carried out on 31 December 2024 by an independent firm, QED Actuaries and Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using projected unit credit method.

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Figures in thousands of Zambian Kwacha

32. Retirement benefit obligations

Defined benefit plan (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Expected return on plan assets	24.90%	28.50%
Expected rate of salary increase	10.00%	15.00%
Discount rate	24.90%	10.00%
Pension increase assumption	14.60%	15.00%
Long term price inflation	24.90%	28.50%

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

i) Remeasurement on the defined liability	2024	2023
Experience adjustment	409	-
Demographic assumptions	7,208	-
Financial assumptions	(5,312)	-
Return on plan assets (excluding amounts in net interest)	2,305	-

* There were no changes in the asset ceiling restrictions in the year.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

ii) Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

	2024	2023
Current service cost	657,457	637,992
Interest cost	156,641	152,179
Total period costs included in staff costs	814,098	790,171

The expense for the year is included in the employee benefits expense in the statement of profit or loss.

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32. Retirement benefit obligations

Defined benefit plan (continued)

iii) Amounts recognised in the statement of financial position are determined as follows:

	2024	2023
Present value of funded obligations	45,754	17,381
Net liability arising from defined benefit obligation	45,754	17,381

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2024	2023
Opening fair value of plan net liability	17,381	322,071
Interest income	4,861	23,439
Charge for the year expense	2,305	(24,134)
Benefits paid	(16,786)	(11,078)
Translation	(15,494)	69,146
Current service costs	53,487	13,414
Reclassified to payables and held for sale	-	(375,477)
Closing fair value of plan net liability	45,754	17,381

Figures in thousands of Zambian Kwacha

33. Deferred income

	2024	2023
At January	14,835	10,812
Amortisation charge in profit or loss	(14,420)	(415)
Additions	11,867	4,438
At 31 December	12,282	14,835

The deferred income relates to the capital grants provided by Canadian International Development Aid, United Nations Population Fund Agency, United Nations International Children Education Fund, United Nations Development Program, European Union, and the Government of Zambia. The funding is specific to the projects undertaken by the Group through its subsidiaries.

34. Provisions

	2024	2023
Environmental Provision	245,810	112,751
Accrued legal costs*	4,715	28,137
Other provisions**	70,496	44,855
	321,021	185,743
Non-current portion	264,467	134,495
Current portion	56,554	51,248
	321,021	185,743

*Legal provision arises mainly from a number of legal cases involving the Group. These cases relate to various legacy matters of the old ZCCM Limited, mostly relating to employee cases and sale of houses. Legal provisions amounts are premised on claims against the Group before the courts of law and the likelihood of matter going in favour of the claimant as determined by the legal team. Legal provisions are payable within 12 months.

**Other provisions include provisions for consultancy fees regarding various investments projects, as well as staff related provisions which includes gratuity and leave pay. Other provisions are payable within 12 months. Gratuity disclosed as part of provisions is based on the employee contracts and is fixed per contract as a rate of the total salary (known percentage of the agreed basic salary in the contract). The payment of the gratuity is also known (as end of contract). Therefore, both the timing and cost to the Group is known with certainty at every reporting date.

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34. Provisions (continued)

	2024	2023
Environmental Provision		
At the start of the year	112,751	1,221,068
Increase/(decrease) in environmental provision charged to environmental assets	93,739	1,299,950
Charge for the year	25,599	(471)
Foreign exchange differences	10,205	16,773
Unwinding of discounts	3,516	23,520
Translation included in reserves	-	815,048
Reclassified to held for sale	-	(3,263,137)
At the end of the year	245,810	112,751

The year-end balance represents restoration, rehabilitation and environmental provisions for the ZCCM-IH and its subsidiaries Mopani Copper Mines Plc, Limestone Company Limited (Limestone) and Kariba Minerals Limited (Kariba). The Group's provision is because of inherited environmental obligations from the old ZCCM Limited combined with environmental disturbances from mining operations at Mopani, Limestone and Kariba.

