



**Industrial Development Corporation
Limited**

**Consolidated Annual Report
31 December 2023**

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023

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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 2023, which disclose the state of affairs and performance of Industrial Development Corporation Limited (the "Company" or "IDC").

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 (2022: K1,500 million) comprising 1,500,000,000 (2022: 1,500,000,000) ordinary shares at a par value of K1.00 (2022: K1.00) each. The issued and fully paid-up share capital remained at K1,500 million (2022: K1,500 million) comprising 1,500,000,000 (1,500,000,000) ordinary shares at a par value of K1.00 (2022: 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

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.

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%)
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

4. Significant Events During the Year

The Government of the Republic of Zambia, as ultimate beneficial owner of Mulungushi Conference Centre Limited (MICCL), with Chinese goodwill facilitated the expansion of Mulungushi Conference Centre Limited capacity through the establishment of a new and modern 4,200-Seater International Convention Centre. The new convention centre - "Kenneth Kaunda Wing" (KKW) which was named after the founding Father and First Republican President of Zambia, was completed, and handed over to MICCL in 2022 and was valued at K611,303,474 at point of hand over. This KKW improved the Balance Sheet size of MICCL and expanded its revenue stream. The addition of KKW led to an increase in the number of conference rooms from 14 to 50 conference halls of varying capacities with 36 in the KKW, 7 in the Mulungushi Hall and 7 in the Mulungushi Annex.

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 132 are summarised below:

	2023	2022
<i>In thousands of Zambian Kwacha</i>		
Revenue	45,006,099	37,360,645
Loss before taxation	(36,788,936)	(201,897)
Tax (expense)/credit	<u>(5,466,542)</u>	<u>(434,254)</u>
Loss for the year	<u>(42,255,478)</u>	<u>(636,151)</u>

The Directors have not declared a dividend (2022: nil) nor was any dividend paid during the year (2022: nil).

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

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. Nitesh Patel	Business Turnaround, Restructuring and Insolvency Professional (Appointed 09.03.22 and resigned 24.04.23)	Non - Executive Director
Mr. Arthur Ndhlovu	Finance & Business Transformation Professional (Appointed 09.03.22 and resigned 24.04.23)	Non - Executive Director
Mr Perry Mapani	Industrial Development Corporation Ltd (Appointed 09.03.23 and resigned 10.08.23)	Executive Director
Mr Cornwell Muleya	Industrial Development Corporation Ltd (Appointed 11.10.23)	Executive Director

During the year, the total Directors remuneration was K1.27 million (2022: K1.46 million) for services rendered by Directors.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

7. **Property, Plant and Equipment**

During the year, the Group purchased property, plant and equipment amounting to K5.85 billion (2022: K6.26 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 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 K5.61 billion (2022 K7.02 billion) and the average number of employees was as follows:

Month	Number of employees	Month	Number of employees
January	18,230	July	18,048
February	18,284	August	18,413
March	18,167	September	18,483
April	18,235	October	18,458
May	18,235	November	18,451
June	18,041	December	18,501

11. **Interests Register Information**

During the year, the following Company officers (Directors, Company Secretary or Executive Officers of the Company) declared interest in the Company's transactions and business:

2023

Director Lynda Mataka

Director Beatrice Nkanza

2022

Director Nitesh Patel

Director Lynda Mataka

Director Arthur Ndhlovu

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 K29.86 million (2022: K7.59 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 (2022 nil).

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

14. Exports

During the year, the Group exported K8.25 billion (2022: K4.79 billion) worth of goods to Zimbabwe, Botswana, Namibia, South Africa, DRC, Malawi, and other countries.

15. Going Concern

As at 31 December 2023, the Group's current liabilities exceeded its current assets by K78.39 billion (2022: K32.18 billion). As at the reporting date, the total borrowings amounted to K60.48 billion (2022: K66.28 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's trade payables and Zamtel.

As at 31 June 2024, the Group's current liabilities exceeded its current assets by K21.9 billion and the total borrowings amounted to K56.87 billion. The increase is as a result of a draw down on the loans and impact of depreciation of the Kwacha against the United States dollar.

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 director: 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 2023 of K50 billion (2022: K41 billion) exceeded the current assets of K10 billion (2022: K12 billion) by K40 billion (2022: K28 billion).

The increase in current liabilities by 22% to K50 billion from K41 billion in 2022 was mainly due to adverse exchange movement which affected trade payables revaluation.

Current liabilities as at 31 March 2024 of K38.87 billion exceeded the current assets of K15.81 billion by K23.05 billion.

Operating performance

The subsidiary recorded a decline in generation towards the end of 2023 and is expected to continue in the financial year 2024 owing to low water levels at Kariba Dam. The subsidiary is aware of the risk brought about by climate change and is actively exploring opportunities to invest in alternative renewable generation sources such as solar. Notwithstanding, to mitigate reduced available power, the subsidiary implements various measures when need arises including load management, power imports and demand side management which is educating customers on efficient use of power to reduce the effects thereof.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

15 Going Concern (continued)

i) ZESCO Limited (continued)

Measures to address net current liability position

The initiatives that the Directors are implementing to actualize its strategic objectives include;

a) ***Debt Restructuring***

The long-term debt stands at about K54.8 billion (USD2.1 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*
This debt is subject to debt restructuring as part of the comprehensive debt treatment under the G20 Common Framework. The total debt outstanding under this category stood at USD 618 million as at 30 June 2024.
- *On lent loans*
These are loans procured by the Government of the Republic of Zambia and on lent to ZESCO Limited. As part of the debt restructuring, the subsidiary has reached an advanced stage in engagement with the Government of Zambia through the Ministry of Finance and National Planning to convert the Government guaranteed and on-lent concessional loans to equity amounting to USD372 million. Once the loans have been converted, it is expected to reduce the levels of gearing and improve the equity.
- *Commercial loans*
The payment on commercial loans are current and these are secured by the subsidiary's receivables through dedicated Debt Service Reserve Accounts. 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. The total debt as at 30 June 2024 is USD 207 million.

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 USD 784 million to USD 330 million leading to a saving of USD 454 million.

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

15 Going Concern (continued)

ii) Zambia Telecommunications Company Limited

The subsidiary made a loss of K606 million (2022: K545 million) for the year ended 31 December 2023. The subsidiary's current liabilities exceeded its current assets by K3.2 billion (2022: K3 billion) and as at that date, the subsidiary had shareholder deficit of K1.9 billion (2022: K1.6 billion).

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 USD47.2 million incurred by the subsidiary over the last three years to maintain GRZ rural social site was approved by the Ministry of Finance on 10th April 2024.
- 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED**DIRECTORS' REPORT****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 K3.08 million (2022: K2.81 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: 22 October, 2025

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2023

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.

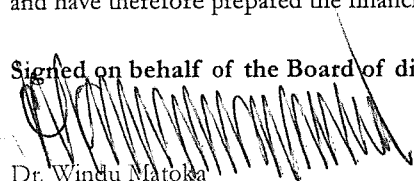
The Directors are of the opinion that the annual financial statements set out on pages 13 to 96 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act, 2017 of Zambia.

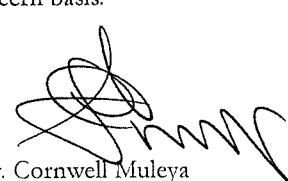
As set out in Note 2.1 '(b)' of the accompanying financial statements the Group made a loss of K42.3 billion (2022: a loss of K636.15 million) for the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceed its current assets by K78.59 billion (2022: K32.62 billion). 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 Director's 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: 22 October 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 2023, 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 2023, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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.

Partners

Edgar Hamuwele (Managing)
Christopher Mulenga
Wesley Beene
Rodia Milumbe Musonda
Chilala Banda

Audit • Tax • Advisory**Chartered Accountants**

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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 K78.59 billion (2022: K32.62 billion). At the reporting date, the total borrowing amounted to K55.91 billion (2022: K66.28 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
<i>Long service retirement benefit</i> 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 members' 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 2023 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 2023 and projections for the future.

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
<i>Valuation of investments in associates</i> The Group recognizes its investment in associates at Fair Value Through Other Comprehensive Income (FVTOCI). Investments in associates amounted to K13.4 billion at 31 December 2023. 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.	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."

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
<i>Measurement of financial assets</i> 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. - The Directors are required to apply the forward-looking approach to recognize expected credit losses based on IFRS 9's impairment requirements. - 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.	Our procedures included but were not limited to the following: - 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. - 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 As at 31 December 2023, the carrying value of the property, plant and equipment included in the statement of financial position amounted to K208 billion (2022: K104 billion) which represented 67% of the total assets. The Group has recognised a revaluation surplus of K103 billion, in arriving at a total property plant and equipment value as at 31 December 2023. Property, plant and equipment mainly comprise of the generation, transmission, and distribution equipment operated by the Group. Any changes 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. Engaged valuation specialists to consider the appropriateness of the impairment assessment; and tested the accuracy of the impairment assessment model. We evaluated the competence, experience and independence of the valuation expert. 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 had discussions with the valuation experts and challenged assumptions used in the valuation report provided. 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, 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 International Financial Reporting 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.

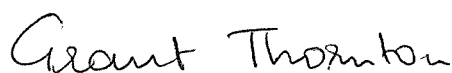
From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public 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**

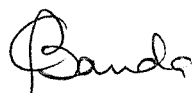
The Companies Act, 2017 requires that in carrying out our audit of Industrial Development Corporation Limited and its subsidiaries, we report on whether:

- 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.



Chartered Accountants



Chilala Banda (AUD/F004257)

Name of Partner signing on behalf of the firm

Lusaka

Date: 22 October, 2025

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023	2022
Revenue from contracts with customers	5 (i)	44,057,344	36,476,355
Premiums, claims and reinsurance commissions	5 (i)	<u>948,755</u>	<u>884,290</u>
		45,006,099	37,360,645
Cost of materials	7.1	<u>(36,212,953)</u>	<u>(22,077,059)</u>
Gross profit		8,793,146	15,283,586
Other income/(expenses)	6	8,057,330	(4,221,799)
Premiums ceded to reinsurers	7.3	(305,047)	(495,393)
Changes in fair value of investment property and financial assets	39	3,206,914	2,753,574
Impairment of goodwill on acquisition of subsidiary	15	-	-
Administrative expenses	7.2	<u>(37,580,626)</u>	<u>(13,199,143)</u>
Operating (loss)/ profit		(17,828,283)	120,825
Finance income	8	1,184,064	1,071,867
Finance costs	8	(23,181,925)	(5,587,412)
Share of profit/ (loss) from joint venture	18 (a)	32,909	1,792,748
Income from equity accounted investment	18 (b)	<u>3,004,299</u>	<u>2,400,075</u>
Loss before income tax		(36,788,936)	(201,897)
Income tax expense	9	<u>(5,466,542)</u>	<u>(434,254)</u>
Loss for the year		(42,255,478)	(636,151)
Other comprehensive income:			
Gains on property revaluation	10	119,503,666	60,166
Gains on intangible assets	15	3,586,824	-
Reversal of impairment of asset		5,979,673	-
Gains on Investment property revaluation	12	502,532	7,447
Income tax on revaluation		<u>(126,217)</u>	<u>(4,779)</u>
Total items that will not be reclassified to P&L		129,446,478	62,834
Items that may be reclassified to profit or loss:			
Currency translation adjustment - Associates	18 (b)	3,907,834	1,404,512
Currency translation adjustment - Joint venture	18 (a)	-	5,709
Gains on investments in associates		193,685	-
Change in defined benefit obligation	32 (i)	-	(26,939)
Currency translation adjustment -translating foreign operations		(16,437,514)	(2,615,140)
Share of comprehensive income of associates	18 (b)	11,529	55,139
Transfer to policy liabilities	35	(200)	(23,612)
Remeasurements on net defined benefit liability/asset	32 (i)	-	203,886
Total items that may be reclassified to profit or loss		<u>(12,324,666)</u>	<u>(996,445)</u>
Other comprehensive income for the year net of taxation		<u>117,121,812</u>	<u>(933,611)</u>
Total comprehensive profit/(loss):		<u>74,866,334</u>	<u>(1,569,762)</u>
Total comprehensive profit/(loss) for the period is attributable to:			
Non-controlling interest		(180,370)	(26,013)
Owner of the parent		<u>75,046,704</u>	<u>(1,543,749)</u>
		<u>74,866,334</u>	<u>(1,569,762)</u>
Basic and diluted earnings per share		<u>50</u>	<u>(157)</u>