The provisions have been assessed to cost K0.24 billion as at 31 December 2024 as compared to K0.12 billion as at 31 December 2023. The increase in the provision for environmental rehabilitation in 2024 as compared to 2023 was mainly resulting from the updated risk assessment from Kariba, Kabundi and Limestone.

The provision represents the best estimate of the expenditure required to settle the obligations to rehabilitate environmental disturbances caused by mining operations. Mining companies are expected to make contributions to the Environmental Protection Fund, controlled by the Department of Mines and Mineral Development. Contributions made towards the fund reduces the environmental provision obligation. At the end of useful life of the mine, mining companies are obligated to rehabilitate the damage to the environment and all payments made to the Environmental Protection Fund will be reimbursed towards this rehabilitation.

The valuation for the environmental restoration provision on 31 December 2024 for the ZCCM-IH and subsidiaries were performed by independent consultants.

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34. Provisions (continued)

Assumptions

The following assumptions were taken into account: Inflation rate of 10% (2023: 7%), Discount rate of 4.38% (2023: 3.84%) and time to settle of 5 to 25 years when cashflows are expected to be incurred.
Based on this assessment, there was an increase in the liability for ARO and remediation on an undiscounted basis after an inflation factor of 10% (2023: 7%) of approximately K18.6 million (US$0.46 million) K118 billion (2023: US$4.38 million). The discount factor of 4.38% was applied in 2024 (2023: 3.84%). The increase in the restoration provision in the current year is principally attributable to exchange movements.

The changes in cash flow estimates result from new Net Present Value (NPV) estimates of the asset retirement obligation. An impact of a 10% movement in the inflation rate results into K0.194 million (2023: K0.12 million) change in the retirement and remediation liability while a 10% movement in the discount rate results into a K0.002 million (2023: K0.02 million) change in the liability and corresponding mineral properties asset. For each mining area, the ARO cash outflows have been estimated to occur after the end of the mining over a period which is between 5 to 25 years.

35. Life Assurance Funds	**2024**	**2023**
Opening balance	-	300,778
Transfer from policyholder liability (OCI)	-	200
IFRS 17 changes	-	(300,978)
At the end of the year	-	-
Analysis of policyholder liability		
Individual life - new series	-	-
Individual life - old series	-	-
Individual life - immediate annuities	-	-
Individual life - unit linked	-	-
Individual life - funeral	-	-
Company business (GLA, credit life and gratuity)	-	-
Medical	-	-
	-	-

The Life assurance fund relates to the liabilities and obligations arising under or related to the policies the insurer writes.

Figures in thousands of Zambian Kwacha

36. Unearned premiums

Unearned premiums	-	95,941
	-	95,941

Unearned premiums are calculated on a time basis using the 24th method

37. Trade and other payables

	2024	2023
Current		
Trade payables	44,165,953	42,630,028
Statutory liabilities	590,672	1,419,698
Accrued expenses	14,528,340	2,170,553
Other payables	1,641,231	2,779,346
	60,926,196	48,999,625
Non- current		
Other payables and accrued expenses	42,932	242,815
	42,932	242,815

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their nature.

38. Change in fair value recognised in profit or loss

	2024	2023
Investment property (Note 12)	43,582	25,902
Kawambwa	-	11,397
Fair value of plantations	-	1,402,515
Fair value of financial assets through profit or loss (Note 20)	(278,500)	1,767,100
	(234,918)	3,206,914