The notes on pages 25 to 131 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	10	208,471,663	104,223,759
Exploration and evaluation assets	13	51,437	51,437
Right of use assets	11 (a)	1,379,334	186,849
Investment properties	12	5,364,492	4,951,719
Intangible assets	15	14,814,021	3,716,215
Other assets	14	266,148	3,747,468
Reinsurance receivables	16	268,548	173,470
Insurance receivables	17	237,390	34,140
Investments in joint ventures	18 (a)	274,760	2,109,622
Investments in associates	18 (b)	13,565,241	18,005,825
Loans due from related parties	19	50,754	30,595
Financial assets at fair value through profit or loss	20	3,019,500	1,252,400
Financial assets at amortised cost	21 (a)	31,268	22,126
Financial assets at FVOCI	21 (c)	98,337	78,392
Biological assets - plantation in formation	22	7,118,978	5,805,793
Deferred tax asset	29	<u>12,495,231</u>	<u>12,964,119</u>
		<u>267,507,102</u>	<u>157,353,929</u>
Current assets			
Insurance receivables	17	-	135,220
Inventories	23	2,677,017	7,140,895
Trade and other receivables	24	7,397,836	5,135,014
Other assets at amortised cost	21 (b)	4,533,711	5,415,472
Assets held for sale	25	23,669,681	2,372,539
Cash and cash equivalents	26	3,919,773	4,936,874
Amounts due from related parties	41	<u>568,035</u>	<u>3,802,221</u>
		<u>42,766,053</u>	<u>28,938,235</u>
Total assets		<u>310,273,155</u>	<u>186,292,164</u>

The notes on pages 25 to 131 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	2023	2022
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	3,242,980	15,772,660
Revaluation reserve	28	145,107,691	15,661,213
Amounts awaiting allotment		1,471,295	165,591
Accumulated losses		<u>(57,268,629)</u>	<u>(15,013,151)</u>
		110,092,169	34,125,145
Non-controlling interest		<u>4,900,848</u>	<u>5,081,218</u>
		<u>114,993,017</u>	<u>39,206,363</u>
Liabilities			
Non- current liabilities			
Deferred tax liability	29	12,981,885	13,001,592
Capital grants	30	3,560,562	3,170,851
Borrowings	31	53,231,746	63,137,972
Retirement benefit obligations	32	2,598,428	4,228,373
Lease liabilities	11 (b)	1,059,637	44,175
Deferred income	33	14,835	10,812
Provisions	34	134,495	1,221,068
Life assurance funds	35	-	300,778
Outstanding claims	36	-	139,136
Unearned premiums	37	95,941	15,140
Other long-term payables	38	<u>242,815</u>	<u>260,270</u>
		<u>73,920,344</u>	<u>85,530,167</u>
Current liabilities			
Liabilities associated with assets held for sale	25 (b)	62,676,954	2,308,494
Capital grants	30	158,046	140,183
Borrowings	31	2,684,816	3,146,883
Retirement benefit obligations	32	148,357	359,342
Lease liabilities	11 (b)	466,161	215,880
Provisions	34	51,248	752,228
Trade and other payables	38	48,999,625	40,490,890
Amounts due to related parties	41	4,767,326	11,845,201
Current tax payable	9(ii)	1,386,706	1,578,699
Bank overdrafts	26	<u>20,555</u>	<u>717,834</u>
		<u>121,359,794</u>	<u>61,555,634</u>
Total equity and liabilities		<u>310,273,155</u>	<u>186,292,164</u>

The annual financial statements on pages 25 to 131 were approved and authorised for issue by the Board of Directors on 22 October 2025 and signed on its behalf by:

Dr. Windu Matoka
Director

Mr. Cornwell Muleya
Director

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Capital reserve	Amounts awaiting allotment	Translation reserve	Revaluation reserve	Accumulated losses	Non-controlling interest	Total
Year ended 31 December 2022								
At the start of the year	<u>10,000</u>	<u>15,426,744</u>	<u>1,380,991</u>	<u>16,977,579</u>	<u>16,272,315</u>	<u>(15,285,422)</u>	<u>5,107,231</u>	<u>39,889,438</u>
Loss for the year	-	-	-	-	-	(610,138)	(26,013)	(636,151)
Other comprehensive income	-	-	-	-	-	208,473	-	208,473
Currency translation adjustment - associates (Note 18 (b))	-	-	-	1,404,512	-	-	-	1,404,512
Currency translation adjustment - joint venture (Note 18 (a))	-	-	-	5,709	-	-	-	5,709
Currency translation adjustment - translating foreign operations	-	-	-	(2,615,140)	-	-	-	(2,615,140)
Amortization on revaluation reserve	-	-	-	-	(673,936)	673,936	-	-
Gains on properties revaluation (Notes 10 and 12)	-	-	-	-	67,613	-	-	67,613
Deferred tax on properties revaluation	-	-	-	-	(4,779)	-	-	(4,779)
Total comprehensive income for the year	-	-	-	<u>(1,204,919)</u>	<u>(611,102)</u>	<u>272,271</u>	<u>(26,013)</u>	<u>(1,569,763)</u>
Transactions with owners:								
Conversion to share capital	1,490,000	-	(1,490,000)	-	-	-	-	-
Transfer from capital grants	-	-	274,600	-	-	-	-	274,600
Capital injection*	-	<u>612,088</u>	-	-	-	-	-	<u>612,088</u>
	<u>1,490,000</u>	<u>612,088</u>	<u>(1,215,400)</u>	-	-	-	-	<u>886,688</u>
At the end of the year	<u>1,500,000</u>	<u>16,038,832</u>	<u>165,591</u>	<u>15,772,660</u>	<u>15,661,213</u>	<u>(15,013,151)</u>	<u>5,081,218</u>	<u>39,206,363</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Year ended 31 December 2023

	Share capital	Capital reserve	Amounts awaiting allotment	Translation reserve	Revaluation reserve	Accumulated losses	Non-controlling interest	Total
At the start of the year	<u>1,500,000</u>	<u>16,038,832</u>	<u>165,591</u>	<u>15,772,660</u>	<u>15,661,213</u>	<u>(15,013,151)</u>	<u>5,081,218</u>	<u>39,206,363</u>
Loss for the year	-	-	-	-	-	(42,255,478)	(180,370)	(42,435,848)
Other comprehensive income	-	-	-	-	-	-	-	-
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)
Amortization on revaluation reserve	-	-	-	-	-	-	-	-
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
Transfer from capital grants	-	-	-	-	-	-	-	-
Capital injection *	-	-	-	-	-	-	-	-
	-	-	1,305,704	-	-	-	-	1,305,704
At the end of the year	<u>1,500,000</u>	<u>16,038,832</u>	<u>1,471,295</u>	<u>3,242,980</u>	<u>145,107,691</u>	<u>(57,268,629)</u>	<u>4,900,848</u>	<u>114,993,017</u>

The notes on pages 25 to 131 are an integral part of these annual financial statements.

*See note 28 for the reserves definition.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS - 31 DECEMBER 2023

	Note	2023	2022
Cash generated from operating activities			
Cash generated from operations	40 (a)	8,366,668	15,599,161
Income tax paid	9(ii)	<u>(531,953)</u>	<u>(500,096)</u>
Net cash inflow from operating activities		<u>7,834,715</u>	<u>15,099,065</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(5,852,405)	(6,260,713)
Proceeds from disposal of property, plant and equipment		28,390	13,096
Disposal of investment property		99,853	-
Investments in exploration and evaluation assets	13	-	(3,794)
Purchase of investment property	12	(222,455)	(52,086)
Loans to related parties	19	(20,159)	(34,738)
Repayment of loans by related parties	19	-	58,012
Investment in associates	18 (b)	4,440,584	(501)
Purchase of intangible assets	15	(166,131)	(65,059)
Proceeds from term deposits	21 (b)	5,415,472	800,262
Investments in term deposits	21 (b)	(4,533,711)	(5,415,472)
Interest received	8	<u>1,184,064</u>	<u>1,071,867</u>
Net cash outflow from investing activities		<u>373,502</u>	<u>(9,889,126)</u>
Cash flows from financing activities			
Proceeds from borrowings	31	6,272,204	1,371,890
Interest paid		(10,657,402)	(4,737,005)
Loan repayments	31	(4,567,729)	(1,939,430)
Proceeds from sale of bonds		12,345	426,156
Finance lease payments	11 (b)	(256,261)	(217,736)
Capital grants	30	<u>657,129</u>	<u>355,788</u>
Net cash outflow from financing activities		<u>(8,539,714)</u>	<u>(4,740,337)</u>
Net (decrease)/increase in cash and cash equivalents		(331,497)	469,602
Movement in cash and cash equivalents			
At the start of the year		4,219,040	3,712,215
Net (decrease)/increase		(331,497)	469,602
Foreign exchange differences on cash and cash equivalents		<u>11,675</u>	<u>37,223</u>
At the end of the year	26	<u>3,899,218</u>	<u>4,219,040</u>

The notes on pages 25 to 131 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 Zambia 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 2023 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 2023 the Group's current liabilities exceeded its current assets by K78.59 billion (2022: 32.62 billion). As at the reporting date, the total borrowings amounted to K55.91 billion (2022: K66.28 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's trade payables and Zamtel.

As at 30 June, 2024, the Group's current liabilities exceeded its current assets by K21.9 billion and the total borrowings amounted to K56.87 billion. The increase is as a result of a draw down on the loans and impact of depreciation of the kwacha against the United States dollar.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Summary of material accounting policies (continued)

2.1 Basis of preparing the financial statements (continued)

(c) 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 2023 of K50.3 billion (2022: K40.9 billion) exceeded the current assets of K10.1 billion (2022: K11.3 billion) by K40.2 billion (2022: K29.6 billion).

The increase in current liabilities by 23% to K50.3 billion from K40.9 billion in 2022 was mainly due to depreciation of the Kwacha against the US Dollar, as over 85% of liabilities in terms of trade payables owed to Independent Power Producers are invoiced in the US Dollar, while the subsidiary's reporting currency is the local currency Kwacha, which appreciated by the end of 2023.

Current liabilities as at 30 June 2024 of K38.87 billion exceeded the current assets of K15.81 billion by K23.05 billion.

Operating performance

The subsidiary recorded a decline in generation towards the end of 2023 and is expected to continue in the financial year 2024 owing to low water levels at Kariba Dam. The subsidiary is aware of the risk brought about by climate change and is actively exploring opportunities to invest in alternative renewable generation sources such as solar. Notwithstanding, to mitigate reduced available power, the subsidiary implements various measures when need arises including load management, power imports and demand side management which is educating customers on efficient use of power to reduce the effects thereof.

Measures to address net current liability position

The initiatives that the Directors are implementing to actualize its strategic objectives include;

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Summary of material accounting policies (continued)

2.1 Basis of preparing the financial statements (continued)

a) Debt Restructuring

The long-term debt stands at about K54.8 billion (USD2.1 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*
 This debt is subject to debt restructuring as part of the comprehensive debt treatment under the G20 Common Framework. The total debt outstanding under this category stood at USD 618 million as at 30 June 2024.
- *On lent loans*
 These are loans procured by the Government of the Republic of Zambia and on lent to ZESCO Limited. As part of the debt restructuring, the subsidiary has reached an advanced stage in engagement with the Government of Zambia through the Ministry of Finance and National Planning to convert the Government guaranteed and on-lent concessional loans to equity amounting to USD372 million. Once the loans have been converted, it is expected to reduce the levels of gearing and improve the equity.
- *Commercial loans*
 The payment on commercial loans are current and these are secured by the subsidiary's receivables through dedicated Debt Service Reserve Accounts. 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. The total debt as at 30 June 2024 is USD 207 million.

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 USD 784 million to USD 330 million leading to a saving of USD 454 million.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

ii) Zambia Telecommunications Company Limited

The subsidiary made a loss of K606 million (2022: K545 million) for the year ended 31 December 2023. The subsidiary's current liabilities exceeded its current assets by K3.2 billion (2022: K3 billion) and as at that date, the subsidiary had shareholder deficit of K1.9 billion (2022: K1.6 billion).

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 USD15 million out of USD30 million owed to ZTE. In addition, the business managed to get a debt settlement discount of USD62,000 from NEC. Other interventions being pursued include:

- A claim for reimbursement of costs amounting to USD47.2 million incurred by the subsidiary over the last three years to maintain GRZ rural social site was approved by the Ministry of Finance on 10th April 2024.
- The subsidiary has engaged the Treasury for Debt-to-Equity Conversion of Government Guaranteed Debt amounting to USD22 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Summary of material accounting policies (continued)

2.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

New standards and amendments that are effective at 1 January 2023 and are applicable to the Group.

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17 'Insurance Contracts' (Amendments to IFRS 17 and IFRS 4)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

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

(ii) New standards and interpretations that are not yet effective and have not been early adopted

Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Group.

- Leases on sale and leaseback (Amendments to IFRS 16) - These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.
- Non-current liabilities with covenants (Amendments to IAS 1) - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- Supplier finance (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

Claims incurred

Death claims are accounted for on notification of death. All other claims and surrenders are accounted for when payment is due. Reinsurance recoveries are credited to match the relevant gross amounts. Claims payable include direct costs of settlement.