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39. Cash flow information

	Note	2024	2023
a) Cash generated from operations			
Profit/(loss) before income tax		39,867,734	(36,788,936)
Adjustments for:			
Gain on sale of property, plant and equipment	6	(324,816)	(41,729)
Interest income	8	(1,706,508)	(1,184,064)
(Profit)/loss from the sale of bonds	6	(34,233,364)	-
Change in fair value of plantation in formation	22	(887,837)	(1,313,185)
Change in fair value on financial assets at fair value through P/L	38	234,918	(3,206,914)
Interest expense on bank loans and overdrafts	8	4,952,020	10,657,402
Depreciation charge on right of use assets	11 (a)	175,337	261,763
Depreciation on property, plant and equipment	10	6,388,859	4,727,173
Impairment of assets of property, plant and equipment	10	-	28,007
Net exchange losses on work in progress	10	-	(108,944)
Fair value gains on investment property	12	234,918	(25,902)
Gain on reclassification of subsidiary		(1,306,263)	-
Interest expense finance for lease liabilities	8	5,871	92,426
Foreign exchange losses on lease liabilities	8	463	5,158
Foreign exchange losses on loan due from related parties	8	-	(9,910)
Interest expense on loans due from related parties	8	2,335	10,249
Amortisation of intangible asset	15	689,466	799,102
Exchange differences on borrowings	31	4,599,571	15,487,080
Foreign exchange gains on cash and cash equivalents		5,050,029	12,426,600
Amortisation of grants and contributions	30	(276,256)	(264,251)
Income from equity accounted investments	18 (b)	(4,147,666)	(3,004,299)
Share of loss from joint venture	18 (a)	(741,995)	(32,909)
Changes in working capital			
- Trade and other receivables		(4,031,871)	2,336,276
- Inventories		134,932	4,463,878
- Trade and other payables		11,070,500	9,364,806
- Retirement benefits and obligations		83,840	(210,985)
- Movement in biological assets - Plantation in formation		5,306	(700,980)
- Deferred income		(2,553)	4,023
- Provisions		135,278	(1,787,553)
- Amount due from related parties		(2,335)	(20,159)
- Amount due to related parties		(1,366,257)	(7,077,875)
- Other assets		(2,287,272)	3,481,320
Cash generated from operations		22,037,884	8,366,668

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39. Cash flow information (continued)

b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented. Net debt is calculated as total borrowings less cash and cash equivalents.

	2024	**2023**
Cash and cash equivalents (Note 26)	3,340,230	3,919,773
Borrowings (Note 31)	(65,267,931)	(55,916,562)
Bank overdrafts (Note 26)	(13,949)	(20,555)
Net debt	(61,941,650)	(52,017,344)

2023	**Liabilities from financing activities (Borrowings)**	**Net Cash / (net of bank overdrafts)**	**Total**
As at the start of year	(66,284,855)	4,219,040	(62,065,815)
Cashflows	(6,272,204)	(331,495)	(6,603,699)
Loan principal repayments	4,567,729	-	4,567,729
Exchange differences	12,072,769	11,674	12,084,443
At the end of the year	(55,916,562)	3,899,219	(52,017,344)
2024			
As at the start of year	(55,916,562)	3,899,219	(52,017,343)
Cashflows	(7,489,214)	(572,938)	(8,062,152)
Loan principal repayments	2,537,493	-	2,537,493
Fair value adjustment	199,923	-	199,923
Exchange differences	(4,599,571)	-	(4,599,571)
At the end of the year	(65,267,931)	3,326,281	(61,941,650)

Figures in thousands of Zambian Kwacha

40 Related party transactions

The Industrial Development Corporation Limited (IDC) is an investment holding company for the State Owned Enterprises (SOE) and is wholly owned by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia. All Government agencies and institutions are related parties of Industrial Development Corporation Limited (IDC).

i) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2024	2023
Receivables		
Government of the Republic of Zambia	4,152,460	1,956,372
Itezhi-Tezhi Power Corporation	-	404,133
Zaffico	1,627	-
Zambia Power Company	-	2,182
Maamba Collieries	-	(1,830,309)
Rural Electrification Authority	-	-
Zambia Electrometer Limited	-	35,657
	4,154,087	568,035
Payables		
Itezhi-Tezhi Power Corporation	2,842,218	4,363,580
Elsewedy Electronic Zambia Limited	191,618	223,657
Infratel and others	367,233	180,089
	3,401,069	4,767,326

ii) Loans due from related parties

		2024	2023
Bangweulu Power Company Limited	Associate	48,859	46,524
Zambia China Mulungushi Textiles Limited	Associate	2,628	2,628
Pelidic Zambia Limited	Subsidiary	1,602	1,602
		53,089	50,754