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 purposes 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 for 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 lessee. 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 any 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2023

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 (FVPL), 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 (FVPL).

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Summary of material accounting policies (continued)

2.18 Financial instruments (continued)

Classification and measurement (continued)

Financial liabilities (continued)

Financial liabilities are classified as measured at amortised cost or 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 unexpired 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.

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

2. Summary of material accounting policies (continued)

2.18 Financial instruments (continued)

Classification and measurement (continued)

Financial liabilities (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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 contribution 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 generate 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 2023.

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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

3. Critical accounting estimates and judgements

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% (2021:7.2%) was assumed to increase the rehabilitation liability for the next 20 years, and a rate of 7.2% (2021: 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

3. Critical accounting estimates and judgements

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:

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

4 Financial risk management (continued)

(i) Foreign exchange risk exposure (continued)

	Exposure				Total
	USD	EUR	ZAR	Other	
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
Assets held for sale	-	-	-	-	-
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
Liabilities directly associated with assets classified as held for sale					-
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)
As at 31 December 2022					
Financial assets					
Trade and other receivables	5,413,643	-	-	4,712	5,418,355
Amounts due from related parties	3,673,171	29,242	-	-	3,702,413
Assets held for sale	358,285	-	-	-	358,285
Cash and cash equivalents	2,486,013	-	-	1,244	2,487,257
	11,931,112	29,242	-	5,956	11,966,310
Financial liabilities					
Provisions	1,203,382	-	-	-	1,203,382
Liabilities directly associated with assets classified as held for sale	356,138	-	-	-	356,138
Borrowings	59,759,324	799,138	1,402,169	58,133	62,018,764
Amounts due to related parties	11,845,201	-	-	-	11,845,201
Trade and other payables	30,499,515	-	-	21,524	30,521,039
	103,663,560	799,138	1,402,169	79,657	105,944,524
Net exposure	(91,732,448)	(769,896)	(1,402,169)	(73,701)	(93,978,214)

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

4 Financial risk management (continued)**(i) Foreign exchange risk exposure (continued)***Sensitivity*

At 31 December 2023, if the Zambian Kwacha had weakened/strengthened by 10% (2022:10%) against the South African Rand (ZAR) with all other variables held constant, the effect on post-tax profit for the year and shareholders' equity would have been K140.22 million (2022: K140.22 million) higher/lower, mainly as a result of the ZAR denominated trade payables, other receivables and bank balances.

At 31 December 2023, if the Zambian Kwacha had weakened/strengthened by 10% (2022:10%) against the United States Dollar (USD) with all other variables held constant, the effect on post-tax profit for the year and shareholders' equity would have been K9.17 billion (2022:K9.17 billion) higher/lower, mainly as a result of the USD denominated trade payables, trade and other receivables and bank balances.

At 31 December 2023, if the Zambian Kwacha had weakened/strengthened by 10% (2022:10%) against the Euro (EUR) with all other variables held constant, the effect on post-tax profit for the year and shareholders' equity would have been K76.99 million (2021: K76.99 million) higher/lower, mainly as a result of the Euro denominated trade payables and bank balances.

	2023	2022
Impact on profit and equity	<u>(73,881,073)</u>	<u>(93,978,214)</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

4 Financial risk management (continued)

- a) *Market risk (continued)*
(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:

	2023	% of total loans	2022	% of total loans
	<u>56,643,762</u>	<u>100%</u>	<u>56,352,552</u>	<u>100%</u>

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 2023, with all other variables held constant, a 2 % (2022: 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:

	2023	2022
Impact on profit and equity	<u>(1,132,875)</u>	<u>(1,127,051)</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 2023

Loss rate per sector

Gross	27,133,736	73.93%	Energy & Resources	Financial Services	Industrial Market	Telecommuni- cation & Media	Tourism, Real estate & Others	Transport & logistics	Total
Loss allowance	(20,058,789)			(32,246)	(582,514)	(809,231)	(26,733)	(277,569)	(21,787,082)
	7,074,947			70,621	272,955	202,109	28,912	(272)	7,649,272

As at 31 December 2022

Loss rate per sector

Gross	20,765,581	56.66%	Energy & Resources	Financial Services	Industrial Market	Telecommuni- cation & Media	Tourism, Real estate & Others	Transport & logistics	Total
Loss allowance	(11,764,938)			(350,683)	(6,061)	(770,461)	(16,801)	(203,214)	(13,112,158)
	9,000,643			568,688	246,334	231,678	26,473	134,838	10,208,654

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

4 Financial risk management (continued)

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

	2023	2022
At the start of the year	12,179,924	18,450,201
Impairment charge recognised in profit or loss	9,569,652	3,151,309
Recoveries	<u>(245,430)</u>	<u>(9,421,586)</u>
At the end of the year	<u>21,504,146</u>	<u>12,179,924</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

4 Financial risk management (continued)

b) Credit risk (continued)

An amount K21.50 billion (2022: K12.17 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.

Liquidity risk

- c) 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.

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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

	2023	2022
Expiring within one year (bank loan & overdrafts)	<u>2,705,371</u>	<u>3,864,717</u>

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.

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4 Financial risk management (continued)

c) Liquidity risk (continued)

	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
At 31 December 2023:				
Borrowings	-	-	-	-
Outstanding claims	-	-	-	-
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	<u>466,161</u>	<u>1,022,281</u>	<u>54,445</u>	<u>1,542,887</u>
	<u>53,932,855</u>	<u>1,022,281</u>	<u>54,445</u>	<u>55,009,581</u>
At 31 December 2022				
Borrowings	35,290,051	1,672,376	32,621,505	69,583,932
Outstanding claims	-	-	139,136	139,136
Trade and other payables (excluding statutory liabilities)	38,084,062	-	-	38,084,062
Amounts due to related parties	11,845,201	-	-	11,845,201
Bank overdraft	717,834	-	-	717,834
Lease liabilities	<u>111,277</u>	<u>97,800</u>	<u>73,452</u>	<u>282,529</u>
	<u>86,048,425</u>	<u>1,770,176</u>	<u>32,834,093</u>	<u>120,652,694</u>

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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 2023, the Group's strategy, which was unchanged from December 2022, 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 2023 (2022) was as follows:

	2023	2022
Net debt (Note 40 (b))	<u>(59,815,781)</u>	<u>(62,065,815)</u>
Total equity	<u>114,993,017</u>	<u>39,206,363</u>
Compliance with debt covenants	<u>52%</u>	<u>158%</u>

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

	2023	2022
Financial assets at amortised cost	4,564,979	5,437,598
Financial assets at fair value through profit or loss	3,019,500	1,252,400
Financial assets at FVOCI	98,337	78,392
Reinsurance receivables	268,548	173,470
Insurance receivables	237,390	169,360
Trade and other receivables (less prepayments)	7,298,187	4,923,371
Amounts due from related parties	568,035	3,802,221
Loans due from related parties	50,754	30,595
Cash and cash equivalents	<u>3,919,774</u>	<u>4,936,874</u>
	<u>20,025,504</u>	<u>20,804,281</u>
Financial liabilities at amortised cost		
Borrowings	55,916,562	66,284,855
Trade and other payables (less statutory liabilities)	48,678,813	38,084,062
Lease liabilities	1,525,798	260,055
Amounts due to related parties	<u>4,767,326</u>	<u>11,845,201</u>
	<u>110,888,499</u>	<u>116,474,173</u>

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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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i) Segment revenue

2023	Energy and resources	Financial services	Industries	Telecommuni- cation and media	Tourism, real estate and others	Transport and logistics K'000	Total K'000
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
Impairment of goodwill on acquisition of subsidiary	-	-	-	-	-	-	-
Other expenses	(24,757,509)	(125,222)	(555,966)	(387,359)	(43,817)	(342,552)	(25,938,622)
Operating (loss)/profit	(18,700,885)	340,413	917,348	(264,910)	49,400	(169,649)	(17,828,283)

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i) Segment revenue (continued)

2022	Energy and resources	Financial services	Industries	Telecommuni- cation and media	Tourism, real estate and others	Transport and logistics K'000	Total K'000
Revenue	33,079,005	284,774	1,636,473	920,756	76,059	479,288	36,476,355
Premium, claims and reinsurance commissions	-	884,290	-	-	-	-	884,290
Other income	(4,673,888)	430,153	17,877	(67,109)	9,022	62,146	(4,221,799)
Cost of materials	(20,513,192)	(12,014)	(1,226,831)	(279,713)	(13,181)	(32,128)	(22,077,059)
Premiums ceded to reinsurers	-	(495,393)	-	-	-	-	(495,393)
Employee benefit expenses	(6,208,386)	(286,209)	(235,968)	(228,970)	(23,438)	(38,405)	(7,021,376)
Depreciation and amortisation	(4,118,224)	(18,573)	(42,349)	(571,891)	(10,534)	(85,051)	(4,846,622)
Fair value adjustments	2,959,174	(205,600)	-	-	-	-	2,753,574
Impairment of goodwill on acquisition of subsidiary	-	-	-	-	-	-	-
Other expenses	(2,746,420)	(443,194)	2,666,922	(266,803)	(25,337)	(516,313)	(1,331,145)
Operating (loss)/profit	(2,221,931)	138,234	2,816,124	(493,730)	12,591	(130,463)	120,825

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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.

As at 31 December 2023	Energy and resources	Financial services	Industries	Telecommunicati on and media	Tourism, real estate and others	Transport and logistics	Total K'000
Total assets	<u>162,969,892</u>	<u>4,914,798</u>	<u>8,321,971</u>	<u>2,954,713</u>	<u>1,785,350</u>	<u>5,345,440</u>	<u>186,292,164</u>
	<u>162,969,892</u>	<u>4,914,798</u>	<u>8,321,971</u>	<u>2,954,713</u>	<u>1,785,350</u>	<u>5,345,440</u>	<u>186,292,164</u>
Total liabilities	<u>134,903,402</u>	<u>1,828,552</u>	<u>2,462,121</u>	<u>5,317,007</u>	<u>355,003</u>	<u>2,219,716</u>	<u>147,085,801</u>
	<u>134,903,402</u>	<u>1,828,552</u>	<u>2,462,121</u>	<u>5,317,007</u>	<u>355,003</u>	<u>2,219,716</u>	<u>147,085,801</u>
As at 31 December 2022							
Total assets	<u>162,969,892</u>	<u>4,914,798</u>	<u>8,321,971</u>	<u>2,954,713</u>	<u>1,785,350</u>	<u>5,345,440</u>	<u>186,292,164</u>
	<u>162,969,892</u>	<u>4,914,798</u>	<u>8,321,971</u>	<u>2,954,713</u>	<u>1,785,350</u>	<u>5,345,440</u>	<u>186,292,164</u>
Total liabilities	<u>134,903,402</u>	<u>1,828,552</u>	<u>2,462,121</u>	<u>5,317,007</u>	<u>355,003</u>	<u>2,219,716</u>	<u>147,085,801</u>
	<u>134,903,402</u>	<u>1,828,552</u>	<u>2,462,121</u>	<u>5,317,007</u>	<u>355,003</u>	<u>2,219,716</u>	<u>147,085,801</u>

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6 Other (expenses)/income

	2023	2022
Treasury income	1,397,540	58,800
Rental income	88,965	50,318
Bad debts recovered	20,174	4,431
Profit from asset disposal	41,729	2,420
Profit /(loss) from the sale of bonds	-	150,401
Exchange (loss)/gain other than on financing	-	(5,929,360)
Amortisation income	238,333	218,934
Sundry income*	6,176,245	658,617
Pension funds - management fees	5,083	26,027
Government grants	89,261	537,607
	<u>8,057,330</u>	<u>(4,221,799)</u>

7 Expenses by nature**7.1 Cost of materials**

Local purchases	17,312,282	18,473,327
Direct labour costs	1,269,989	1,139,290
Maintenance costs	688,542	568,961
Power imports	41,271	26,967
Generation water usage costs	283,262	216,670
Local wheeling charges	1,104,642	899,967
Other miscellaneous expenses	<u>15,512,965</u>	<u>751,881</u>
	<u>36,212,953</u>	<u>22,077,052</u>

7.2 Administrative expenses

Depreciation (Note 10)	4,726,021	4,614,231
Amortisation (Note 15)	5,618	170,351
Depreciation charge on right of use assets (Note 11 a)	261,763	53,371
Depreciation charge on exploration and evaluation (Note 13)	-	8,651
Employee benefits (Note 7.4)	7,013,847	7,021,371
Other expenses	<u>25,573,377</u>	<u>1,331,141</u>
	<u>37,580,626</u>	<u>13,199,144</u>

7.3 Other costs

Premiums ceded to reinsurers	<u>305,047</u>	<u>495,391</u>
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7.4 Employee benefits

Salaries and other staff costs	6,644,645	6,793,141
Retirement benefits costs:		
NAPSA and defined contributions schemes	<u>369,202</u>	<u>228,231</u>
	<u>7,013,847</u>	<u>7,021,371</u>

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	2023	2022
8 Finance income / (costs)		
Finance income		
Interest income on investments and placements	<u>1,184,064</u>	<u>1,071,867</u>
	<u>1,184,064</u>	<u>1,071,867</u>
Finance cost		
Foreign exchange losses on lease liabilities (Note 11 (b))	(5,158)	(3,605)
Foreign exchange gains/(losses) on loans due from related parties (Note 19)	9,910	(377,665)
Net exchange gains/ (losses) (Note 19)	(12,426,600)	-
Interest expense on loans due from related parties (Note 19)	(10,249)	(396,118)
Interest expense on lease liabilities (Note 11 (b))	(92,426)	(73,019)
Interest expense on loans	<u>(10,657,402)</u>	<u>(4,737,005)</u>
	<u>(23,181,925)</u>	<u>(5,587,412)</u>
Net finance costs	<u>(21,997,861)</u>	<u>(4,515,545)</u>
	2023	2022
9 Income tax expense		
Current income tax expense	(530,635)	(143,466)
Deferred income tax charge (Note 29)	<u>(4,935,907)</u>	<u>(290,788)</u>
	<u>(5,466,542)</u>	<u>(434,254)</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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9 Income tax expense (continued)**i) Numerical reconciliation of income tax expense to prima facie tax payable**

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

	2023	2022
(Loss)/profit before income tax	(36,741,026)	(201,897)
Adjust for:		
Share of profit/(loss) of associate	(3,004,299)	2,400,075
Share of profit/(loss) of joint venture	<u>(32,909)</u>	<u>1,792,748</u>
	<u>(39,778,234)</u>	<u>3,990,926</u>
Tax calculated at the statutory income tax rates of 30%/10% (2022 - 30%/10%)	11,933,470	1,197,278
Tax effect of:		
Expenses not deductible for tax purposes	(11,900,819)	(6,329,613)
Effect of a lower tax rate - ZDA incentive	173,475	3,178,861
Tax rate adjustment	185,092	(93,291)
(Under)/over provision current year - deferred tax	(54,390)	(13,664)
Tax rate adjustment due to ZDA incentives	<u>(5,803,370)</u>	<u>1,505,037</u>
Income tax expense	<u>(5,466,542)</u>	<u>(555,392)</u>

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

	2023	2022
At the start of the year	1,578,699	1,747,411
Current income tax charge	530,635	143,466
Translation adjustment	(65,947)	(2,411)
Classified as assets held for sale	-	(1,485)
Over provision in prior year	(124,728)	191,814
Payments during the year	<u>(531,953)</u>	<u>(500,096)</u>
At the end of the year	<u>1,386,706</u>	<u>1,578,699</u>

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10 Property, plant and equipment

	Land & buildings	Equipment and furniture	Motor vehicles	IT equipment	Capital work in progress	Total
At 31 December 2021						
Cost	13,951,774	63,318,841	5,352,116	867,741	32,457,411	115,947,883
Accumulated depreciation	(1,740,818)	(10,485,797)	(727,782)	(1,060,493)	852,920	(13,161,970)
Net book value	<u>12,210,956</u>	<u>52,833,044</u>	<u>4,624,334</u>	<u>(192,752)</u>	<u>33,310,331</u>	<u>102,785,913</u>
Year ended 31 December 2022						
Opening net book value	12,210,956	52,833,044	4,624,334	(192,752)	33,310,331	102,785,913
Additions	603,787	140,720	143,143	12,714	5,360,349	6,260,713
Depreciation capitalised	-	-	-	-	198	198
Acquisition of subsidiary	110	-	-	-	-	110
Disposals	(1,451)	(31,832)	(46,702)	(174)	-	(80,159)
Transfer from CWIP	165,875	6,106,293	(3,314,983)	667	(2,957,852)	-
Revaluation surplus	43,628	3,093	4,362	927	-	52,010
Transfer to intangibles	-	-	-	-	(234,951)	(234,951)
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	(504,443)	(3,539,434)	(472,581)	(97,773)	-	(4,614,231)
Depreciation on disposals	126	11,931	29,574	138	-	41,769
Depreciation elimination on revaluation	8,156	-	-	-	-	8,156
Depreciation impairment	<u>2,014</u>	<u>(6,204)</u>	<u>5,970</u>	<u>4,060</u>	-	<u>5,840</u>
Closing net book value	<u>12,486,818</u>	<u>55,597,062</u>	<u>968,352</u>	<u>(276,612)</u>	<u>35,448,139</u>	<u>104,223,759</u>
At 31 December 2022						
Cost	14,721,783	69,616,566	2,133,171	877,456	34,595,219	121,944,195
Accumulated depreciation	<u>(2,234,965)</u>	<u>(14,019,504)</u>	<u>(1,164,819)</u>	<u>(1,154,068)</u>	<u>852,920</u>	<u>(17,720,436)</u>
	<u>12,486,818</u>	<u>55,597,062</u>	<u>968,352</u>	<u>(276,612)</u>	<u>35,448,139</u>	<u>104,223,759</u>

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

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10 Property, plant and equipment (continued)

	Land & buildings	Equipment and furniture	Motor vehicles	IT equipment	Capital work in progress	Total
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	<u>7,735,528</u>	<u>177,585,944</u>	<u>(4,232,392)</u>	<u>(524,813)</u>	<u>27,907,396</u>	<u>208,471,663</u>
At 31 December 2023						
Cost	10,733,792	194,793,438	(2,605,222)	887,023	27,054,476	230,863,507
Accumulated depreciation	<u>(2,998,264)</u>	<u>(17,207,494)</u>	<u>(1,627,170)</u>	<u>(1,411,836)</u>	<u>852,920</u>	<u>(22,391,844)</u>
Net book value	<u>7,735,528</u>	<u>177,585,944</u>	<u>(4,232,392)</u>	<u>(524,813)</u>	<u>27,907,396</u>	<u>208,471,663</u>
Valuation Methods						

The following subsidiaries revalued their assets during the year: 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.

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Figures in thousands of Zambian Kwacha

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. 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 2022. The fair values of the Company's property as of 31 December 2022 were based at their market value.

The additions to property and equipment are largely under the National Health Insurance Project that the company is managing. The larger component relates to the development of the system being used in the administration of the National Health Insurance Scheme. The component relating to the development of software is being carried as work in progress (WIP) and its completion was deferred to 2022 from the initial 2021 target.

- iii) **ZSIC General Limited**
The value of leasehold buildings of the Company at 31 December 2022 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 2022 were performed by Sandridge Associates, independent valuers not related to the Company.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

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

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

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 2023 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

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

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

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023****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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

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 2021					
Cost	374,131	59,034	1,529	460,590	895,284
Accumulated depreciation	(275,389)	(57,015)	(1,529)	(240,735)	(574,668)
Net book value	<u>98,742</u>	<u>2,019</u>	<u>-</u>	<u>219,855</u>	<u>320,616</u>
Year ended 31 December 2022					
Opening net book value	98,742	2,019	-	219,855	320,616
Additions	24,117	11,517	26,821	-	62,455
Remeasurement	-	(4,672)	-	(135,031)	(139,703)
Termination of lease	-	(3,084)	(56)	-	(3,140)
Depreciation charge	(11,504)	(3,417)	(4,503)	(33,955)	(53,379)
Net book value	<u>111,355</u>	<u>2,363</u>	<u>22,262</u>	<u>50,869</u>	<u>186,849</u>
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	<u>111,355</u>	<u>2,363</u>	<u>22,262</u>	<u>50,869</u>	<u>186,849</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

11 Leases (continued)

b) Lease liabilities

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

	2023	2022
At the start of the year	260,055	339,111
Additions	1,410,582	62,455
Interest charged	92,426	73,019
Foreign currency losses	5,158	3,605
Remeasurements	19,236	-
Derecognition	(5,398)	(399)
Principal and interest payments	<u>(256,261)</u>	<u>(217,736)</u>
At the end of the year	<u>1,525,798</u>	<u>260,055</u>

iii) Amounts recognised in the statement of profit or loss

Foreign currency losses	5,158	3,605
Depreciation charge	261,763	53,379
Interest expense on lease liabilities	<u>92,426</u>	<u>73,019</u>
	<u>359,347</u>	<u>130,003</u>

iv) Maturity analysis of contractual lease payments outstanding

Within 1 year	466,161	111,277
Between 1 and 2 years	1,022,281	97,800
Later than 5 years	<u>54,445</u>	<u>73,452</u>
Minimum lease payment	1,542,887	282,529
Finance charge	<u>(17,089)</u>	<u>(22,474)</u>
Net present value	<u>1,525,798</u>	<u>260,055</u>

12 Investment properties

At the start of the year	4,951,719	4,929,149
Additions	-	52,086
Reclassification from current assets	-	91,605
Transfer to assets held for sale	(15,808)	(179,090)
Disposals	(99,853)	-
Revaluation surplus	502,532	7,447
Change in fair value	<u>25,902</u>	<u>50,522</u>
At the end of the year	<u>5,364,492</u>	<u>4,951,719</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of **Zambian Kwacha**

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 2023 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

13	Exploration and evaluation assets	2023	2022
	Cost		
	Balance at 1 January	53,161	49,367
	Additions	-	3,794
	As at 31 December	<u>53,161</u>	<u>53,161</u>
	Depreciation		
	Balance at 1 January	(1,724)	(10,378)
	Depreciation adjustment	-	17,308
	Charge for the year	-	(8,654)
	As at 31 December	<u>(1,724)</u>	<u>(1,724)</u>
	Net book value		
	As at 31 December	<u>51,437</u>	<u>51,437</u>

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		
ZCCM-IH & Scaling solar project/other short-term assets	-	549,781
Environmental protection fund	-	-
Trade and other receivables (note (a))	-	2,931,539
Unconsolidated entities* (note (b))	<u>266,148</u>	<u>266,148</u>
	<u>266,148</u>	<u>3,747,468</u>

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	52,242
Zambia Airways Limited	182,344	182,344
Agro-Luswishi	<u>31,562</u>	<u>31,562</u>
	<u>266,148</u>	<u>266,148</u>

* Agro - Luswishi is a project and therefore is not consolidated in the group financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

15 Intangible assets

	Goodwill	Other intangibles	Total
As at 31 December 2021			
Cost	119,818	4,032,029	4,151,847
Accumulated amortisation	<u>(119,818)</u>	<u>(420,236)</u>	<u>(540,054)</u>
Closing net book value	<u>-</u>	<u>3,611,793</u>	<u>3,611,793</u>
Year ended 31 December 2022			
Opening net book value	-	3,611,793	3,611,793
Additions	-	65,059	65,059
Transfer from PPE (Note 10)	-	234,951	234,951
Impairment depreciation	-	(25,230)	(25,230)
Amortisation charge	<u>-</u>	<u>(170,358)</u>	<u>(170,358)</u>
Closing net book value	<u>-</u>	<u>3,716,215</u>	<u>3,716,215</u>
As at 31 December 2022			
Cost	119,818	4,332,039	4,451,857
Accumulated amortisation	<u>(119,818)</u>	<u>(615,824)</u>	<u>(735,642)</u>
Closing net book value	<u>-</u>	<u>3,716,215</u>	<u>3,716,215</u>
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	<u>-</u>	<u>(799,102)</u>	<u>(799,102)</u>
Closing net book value	<u>-</u>	<u>14,814,021</u>	<u>14,814,021</u>
As at 31 December 2023			
Cost	119,818	16,230,788	16,350,606
Accumulated amortisation	<u>(119,818)</u>	<u>(1,416,767)</u>	<u>(1,536,585)</u>
Closing net book value	<u>-</u>	<u>14,814,021</u>	<u>14,814,021</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

16 Reinsurance receivables

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

	2023	2022
Gross reinsurance receivables	268,548	191,530
Provision for bad and doubtful debts	<u>-</u>	<u>(18,060)</u>
	<u>268,548</u>	<u>173,470</u>

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

	2023	2022
Gross insurance receivable	258,684	223,783
Allowance for bad debts	<u>(21,294)</u>	<u>(54,423)</u>
	<u>237,390</u>	<u>169,360</u>
Less than 1 year	-	135,220
Between 1 and 5 years	<u>237,390</u>	<u>34,140</u>
Net insurance receivable	<u>237,390</u>	<u>169,360</u>

The Group is owed a significant amount by various Government Ministries. In line with its normal practice, every three years, the Group and Government through the Ministry of Finance carry out a reconciliation exercise to agree on the total debt owed to the Group. The last verification was done for the period 2020 - 2022. Due to the time taken to recover these Government debts, management has reclassified this Government debt as non- current in the statement of financial position.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