Refer to note 19 for more details

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40. Related party transactions (continued)

iii) Key management compensation

Key management includes Directors (Executive and Non-Executive) and members of senior management personnel

The compensation paid or payable to key management for employee services is shown below:

	2024	2023
Salaries and short-term emoluments	113,357	71,054
Director's fees	51,678	8,286
	165,035	79,340

41. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

	2024	2023
Profit attributable to owners of the parent	47,503,122	74,866,334
Weighted average number of shares	1,500,000	1,500,000
Basic earnings per share	32	50

42. Commitments

Capital expenditure authorized by the Board of Directors at the reporting date but not yet contracted for is as follows:

	2024	2023
Capital expenditure authorized but not yet contracted	1,395,590	5,900,065

43. Contingencies

The Group is party to various legal cases whose outcome is dependent on the conclusion of the Zambian judicial process. Management makes estimates for the outcomes of these cases based on professional advice. There are some cases where, based on professional advice received, the Directors have not made any provision.

The value of potential claims against the Group that would likely result in an unfavourable outcome as at 31 December was nil (2023: Nil).

44. Events occurring after the reporting period

a) Disbursement of US$5million to Maamba Energy Limited

On 2 April 2025, an amount of US$5 million was disbursed to Maamba Energy Limited by ZCCM-IH in accordance with the approval granted by the Board of Directors. The disbursement of the US$5 million is the second tranche for ZCCM-IH to invest US$15 million in debt financing for the Maamba P II expansion project. The disbursement is consistent with ZCCM-IH's strategic focus which revolves around Zambia's mining and energy sectors.

b) ZCCM-IH Board approval of shareholder loan to Limestone Resources Limited

On 28 March 2025, the Board of Directors of ZCCM-IH approved the short-term funding request from Limestone Resources Limited. ZCCM-IH will extend a shareholder loan of US$2.96 million to Limestone repayable one year after disbursement at an interest rate of 9.0%. ZCCM-IH's Management has committed to have the shareholder loan disbursed to Limestone.

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Figures in thousands of Zambian Kwacha

44. Events occurring after the reporting period (continued)

c) Sino Great Co. Limited

On 19 May 2025, ZCCM Investments Holdings Plc ("ZCCM-IH") entered a strategic partnership with Jiangsu Sino Great Co. Ltd. and Wonderful Group of Companies Limited to co-invest in the development of an integrated phosphate fertiliser project in Zambia.

The total Investment commitment by ZCCM-IH amounts to US$50 million, comprising:

US$37.8 million for a 30% equity stake in the project company; and
US$12.2 in project debt financing.

d) ZESCO Limited

1. The Group incorporated a subsidiary, Kyona Energy Limited, a company that will invest in other energy sources to diversify and attain energy mix.

2. The Group was affected by drought with significant reduction in the water levels in both the Zambezi and Kafue Basins. The reduction in water levels significantly affected power generation. The Corporation had to commence load shedding in March 2024 and increased power imports to mitigate the shortfall of power from own generation.

3. Following the application made to ERB for an emergency tariff as a measure to finance increased power imports to mitigate loadshedding, the ERB approved an emergency tariff for some customer categories effective 1 November 2024."

d) Konkola Copper Mines Plc- ZCCM IH

Konkola Copper Mines Plc (KCM) Court proceeding Winding Up Proceedings (Lusaka Proceedings). ZCCM-IH and Vedanta Resources Group have agreed to reset the relationship which resulted in the execution of an Implementation Agreement, and a New Shareholders Agreement on 6th November 2023. Subsequently, the parties entered into a Global Settlement Agreement which effectively resolved all disputes between the parties. The legal processes to withdraw the winding up petition in the Zambian Courts and the Arbitration proceedings in South Africa are currently being attended to.

e) Other material facts or circumstances

There have been no other material facts or circumstances that have occurred between the reporting date and the date of these financial statements that require disclosure in or adjustment to the financial statements.