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	2023	2022
Itezhi Tezhi Power Corporation Limited	18,272	1,936,415
Emerged Railways Properties Private Limited	<u>256,488</u>	<u>173,207</u>
	<u>274,760</u>	<u>2,109,622</u>
Share of profit/(loss) from joint venture		
Itezhi Tezhi Power Corporation Limited	18,272	1,797,665
Emerged Railways Properties Private Limited	<u>14,637</u>	<u>(4,917)</u>
	<u>32,909</u>	<u>1,792,748</u>

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	
		2023	2022
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		Emerald Railways Properties Private Limited	
	2023	2022	2023	2022
Statement of profit or loss:				
Revenue	338,911	1,066,685	14,563	14,563
Profit/(loss) for the year	<u>18,272</u>	<u>3,595,329</u>	<u>14,637</u>	<u>(9,833)</u>
Total comprehensive income	<u>18,272</u>	<u>3,595,329</u>	<u>14,637</u>	<u>(9,833)</u>
Statement of financial position:				
Non-current assets	299,703	1,546,023	237,604	342,176
Current assets	<u>333,299</u>	<u>5,355,160</u>	<u>34,154</u>	<u>28,574</u>
Total assets	<u>633,002</u>	<u>6,901,183</u>	<u>271,758</u>	<u>370,750</u>
Capital and reserves	372,240	3,872,830	256,488	346,414
Non-current liabilities	26,207	1,717,434	-	-
Current liabilities	<u>234,555</u>	<u>1,310,919</u>	<u>15,270</u>	<u>24,336</u>
Total equity and liabilities	<u>633,002</u>	<u>6,901,183</u>	<u>271,758</u>	<u>370,750</u>
ii) Reconciliation of carrying amounts:				
At the start of the year	1,936,415	150,325	173,107	166,743
Impairment (charge)/reversal during the year	-	(11,575)	5,672	5,672
Currency translation adjustment	-	-	5,709	5,609
Share of profit/ (loss) for the year	<u>18,272</u>	<u>1,797,665</u>	<u>7,319</u>	<u>(4,917)</u>
At the end of the year	<u>1,954,687</u>	<u>1,936,415</u>	<u>191,807</u>	<u>173,207</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of *Zambian Kwacha***18 Interest in other entities (continued)****b. Investment in associates**

Reconciliation of carrying amounts

	2023	2022
At the start of the year	18,005,825	19,181,639
Share of profit of equity accounted associates	3,004,299	2,400,075
Share of OCI	11,529	55,139
Dividend received	(839,588)	(5,036,041)
Additions	540,849	501
Transfer to subsidiaries	(11,065,507)	-
Currency translation adjustment	<u>3,907,834</u>	<u>1,404,512</u>
At the end of the year	<u>13,565,241</u>	<u>18,005,825</u>

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Figures in thousands of Zambian Kwacha

18 Interest in other entities (continued)

	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
b. Investment in Associates										
31 December 2023										
Copperbelt Energy Corporation Plc	Zambia	31%	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%	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%	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%	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%	162,422	(82,119)	80,303	39,348	14,768	(2,468)	(1,209)	-
Mingomba Mining Limited	Zambia	20%	6,658,716	(20,396)	6,638,320	1,327,664	-	(496,875)	(99,375)	-
Elsewedy Electric Limited	Zambia	40%	633,002	(260,762)	372,240	148,896	338,911	134,289	53,715	-
Zambia Electrometer Limited	Zambia	40%	6,338	(123,187)	(116,849)	(46,740)	-	-	-	-
Indo Zambia Bank Limited	Zambia	40%	<u>16,994,558</u>	<u>(14,707,199)</u>	<u>2,287,359</u>	<u>914,944</u>	<u>1,905,281</u>	<u>604,333</u>	<u>241,733</u>	-
Balance carried forward			<u>80,066,717</u>	<u>(60,628,457)</u>	<u>19,438,260</u>	<u>7,379,516</u>	<u>26,115,139</u>	<u>5,504,535</u>	<u>2,556,656</u>	<u>(611,053)</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

18	Interest in other entities (continued)	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
b. Investment in Associates											
	Balance brought forward			80,066,717	(60,628,457)	19,438,260	7,379,516	26,115,139	5,504,535	2,556,656	(611,053)
	ZANACO PLC	Zambia	25%	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%	2,819,202	(1,607,671)	1,211,531	302,883	2,381,871	(176,088)	(44,022)	-
	Bangweulu Power	Zambia	20%	801,043	(817,657)	(16,614)	(3,323)	86,257	(13,495)	-	(2,699)
	Ngonye Power	Zambia	20%	720,200	(647,870)	72,330	14,466	89,885	79,100	15,820	-
	Lusaka Trust Hospital	Zambia	45%	175,522	(45,889)	129,633	58,335	72,873	4,348	1,956	-
	Zambia Reinsurance Plc	Zambia	28%	151,653	(46,260)	105,393	29,689	90,023	18,598	5,239	-
	Zepre	Zambia	1%	12,352,240	(3,709,408)	8,642,832	49,264	6,115,285	364,323	2,076	-
	Marcopolo ZICB	Zambia Zambia	25% 30%	3,649,464 4,023,484	(1,366,980) (4,261,775)	2,282,484 (238,291)	570,621 (71,988)	769,691 372,017	127,919 18,762	31,979 -	- 5,668
				<u>149,559,744</u>	<u>(113,667,651)</u>	<u>35,892,093</u>	<u>9,395,597</u>	<u>40,821,332</u>	<u>7,666,384</u>	<u>3,004,299</u>	<u>(608,084)</u>

The Group's share of accumulated unrecognized losses from associates who are in net liability position was K608.08 million (2022: K367.96 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

18 Interest in other entities (continued)

b.	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 2022										
	Konkola Copper Mines Plc	Zambia	21%	-	-	-	-	-	-	-	-
	Kansanshi Mining Plc	Zambia	20%	67,111,703	(12,254,615)	54,857,088	10,971,418	25,982,597	2,624,472	524,894	-
	Copperbelt Energy Corporation Plc	Zambia	24%	11,956,207	(5,970,864)	5,985,343	1,442,468	6,384,202	866,413	208,805	-
	CNMC Luanshya Copper Mine Plc	Zambia	20%	6,481,841	(3,499,748)	2,982,093	596,419	7,949,648	1,683,023	336,604	-
	Maamba Collieries Limited	Zambia	35%	20,861,973	(14,813,060)	6,048,913	2,117,120	4,751,431	1,533,668	536,783	-
	Lubambe Copper Mines Limited	Zambia	20%	5,577,890	(16,263,519)	(10,685,629)	-	2,382,201	(1,826,317)	-	(365,263)
	Rembrandt Properties Limited	Zambia	49%	150,319	(78,944)	71,375	34,974	-	-	-	-
	Zambia Consolidated Gold	Zambia	45%	37,075	(9,380)	27,695	12,463	50,810	(8,768)	(3,945)	-
	Elsewedy Electric Limited	Zambia	40%	3,169,783	(3,028,353)	141,430	56,572	198,303	5,865	2,346	-
	Zambia Electrometer Limited	Zambia	40%	6,338	(123,187)	(116,849)	-	-	-	-	-
	Indo Zambia Bank Limited	Zambia	40%	14,086,362	(12,304,426)	1,781,936	712,774	1,235,348	508,951	203,580	-
	Balance carried forward			129,439,491	(68,346,096)	61,093,395	15,944,208	48,934,540	5,387,307	1,809,067	(365,263)

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18 Interest in other entities (continued)

b. 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 2022										
Balance brought forward			129,439,491	(68,346,096)	61,093,395	15,944,208	48,934,540	5,387,307	1,809,067	(365,263)
ZANACO PLC	Zambia	25%	35,851,960	(33,000,137)	2,851,823	712,956	3,925,697	1,166,997	291,749	-
Kagem Mining Limited	Zambia	25%	3,339,789	(1,388,587)	1,951,202	487,801	3,991,280	978,420	244,604	-
Bangweulu Power	Zambia	20%	801,043	(817,657)	(16,614)	-	86,257	(13,495)	-	(2,699)
Ngonye Power	Zambia	20%	755,575	(660,129)	95,446	19,089	77,902	23,116	4,623	-
Lusaka Trust Hospital	Zambia	45%	171,659	(45,374)	126,285	56,828	64,529	7,186	3,233	-
Zambia Reinsurance Plc	Zambia	28%	125,375	(27,096)	98,279	27,518	95,872	6,063	1,697	-
Zepre	Zambia	1%	13,143,070	(5,091,163)	8,051,907	45,896	3,432,514	563,803	3,213	-
Marcopolo	Zambia	23%	2,784,822	(569,507)	2,215,315	553,829	574,145	151,851	37,962	-
ZICB	Zambia	30%	<u>3,174,025</u>	<u>(2,652,013)</u>	<u>522,012</u>	<u>157,700</u>	<u>145,352</u>	<u>12,993</u>	<u>3,925</u>	<u>-</u>
			<u>189,586,809</u>	<u>(112,597,759)</u>	<u>76,989,050</u>	<u>18,005,825</u>	<u>61,328,088</u>	<u>8,284,241</u>	<u>2,400,073</u>	<u>(367,962)</u>

The Group's share of accumulated unrecognized losses from associates who are in net liability position was K367.96 million (2021: K2.36 billion) 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

19 Loans due from related parties	2023	2022
At 1 January	30,595	35,416
Drawdowns/(receipts)	-	(58,012)
Additions	-	34,738
Interest accrued	10,249	396,118
Exchange differences	<u>9,910</u>	<u>(377,665)</u>
At 31 December	<u>50,754</u>	<u>30,595</u>

Breakdown analysis of the loans due from related parties

Bangweulu Power Company Limited	Associate	46,524	26,365
Zambia China Mulungushi Textiles Limited	Subsidiary	2,628	2,628
Pelidic Zambia Limited	Project	<u>1,602</u>	<u>1,602</u>
		<u>50,754</u>	<u>30,595</u>

The terms of loans are disclosed below:

Bangweulu Power Company Limited

Unsecured shareholding loan of USD1.77 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.

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20	Financial assets at fair value through profit or loss	2023	2022
	Reconciliation of carrying amounts		
	At 1 January	1,252,400	1,458,000
	Changes in fair value	<u>1,767,100</u>	<u>(205,600)</u>
	At 31 December	<u>3,019,500</u>	<u>1,252,400</u>

2023		% Holding	At 1 January	Valuation movement	Valuation 31 December
NFC Africa Mines Plc	Zambia	15%	1,252,400	1,767,100	3,019,500
2022					
NFC Africa Mines Plc	Zambia	15%	1,458,000	(205,600)	1,252,400

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 Groups' investments of K3.02 billion (2022: K1.25 billion) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

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

Levels 2 and 3 fair value 2023	Level 2	Level 3	Total
Balance at 1 January	-	1,252,400	1,252,400
Net change in fair value	<u>-</u>	<u>1,767,100</u>	<u>1,767,100</u>
Balance at 31 December	<u>-</u>	<u>3,019,500</u>	<u>3,019,500</u>
2022			
Balance at 1 January	-	1,458,000	1,458,000
Net change in fair value	<u>-</u>	<u>(205,600)</u>	<u>(205,600)</u>
Balance at 31 December	<u>-</u>	<u>1,252,400</u>	<u>1,252,400</u>

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. Financial Assets at FV through Profit and loss.

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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 (2023: 26.2%, 2022: 21.0%%). Equity to total capitalisation (2023: 73.8%, 2022: 79.0%). Cost of debt - Cost of debt (2023: 10.0%, 2022: 10.0%) - Effective tax rate (2023:30 %, 2022: 30%) - After tax cost of debt (2023: 7.0 %, 2022: 7.0%). Cost of equity - Risk free rate (2023:3.90%, 2022: 3.90%) - Market risk premium (2023:9.72%, 2022: 13.2%) - Levered beta (2023: 1.53, 2022: 1.16) - Cost of equity (2023: 18.7%, 2022: 19.2%) – WACC: (2023: 15.6%, 2022: 16.6%). -Mineral Royalty tax is assumed as follows for copper (a sliding scale – from 4% to 10%, with the higher bands being: 10% for Cu price over USD7,000/t. Mineral royalty is treated as deductible from income tax from 2023 onwards.	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.

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21 Financial assets at amortised cost and fair value through OCI	2023	2022
a) Financial assets at amortised cost		
Noncurrent		
Government securities (i)	24,712	17,542
Bank fixed term deposits (ii)	-	2,508
Corporate bonds (iv)	5,231	3,680
COMESA yellow card reinsurance	-	-
Collective investment scheme	283	336
Treasury bills (iii)	<u>1,042</u>	<u>568</u>
	31,268	24,634
Less: Provision for impaired investment	<u>-</u>	<u>(2,508)</u>
At 31 December	<u>31,268</u>	<u>22,126</u>
The financial assets at amortized costs comprise:		
i) Government Bonds		
Five-year maturity	17,746	10,741
Seven-year maturity	1,825	1,743
Ten-year maturity	2,094	2,039
Fifteen-year maturity	<u>3,047</u>	<u>3,019</u>
	<u>24,712</u>	<u>17,542</u>
ii) Bank fixed deposits		
Two-year maturity	2,508	2,508
Less: Provision	<u>(2,508)</u>	<u>(2,508)</u>
	<u>-</u>	<u>-</u>
iii) Treasury bills		
91 days	-	-
182 days	-	-
364 days	<u>1,042</u>	<u>568</u>
	<u>1,042</u>	<u>568</u>
iv) Corporate bonds		
Ten-year maturity	-	-
Fifteen-year maturity	<u>5,231</u>	<u>3,680</u>
	<u>5,231</u>	<u>3,680</u>
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	5,415,472	800,262
Matured during the period	(5,415,472)	(800,262)
Additions	<u>4,533,711</u>	<u>5,415,472</u>
At the end of the year	<u>4,533,711</u>	<u>5,415,472</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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21 Financial assets at amortised cost (continued)

A lien/charge in the sum of USD550,000 was created over the term deposit as security for the payment of an overdraft facility and a balance is included in the total of nil (2022: K5.42 billion). The Company performs the Expected Credit Loss (ECL) on term deposits. Based on the assessment, the ECL was considered immaterial for both 2023 and 2022.

c) Financial assets at fair value through OCI

Investment in shares listed on LUSE

2023

2022

The details and carrying amounts of financial assets at FVOCI are as follows:

At the beginning of the year	78,392	67,899
Disposals	-	(40,694)
Fair value adjustments	<u>19,945</u>	<u>51,187</u>
At the end of the year	<u>98,337</u>	<u>78,392</u>

	Number of shares	Market share price Kwacha	Market value 2023	Market value 2022
Commerce Bank Plc	381,140	1	381	381
Development Bank of Zambia	7,000	0	2	2
First Quantum Minerals Limited	1,063,830	4	-	3,723
Lafarge Cement Zambia Plc	153,802	14	2,122	4,260
National Breweries Plc	39,253	4	161	361
Pamodzi Hotels Plc	37,400	1	27	22
Zambia Privatization Trust Fund	124	500	62	62
Zanaco Bank Plc	6,250,000	4	23,750	19,937
ZAFFICO Plc	8,000,000	3	20,243	15,600
Zambian Breweries Plc	2,307	7	16	16
REIZ	1,144,032	1	1,487	-
ZEP-Re Insurance	267,315	187	<u>50,086</u>	<u>34,028</u>
			<u>98,337</u>	<u>78,392</u>

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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.

	2023	2022
22 Biological assets - plantation in formation		
The Group's biological assets comprise of pine, tea plantation, palms and eucalyptus.		
At 1 January	5,805,793	2,964,618
Changes in fair value	<u>899,079</u>	<u>2,908,652</u>
	<u>6,704,872</u>	<u>5,873,270</u>
Eliminated in respect of thinning	(100,695)	(68,124)
Volume gain	<u>514,801</u>	<u>645</u>
At 31 December	<u>7,118,978</u>	<u>5,805,791</u>
Impairment loss		
At the start of the year	2	65
Write back of impairment	-	-
Charge for the year	<u>(2)</u>	<u>(63)</u>
At the end of the year	<u>-</u>	<u>2</u>
Net book value	7,118,978	5,805,793

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	2023	2022
Fuel	19,587	23,656
Goods in transit	35,925	49,427
Materials	1,366,985	5,956,166
Other inventories	1,560,281	1,329,517
Loss allowance for slow moving inventory	<u>(305,761)</u>	<u>(217,871)</u>
	<u>2,677,017</u>	<u>7,140,895</u>

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

At 1 January	217,871	219,120
Impairment charge/(reversal)	<u>87,890</u>	<u>(1,249)</u>
At 31 December	<u>305,761</u>	<u>217,871</u>

24 Trade and other receivables

Trade receivables	26,376,878	15,857,753
Loss allowance	<u>(21,504,146)</u>	<u>(12,179,924)</u>
Trade receivables-net	4,872,732	3,677,829
Prepayments	99,649	211,643
Other receivables	<u>2,425,455</u>	<u>1,245,542</u>
	<u>7,397,836</u>	<u>5,135,014</u>

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

The movement in loss allowance is as follows:

Balance at the start of the year	12,179,924	18,450,201
Movement for the year	<u>9,324,222</u>	<u>(6,270,277)</u>
Balance at the end of the year	<u>21,504,146</u>	<u>12,179,924</u>

25 Assets held for sale

Property, plant and equipment	-	17,956
Unsold shares in Zaffico*	-	71,732
Government bonds**	43,293	2,103,761
Investment in subsidiaries (a)	<u>23,626,388</u>	<u>179,090</u>
	<u>23,669,681</u>	<u>2,372,539</u>

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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 2020, the number of shares sold were 146.19 million giving rise to a profit on disposal of K111.04 billion and, the unsold shares amounted to 13.81 million valued at K17.96 million.

These shares 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 - asset held for sale	2023	2022
At 1 January		
Investrust Bank Plc	1,593,397	2,097,750
Mushe Milling Company Limited	-	6,011
Mopani Copper Mines	<u>22,032,991</u>	<u>-</u>
At 31 December	<u>23,626,388</u>	<u>2,103,761</u>
(b) Investment in subsidiaries - liabilities associated with assets held for sale		

In April 2019, the Board of ZCCM Investments Holdings PLC granted management approval to commit to a plan to sell the investments in Investrust Bank Plc and Mushe Milling Company Limited to its holding company, the Industrial Development Corporation (IDC) through the Group Restructuring and Rationalization initiative. The objective of the Group Restructuring is to rationalize the overall group portfolio that will result in a higher efficiency in managing assets.

At 1 January		
Investrust Bank Plc	2,503,825	2,249,997
Mushe Milling Company Limited	-	58,497
Mopani Copper Mines	<u>60,173,129</u>	<u>-</u>
At 31 December	<u>62,676,954</u>	<u>2,308,494</u>

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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 2023 and 2022.

	At 31 December 2023		At 31 December 2022	
	Mopani Copper Mines	Investrust Bank Plc	Mushe Milling Company Limited	Investrust Bank Plc
	Consolidated			Consolidated
Financial performance				
Revenue / interest income	-	-	38,925	206,224
Cost of sales / interest expense and operating expenses	-	-	(55,338)	(260,818)
Gross loss	-	-	(16,413)	(54,594)
Other income	-	-	18	53,471
(Loss)/profit before tax	-	-	(16,395)	(1,123)
Income tax charge	-	-	-	(1,485)
(Loss)/profit for the year	-	-	(16,395)	(2,608)
(Loss)/profit attributable to non-controlling interest	-	-	-	(746)
Cashflow information				
Net cash (outflow)/inflow from operating activities	-	-	(1,569)	(4,874)
Net cash outflow from investing activities	-	-	-	(342)
Net cash inflow / (outflow) from financial activities	-	-	1,969	-
Net cash movement	-	-	400	(5,216)

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25 Assets held for sale (continued)

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

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 2023 and 31 December 2022.

	At 31 December 2023			At 31 December 2022		
	Mopani Copper Mines	Investrust Bank Plc	Consolidated	Mushe Milling Company Limited	Investrust Bank Plc	Consolidated
Assets classified as held for sale						
Property, plant and equipment	12,525,429	-	12,525,429	5,296	51,327	56,623
Intangible assets	3,121,181	-	3,121,181	-	1,603	1,603
Financial assets through profit or loss	-	-	-	-	584	584
Term deposits	-	1,005,015	1,005,015	-	829,211	829,211
Trade and other receivables	2,691,333	28,161	2,719,494	-	811,725	811,725
Inventories	3,489,128	-	3,489,128	144	51,077	51,221
Other assets	147,553	-	147,553	-	74,907	74,907
Cash and cash equivalents	<u>58,367</u>	<u>560,221</u>	<u>618,588</u>	<u>571</u>	<u>277,316</u>	<u>277,887</u>
Total assets of the disposal group held for sale	<u>22,032,991</u>	<u>1,593,397</u>	<u>23,626,388</u>	<u>6,011</u>	<u>2,097,750</u>	<u>2,103,761</u>

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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 2023		At 31 December 2022	
	Mopani Copper Mines	Investrust Bank Plc Consolidated	Mushe Milling Company Limited	Investrust Bank Plc Consolidated
Liabilities directly associated with assets classified as held for sale				
Borrowings	(43,518,156)	-	(32,387)	-
Provisions for environmental rehabilitation	(3,263,137)	-	-	-
Bank Overdraft	(1,095,462)	-	-	-
Trade and other payables	(12,296,374)	(2,503,825)	(26,110)	(2,249,997)
Total liabilities directly associated with assets classified as held for sale	(60,173,129)	(2,503,825)	(58,497)	(2,308,494)
Net liabilities held for sale	(38,140,138)	(910,428)	(52,486)	(152,247)

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26 Cash and cash equivalents

	2023	2022
Cash and cash equivalents	3,784,020	4,904,638
Fixed deposits	<u>135,753</u>	<u>32,236</u>
	<u>3,919,773</u>	<u>4,936,874</u>

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	3,919,773	4,936,874
Bank overdrafts	<u>(20,555)</u>	<u>(717,834)</u>
Balances per statement of cash flows	<u>3,899,218</u>	<u>4,219,040</u>

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

27 Share capital

Authorised ordinary share of K1 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid ordinary shares of K1 each	1,500,000	10,000
Conversion	<u>—</u>	<u>1,490,000</u>
	<u>1,500,000</u>	<u>1,500,000</u>

The authorised share capital of the Company is K1,500 million (2022: K1,500 million) comprising 1,500,000,000 (2022: 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 (2022: K1,500 million) comprising 1,500,000,000 (2022: 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Capital and other reserves

	Capital reserve	Revaluation reserve	Translation reserve	Total
31 December 2022				
At the start of the year	15,426,744	16,272,315	16,977,579	48,676,638
Transactions with owners	612,088	-	-	612,088
Gains on properties revaluation	-	67,613	-	67,613
Deferred tax on property revaluation	-	(4,779)	-	(4,779)
Amortization on revaluation reserve	-	(673,936)	-	(673,936)
Currency translation	<u>-</u>	<u>-</u>	<u>(1,204,919)</u>	<u>(1,204,919)</u>
At the end of the year	<u>16,038,832</u>	<u>15,661,213</u>	<u>15,772,660</u>	<u>47,472,705</u>
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)
Amortization on revaluation reserve	-	-	-	-
Currency translation	<u>-</u>	<u>-</u>	<u>(12,529,680)</u>	<u>(12,529,680)</u>
At the end of the year	<u>16,038,832</u>	<u>145,107,691</u>	<u>3,242,980</u>	<u>164,389,502</u>

Capital reserve

The capital reserves 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.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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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:

	2023	2022
Cash and cash equivalents	(281,464)	(28,538)
Trade and other receivables	904,155	230,243
Environmental Protection Fund	42,858	7,303
Borrowings	(12,707,437)	(2,172,561)
Retirement benefits	(69,146)	(25,167)
Provisions for environmental rehabilitation	(815,048)	(86,118)
Trade and other payables	(3,350,997)	(511,192)
Provisions	<u>(160,435)</u>	<u>(29,110)</u>
Total	<u>(16,437,514)</u>	<u>(2,615,140)</u>

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 2023 (2022: 30%). The movement on the deferred income tax account is as follows:

	2023	2022
At the start of the year	200,645	(85,364)
Credit recognised in other comprehensive income	(4,779)	(4,779)
Over provision	-	-
Charge to profit or loss	<u>290,788</u>	<u>290,788</u>
At the end of the year	<u>486,654</u>	<u>200,645</u>

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

	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)	35,092	-	-	(4,321,626)	(4,321,626)	-
Accelerates capital allowances	12,528,654	(62,913)	-	-	12,465,741	-	12,465,741
Revaluation surplus and excess depreciation*	(135,005)	6,760	(4,779)	-	(133,024)	(133,024)	-
Provision and other	(8,220,921)	254,926	-	-	(7,965,995)	(7,965,995)	-
Change in financial assets at fair value through profit or loss	110,252	-	-	-	110,252	-	110,252
Unrealised exchange losses	(88,303)	13,717	-	-	(74,586)	(74,586)	-
Unrealised exchange gains	<u>362,686</u>	<u>43,206</u>	<u>-</u>	<u>-</u>	<u>405,892</u>	<u>-</u>	<u>405,892</u>
Total	<u>200,645</u>	<u>290,788</u>	<u>(4,779)</u>	<u>-</u>	<u>486,654</u>	<u>(12,495,231)</u>	<u>12,981,885</u>

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 2022							
Net unutilised tax losses	(4,391,810)	35,092	-	-	(4,356,718)	(4,356,718)	-
Accelerates capital allowances	12,591,567	(62,913)	-	-	12,528,654	-	12,528,654
Revaluation surplus and excess depreciation*	(136,986)	6,760	(4,779)	-	(135,005)	(135,005)	-
Provision and other	(8,475,847)	254,926	-	-	(8,220,921)	(8,220,921)	-
Change in financial assets at fair value through profit or loss	110,252	-	-	-	110,252	-	110,252
Unrealised exchange losses	(102,020)	13,717	-	-	(88,303)	(88,303)	-
Unrealised exchange gains	<u>319,480</u>	<u>43,206</u>	-	-	<u>362,686</u>	-	<u>362,686</u>
Total	<u>(85,364)</u>	<u>290,788</u>	<u>(4,779)</u>	-	<u>200,645</u>	<u>(12,800,947)</u>	<u>13,001,592</u>

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of Zambian Kwacha

29 Deferred income tax (continued)

*The amount includes deferred tax on revaluation surplus of K4.78 million (2022 K4.78 million).

Subject to agreement with the Zambia Revenue Authority, the Group had estimated tax losses of K10.62 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 2022	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	(3,133,334)	3,133,334	-
2021	2031	<u>(23,676,482)</u>	<u>13,057,588</u>	<u>(10,618,894)</u>
		<u>(48,338,385)</u>	<u>37,719,491)</u>	<u>(10,618,894)</u>

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30 Capital grants	2023	2022
At the start of the year	3,311,034	3,447,784
Grants received during the year	657,129	355,788
Transfer from REA	14,696	-
Amortization	(264,251)	(217,938)
Transfer to amounts awaiting allotment	-	(274,600)
At the end of the year	<u>3,718,608</u>	<u>3,311,034</u>
 Maturity analysis		
Non-current liability	3,560,562	3,170,851
Current liability	<u>158,046</u>	<u>140,183</u>
	<u>3,718,608</u>	<u>3,311,034</u>

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.

31 Borrowings	2023	2022
At the start of the year	66,284,855	62,069,924
Received during the year	6,272,204	1,371,890
Payments during the year	(4,567,729)	(1,939,430)
Exchange loss/(gain)	15,487,080	4,782,471
Prior year adjustment	358,459	-
Reclassification to held for sale	<u>(27,918,307)</u>	<u>-</u>
At the end of the year	<u>55,916,562</u>	<u>66,284,855</u>
 Amounts due within one year	2,684,816	3,146,883
Amounts due after one year	<u>53,231,746</u>	<u>63,137,972</u>
	<u>55,916,562</u>	<u>66,284,855</u>

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31 Borrowings (continued)	2023	2022
31.1 ZTE Corporation – Rural	167,671	194,282
31.2 ZTE Corporation – GSMIII	36,854	42,705
31.3 Huawei – National Fiber	118,155	136,907
31.4 Industrial Commercial Bank of China & Export Import Bank	24,168,677	15,705,085
31.5 China Machinery Engineering Corporation Limited	-	213,232
31.6 Industrial Commercial Bank of China	3,660,738	3,134,025
31.7 China Exim Bank	-	1,786,434
31.8 Nordea Stanbic Bank	1,853,092	1,572,442
31.9 China Exim Bank	1,158,743	814,048
31.10 National Pensions Scheme Authority (Kafue Gorge Lower)	6,728,944	4,970,209
31.11 National Pensions Scheme Authority (Marcopolo Tiles Company)	-	123,055
31.12 African Development Bank	973,909	677,295
31.13 Industrial Commercial Bank of China Facility-Chipata-Lundazi	546,001	410,198
31.14 Industrial Commercial Bank of China Facility Loan - Musonda Falls	562,675	422,724
31.15 Industrial Commercial Bank of China Facility -Mpika Transmission	564,076	443,039
31.16 GRZ/Agency Francaise De Development	748,110	485,396
31.17 ZANACO Syndicated Loan (359 million)	3,353,255	-
31.18 GRZ/International Development Agency	2,187,127	1,402,169
31.19 DBSA - Kafue George Hydro Power Station	2,176,788	1,450,708
31.20 European Investment Bank 1	1,063,340	747,025
31.21 CNMC Industrial Zone Development	-	24,736
31.22 GRZ/World Bank Facility 2	<u>83,251</u>	<u>58,486</u>
	<u>50,151,406</u>	<u>34,814,200</u>

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31 Borrowings (continued)	2023	2022
Balance brought forward	50,151,406	34,814,200
31.23 GRZ/International Development Association- Kafue Muzuma	1,069,432	751,304
31.24 GRZ/World Bank	113,464	79,711
31.25 GRZ/Japan International Cooperation Agency	389,947	300,336
31.26 Nigeria Trust Fund	221,208	155,405
31.27 European Investment Bank	362,492	254,661
31.28 China Exim Bank-Ii Kabwe-Pensulo	168,367	131,424
31.29 Agence Francaise de Development	85,393	57,704
31.30 EIB - LTDRP Loan Facility	1,442,336	777,816
31.31 India Exim Bank Loan 2	363,909	280,388
31.32 Geria International Investments Llc	-	233,329
31.33 ABSA Lease	17,292	65,219
31.34 ABSA Vehicle Lease II, GRZ Loan, Zanaco, KNBEP	1,473,055	-
31.40 Glencore GIAG and Carlisa facility	-	28,341,270
31.41 ZICB BOZ Stimulus Loan	20,623	17,193
31.42 ZICB Infratel Facility	12,088	3,230
31.43 Reload Logistics	25,550	21,665
	<u>55,916,562</u>	<u>66,284,855</u>

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31 Borrowings (continued)

31.1 ZTE Corporation – Rural

The loan obtained by Zamtel is 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 USD 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 K167.67 million.

31.2 ZTE Corporation – GSMIII

The loan obtained by Zamtel is 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 USD 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 K36.85 million.

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 USD 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 K118.16 million.

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

On 13 November 2017, a facility agreement of up to USD1.53 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 K24.17 billion.

31.5 China Machinery Engineering Corp. Limited

This is a USD15 million facility (Bridging finance) obtained from China Machinery Engineering Corporation (CMEC) by ZESCO Limited on the 31 May 2019. The facility was obtained for the construction of Lusiwasi Upper Hydropower Station. The tenure of the facility is 18 months from the date when the agreement came into effect to the date when the funds are available from the financial institutions. Funds and Interest shall be repaid at once after ZESCO Limited obtains financing or in Twelve equal instalments whichever comes earlier. The interest is charged at 6% fixed per annum. The balance at the reporting date was K nil.

31.6 Industrial Commercial Bank of China

This is a USD285 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 K3.66 billion.

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31 Borrowings (continued)

31.7 China Exim Bank

This is a USD315.6 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 K nil.

31.8 Nordea Stanbic Bank

This is a USD133 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 K1.85 billion.

31.9 China Exim Bank

This is a USD45 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 K1.158 billion.

31.10 National Pensions Scheme Authority (Kafue Gorge Lower)

The loan facility of USD190 million from National Pension Scheme Authority (NAPSA) denominated in United States Dollars was issued to Industrial Development Corporation Limited as the principal 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 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 installment 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 K6.00 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 K123.06 million.

31.12 African Development Bank

This is a USD40.212 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 Itzhi-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 \$37.876 million or K974 million.

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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 USD 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 K546 million.

31.14 Industrial and Commercial Bank of China Loan - Musonda Falls

This is a USD35.25 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 K562 million

31.15 Industrial and Commercial Bank of China Loan - Mpika Transmission

This is a USD29.6 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 K564 million.

31.16 GRZ/Agence Francaise De Development

This is a USD34.4 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 K748 million.

31.17 Zanaco Syndicated Loan (\$359 million)

This is the US\$359 million ZNACO 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 K3.35 billion.

31.18 GRZ/International Development Agency

This is a USD105 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 States Dollars and the balance at reporting date was K2.187 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 USD104 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 K2.177 billion.

31.20 European Investment Bank

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 K1.6 billion.

31.21 CNMC Industrial Zone Development

The facility was obtained as capital contribution in 2009 on the Chambishi line from CNMC Industrial Zone Development who contributed 40% of the total project costs of USD27.8 million (i.e. USD11.1 million). It is to be paid in 180 equal instalments of USD61,778 per month. There is no interest on this amount and there is no security attached to the agreement. The balance at the reporting date was nil.

31.22 GRZ/World Bank Facility 2

This is a USD10 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 K83.2 million.

31.23 GRZ/International Development Association-Kafue Muzuma

This is a USD60 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 K1.06 billion.

31.24 GRZ/World Bank

This is a USD16 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 K113 million.

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Figures in thousands of Zambian Kwacha

31 Borrowings (continued)

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 K389.9 million.

31.26 Nigeria Trust Fund

This is a USD9.22 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 K221 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 installments beginning five (5) years after the signature date of the onlending 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 K362 million.

31.28 China Exim Bank - li Kabwe - Pensulo

This is a USD114 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 K168 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 K85 million.

31.30 GRZ/European Investment Bank - LTDRP Loan Facility

This is a USD106 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 K1,442 million

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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Figures in thousands of **Zambian Kwacha**

31 Borrowings (continued)

31.31 India Exim Bank Loan 2

This is a USD20.35 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 K363.9 million.

31.32 Geria International Investments LLC

This is a USD10 million loan facility obtained from Geria International Investment LLC on 2nd April 2019. The loan was obtained to finance the supply, delivery and commissioning of the Leopards Hill Switchyard, Mpashya and Chitope 132/33kV substations and construction of staff houses and offices. The loan tenure is 6 years. The interest rate is 9.85% fixed. The facility is in United States Dollars and the balance at the reporting date was K nil.

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 K65.22 million.

31.34 Glencore GIAG and Carlisa facility

The facility amount is for K24.95 billion (USD1.5 billion) with repayment period ending 2035 or any such later date as agreed amongst the Parties in writing from time to time. ZCCM-IH has guaranteed the obligations of Mopani under the GIAG and Carlisa facility. Interest is capitalised for the first 3 years and thereafter payable quarterly at Libor plus 3%. The facility balance at the reporting date was K28.34 billion.

31.35 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 K17.19 million.

31.36 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 K3.23 million.

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Figures in thousands of Zambian Kwacha

31 Borrowings (continued)

31.37 Reload Logistics

On 7th February 2020, Zambia Cargo and Logistics Limited received an interest free loan amounting to USD1 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 K21.67 million.

Breach of loan agreements

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

(i) European Investment Bank

The Group was not in compliance with some covenants because the current ratio was less than 1, the Debt Service Cover ratio was less than 1, ratio of long-term debt to equity was more than 1 and debt collection period was more than 45 days.

(ii) 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.

(iii) 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%.

(iv) Stanbic Bank

The Group was non-compliant with the Letter of Credit agreement in which the annual budget were not submitted within 60 days after the reporting date. The Debt-to-Equity percentage exceeded 140%, the Available Cash Flow Before Debt Service to all Principal and Interest Debt Service fell below 1.25:1 and the ratio of Gross Debt to EBITDA was more than 6.

(v) Bank of China

The Group was non-compliant as the EBITDA to Total Interest Cost was less than 2 and; the ratio of Total Liabilities to Total Assets was more than 70%.

(vi) Zanaco Bank

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	2023	2022
Retirement benefits	2,378,268	4,306,142
Pensions - defined contribution plans	42,677	281,573
Pensions - defined benefit plans	<u>325,840</u>	<u>-</u>
	<u>2,746,785</u>	<u>4,587,715</u>
Non-current portion	2,598,428	4,228,373
Current portion	<u>148,357</u>	<u>359,342</u>
	<u>2,746,785</u>	<u>4,587,715</u>

Defined contribution plan

Defined contribution plan are a pension plan 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

Under the plan, the employees are entitled to retirement benefits varying between 40% and 45% of final salary on attainment of a retirement age of 55. 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, were carried out on 31 December 2023 by independent 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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32 Retirement benefit obligations

Defined benefit plan (continued)

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

	2023	2022
Expected return on plan assets	28.50%	29.70%
Expected rate of salary increase	15.00%	20.30%
Discount rate	10.00%	15.30%
Pension increase assumption	15.00%	20.30%
Long term price inflation	28.50%	29.70%

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

	2023	2022
i) Remeasurement on the defined liability		
Change in defined benefit obligation	-	26,939
Actuarial gains and losses arising from changes in financial assumptions	-	(203,886)
Return on plan assets (excluding amounts in net interest)	-	(176,947)

* 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:

	2023	2022
Current service cost	637,992	1,091,776
Interest cost	152,179	204,217
Total period costs included in staff costs	790,171	1,295,993

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

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Figures in thousands of Zambian Kwacha

32 Retirement benefit obligations

Defined benefit plan (continued)

iii) Amounts recognised in the statement of financial position are determined as follows:	2023	2022
Present value of funded obligations	<u>17,381</u>	<u>79,754</u>
Net liability arising from defined benefit obligation	<u>17,381</u>	<u>79,754</u>
Movements in the present value of the defined benefit obligation in the current year were as follows:		
	2023	2022
Opening fair value of plan net liability	322,071	367,285
Interest income	23,439	15,922
Charge for the year expense	(24,134)	204,217
Contributions	-	(4,241)
Benefits paid	(11,078)	(33,349)
Translation	69,146	25,167
Actuarial gains	-	(203,886)
Current service costs	13,414	1,091,776
Reclassified to payables and held for sale	<u>(375,477)</u>	<u>-</u>
Closing fair value of plan net liability	<u>17,381</u>	<u>1,462,891</u>

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33 Deferred income	2023	2022
At January	10,812	14,012
Amortisation charge in profit or loss	(415)	(4,836)
Additions	<u>4,438</u>	<u>1,636</u>
At 31 December	<u>14,835</u>	<u>10,812</u>

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	2023	2022
Environmental Provision	112,751	1,221,068
Accrued legal costs*	28,137	176,111
Other provisions**	<u>44,855</u>	<u>576,117</u>
	<u>185,743</u>	<u>1,973,296</u>
Non-current portion	134,495	1,221,068
Current portion	<u>51,248</u>	<u>752,228</u>
	<u>185,743</u>	<u>1,973,296</u>

*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)

	2023	2022
Environmental Provision		
At the start of the year	1,221,068	1,198,814
Increase/(decrease) in environmental provision charged to environmental assets	1,299,950	(42,887)
Charge for the year	(471)	(46,568)
Foreign exchange differences	16,773	6,699
Unwinding of discounts	23,520	18,892
Translation included in reserves	815,048	86,118
Reclassified to held for sale	<u>(3,263,137)</u>	<u>-</u>
At the end of the year	<u>112,751</u>	<u>1,221,068</u>

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 K0.12 billion as at 31 December 2023 as compared to K1.22 billion as at 31 December 2022. The decrease of K1.12 billion is as a result of the reclassification of the held for sale balance for Mopani Copper Mine Plc.

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 2022 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 7% (2022: 6.5%), Discount rate of 3.84% (2022: 3.99%) 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 7% (2022: 6.5%) of approximately K118 million (USD4.58 million) K1.22 billion (2022: USD55.62 million). The discount factor of 3.84% was applied in 2023 (2022: 3.99%). 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 K0.12 million (2022: K356.54 million) change in the retirement and remediation liability while a 10% movement in the discount rate results into a K0.02 million (2022: K 292.54 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	2023	2022
Opening balance	300,778	277,166
Transfer from policyholder liability (OCI)	200	23,612
IFRS 17 changes	<u>(300,978)</u>	<u>-</u>
At the end of the year	<u>-</u>	<u>300,778</u>
Analysis of policyholder liability		
Individual life - new series	-	-
Individual life - old series	-	156,966
Individual life - immediate annuities	-	120,907
Individual life - unit linked	-	18,730
Individual life - funeral	-	-
Company business (GLA, credit life and gratuity)	-	4,175
Medical	<u>-</u>	<u>-</u>
	<u>-</u>	<u>300,778</u>

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

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36 Outstanding claims

Outstanding claims comprise amounts outstanding in respect of claims arising from the underwriting of the insurance contracts. The Directors consider that the carrying amount of the outstanding claims approximate their fair value.

	2023	2022
At 1 January	-	137,503
Additions during the year	-	303,776
Payments	-	(302,143)
At 31 December	<u>-</u>	<u>139,136</u>

37 Unearned premiums

Unearned premiums	<u>95,941</u>	<u>15,140</u>
	<u>95,941</u>	<u>15,140</u>

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

38 Trade and other payables

	2023	2022
Current		
Trade payables	42,630,028	32,110,188
Statutory liabilities	1,419,698	2,667,098
Accrued expenses	2,170,553	2,973,528
Other payables	<u>2,779,346</u>	<u>2,740,076</u>
	<u>48,999,625</u>	<u>40,490,890</u>
Non- current		
Other long-term payables		
Other payables and accrued expenses	<u>242,815</u>	<u>260,270</u>
	<u>242,815</u>	<u>260,270</u>

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 short-term nature.

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39 Change in fair value recognised in profit or loss	2023	2022
Investment property (Note 12)	25,902	50,522
Kawambwa	11,397	-
Fair value of plantations (Note 22)	1,402,515	2,908,652
Fair value of financial assets through profit or loss (Note 20)	<u>1,767,100</u>	<u>(205,600)</u>
	<u>3,206,914</u>	<u>2,753,574</u>

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40 Cash flow information

		2023	2022
a) Cash generated from operations	Note		
Loss before income tax		(36,788,936)	(201,897)
Adjustments for:			
Gain on sale of property, plant and equipment	6	(41,729)	(2,420)
Interest income	8	(1,184,064)	(1,071,867)
(Profit)/loss from the sale of bonds	6	-	(150,401)
Change in fair value of plantation in formation	22	(1,313,185)	(2,908,652)
Change in fair value on financial assets at fair value through P/L	39	(3,206,914)	205,600
Interest expense on bank loans and overdrafts	8	10,657,402	4,737,005
Depreciation charge on right of use assets	11 (a)	261,763	53,379
Depreciation on property, plant and equipment	10	4,727,173	4,614,231
Depreciation charge on exploration and evaluation	13	-	8,654
Impairment of assets of property, plant and equipment	10	28,007	28,007
Net exchange losses on work in progress	10	(108,944)	(108,944)
Fair value gains on investment property	12	(25,902)	(50,522)
Impairment/(reversal) of joint ventures	18 (a)	-	5,903
Interest expense finance for lease liabilities	8	92,426	73,019
Foreign exchange losses on lease liabilities	8	5,158	3,605
Foreign exchange losses on loan due from related parties	8	(9,910)	377,665
Interest expense on loans due from related parties	8	10,249	396,118
Amortisation of intangible asset	15	799,102	170,358
Exchange differences on borrowings	31	15,487,080	4,782,471
Foreign exchange gains on cash and cash equivalents		12,426,600	(37,223)
Amortisation of grants and contributions	30	(264,251)	(217,938)
Income from equity accounted investments	18 (b)	(3,004,299)	(2,400,075)
Share of loss from joint venture	18 (a)	(32,909)	(1,792,748)
Changes in working capital			
- Trade and other receivables		2,336,276	1,276,475
- Inventories		4,463,878	(315,380)
- Trade and other payables		9,364,806	4,332,095
- Retirement benefits and obligations		(210,985)	513,756
- Movement in biological assets - Plantation in formation		(700,980)	-
- Deferred income		4,023	(3,200)
- Provisions		(1,787,553)	225,664
- Amount due from related parties		(20,159)	335,053
- Amount due to related parties		(7,077,875)	2,026,931
- Other assets		<u>3,481,320</u>	<u>694,439</u>
Cash generated from operations		<u>8,366,668</u>	<u>15,599,161</u>

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40 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.

	2023	2022
Cash and cash equivalents (Note 26)	3,919,774	4,936,874
Borrowings (Note 31)	(55,916,562)	(66,284,855)
Bank overdrafts (Note 26)	<u>(20,555)</u>	<u>(717,834)</u>
Net debt	<u>(52,017,343)</u>	<u>(62,065,815)</u>

	Liabilities from financing activities (Borrowings)	Net Cash / (net of bank overdrafts)	Total
2022			
As at the start of year	(62,069,924)	3,712,215	(58,357,709)
Cashflows	(1,371,890)	469,602	(902,288)
Loan principal repayments	1,939,430	-	1,939,430
Exchange differences	<u>(4,782,471)</u>	<u>37,223</u>	<u>(4,745,248)</u>
At the end of the year	<u>(66,284,855)</u>	<u>4,219,040</u>	<u>(62,065,815)</u>
2023			
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	<u>12,789,777</u>	<u>11,674</u>	<u>12,801,451</u>
At the end of the year	<u>(55,916,653)</u>	<u>3,899,219</u>	<u>(52,017,343)</u>

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41 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:

	2023	2022
Receivables		
Government of the Republic of Zambia	1,956,372	2,685,373
Itezhi-Tezhi Power Corporation	404,133	883,548
Ministry of Finance	-	175,947
Zambia Power Company	2,182	2,182
Maamba Collieries	(1,830,309)	-
Rural Electrification Authority	-	3,898
Zambia Electrometer Limited	<u>35,657</u>	<u>51,273</u>
	<u>568,035</u>	<u>3,802,221</u>
Payables		
Itezhi-Tezhi Power Corporation	4,363,580	11,739,000
Elsewedy Electronic Zambia Limited	223,657	40,787
Kafue Gorge Power Development Limited	-	65,414
Infratel and others	<u>180,089</u>	<u>-</u>
	<u>4,767,326</u>	<u>11,845,201</u>

ii) Loans due from related parties

Bangweulu Power Company Limited	Associate	46,524	26,365
Zambia China Mulungushi Textiles Limited	Associate	2,628	2,628
Pelidic Zambia Limited	Subsidiary	<u>1,602</u>	<u>1,602</u>
		<u>50,754</u>	<u>30,595</u>

Refer to note 20 for more details

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41 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:

	2023	2022
Salaries and short-term emoluments	71,054	21,093
Director's fees	<u>8,286</u>	<u>1,464</u>
	<u>79,340</u>	<u>22,557</u>

42 Commitments

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

	2023	2022
Capital expenditure authorized but not yet contracted	<u>5,900,065</u>	<u>5,900,065</u>

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 (2022: Nil).

44 Events occurring after the reporting period

a) Mopani Copper Mines Plc

On Friday 23 February 2024, ZCCM-IH held an extraordinary Meeting on where the shareholders approved a transaction amounting to USD1.1 billion investment by International Resources Holding RSC Limited ("IRH"), through its wholly owned subsidiary, Delta Mining Limited ("Delta"), for a 51% interest in Mopani Copper Mines plc ("Mopani"). This investment comprises of USD 620 million in new equity capital and shareholder loans (the "Transaction"). The execution of the transaction will be in accordance with the agreed upon terms of the Transaction Agreements.

Mopani shall issue, and Delta shall subscribe for 7,181,633 ordinary shares in Mopani, comprising 51% of the entire issued share capital of Mopani, at a total price of USD620 million being a price per share of USD 86.33 of which USD 85.33 per share is share premium.

Mopani shall issue and the Government of the Republic of Zambia shall subscribe for 1 special ordinary share which, in accordance with the terms of the Shareholders' Agreement and Mopani's new Articles of Association, shall grant the bearer of such share certain special shareholder rights in respect of Mopani.

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44 Events occurring after the reporting period (continued)

Mopani shall repay USD19 million of the bridge facility agreement dated 20 January 2023, as amended, and restated from time to time, and presently between ZCCM-IH as lender and Mopani as borrower and this bridge loan agreement shall be amended and restated in accordance with the terms of the ZCCM-IH Amendment and Restatement Agreement into the ZCCM-IH Shareholder Loan Agreement

Delta shall pay Glencore USD 400 million in accordance with the terms of the Glencore Payment Covenant resulting into full settlement of the debt that Mopani owes Glencore, and release of security over Mopani to be transferred to Delta in accordance with the Investor Loan Security Agreement.

Payment of USD150,000,000 Glencore Payment Covenant

After 31 December 2023 and following the finalisation of the Mopani Transaction, ZCCM-IH entered into an agreement with the Government of the Republic of Zambia (GRZ) for the settlement of USD150,000,000 plus interest to be paid by GRZ to Glencore on behalf of ZCCM IH. The USD150 million was a partial consideration for the write-down of the MCM's debt to Glencore. The loan agreement has zero interest with a repayment moratorium of five years and provides GRZ with an option to convert the loan into equity, subject to shareholders' and regulatory approvals.

(b) ZESCO Limited

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

(c) 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.

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Figures in thousands of Zambian Kwacha

44 Events occurring after the reporting period

(d) Strategic plan 2024 - 2035

In its meeting in April 2024, Board of Directors of the Industrial Development Corporation approved the transformative Strategic plan for the period 2024-2035. The IDC's transformation framework is designed to;

- a) Establish the IDC as a Wealth Fund, capitalizing on a diverse funding mechanism to ensure long-term economic stability and intergenerational wealth equity.
- b) Revise and enhance operational structures and investment policies to become a preferred investment partner and active governance shareholder.
- c) Implement robust governance frameworks to enhance accountability and performance across its portfolio; and
- d) Drive substantial legislative reforms to support the operational and strategic realignment of the IDC. Subsequently, the Strategic plan is being implemented by the IDC.

(e) Investrust Bank Plc

On April 2, 2024, the Bank of Zambia ("BoZ") took possession of Investrust Bank Plc ("Investrust"). The possession of Investrust by BoZ was necessitated by its insolvency. On 24 April 2024, the Bank of Zambia cancelled the shareholding of ZCCM-IH in Investrust.

(f) 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.