Grant Thornton

Industrial Development Corporation Limited

Financial Statements
31 December 2023

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

FINANCIAL STATEMENTS – 31 DECEMBER 2023

Contents

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 Subsidiaries 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 ZMW1,500 million (2022: ZMW1,500 million) comprising 1,500,000,000 (2022:1,500,000,000) ordinary shares at a par value of ZMW1.00 (2022: ZMW1.00) each. The issued and fully paid-up share capital remained at ZMW1,500 million (2022: ZMW1,500 million) comprising 1,500,000,000 (2022:1,500,000,000) ordinary shares at a par value of ZMW1.00 (2022: ZMW1.00) 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%).
Financial services	ZSIC Life Insurance PLC (100%) ZSIC General Insurance Limited (100%) Indo Zambia Bank Limited (40%) ZANACO PLC (25%) Zambia Industrial Commercial Bank Limited (30.21%) Zambia Reinsurance PLC (28.17%) ZEP-RE PTA Reinsurance Limited (0.55%)
Industrial markets	Kawambwa Tea Industrial Limited (100%) Nitrogen Chemicals of Zambia (100%) Zambia China Mulungushi Textiles Limited (33%) Marcopolo Tiles Company Limited (22.60%) Agro-Luswishi Limited (100%) Pelidic Zambia Limited (51%)
Telecommunications and media	ZAMTEL 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%)

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

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

	Zambia Railways Limited (100%)
	Zambia Airways Limited (55%)
Transport and logistics	Engineering Services Corporation Limited (100%)
	Mpulungu Harbour Corporation Limited (100%)
	Zamcargo Logistics Limited (100%)

4. **Significant Events During the Year**

During the year 2023, there were no significant events to be reported on. Authorised and paid-up share capital remained at ZMW1,500 million.

5. **Results and Dividend**

The profit for the year of ZMW510.24 million (2022: profit ZMW239.17 million) has been added to retained earnings. The Directors did not recommend the payment of a dividend (2022: nil).

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	Non - Executive Director	Minister of Commerce , Trade & Industry
Honourable Reuben Mtolo Phiri	Non - Executive Director	Minister of Agriculture
Mr. Felix Nkulukusa	Non - Executive Director	Secretary to the Treasury
Mr. John Mulongoti	Non - Executive Director	Permanent Secretary , Ministry of Commerce , Trade and Industry
Mr. Edson M Hamakowa	Non - Executive Director	Farmer and freelance Consultant (Appointed 09.03.22)
Mr. Windu.C. Matoka	Non - Executive Director	Entrepreneurship and Business Development Coach (Appointed 09.03.22)
Mrs. Beatrice Nkanza	Non - Executive Director	Entrepreneur and Performance Coach (Appointed 09.03.22)
Ms Lynda Mataka	Non - Executive Director	Legal Practitioner (Appointed 09.03.22)
Mr. Nitesh Patel	Non - Executive Director	Business Turnaround, Restructuring and Insolvency Professional (Appointed 09.03.22 and resigned 24.04.23)

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

6. **Directors and Remuneration (continued)**

Name of Director	Sector	Position
Mr. Arthur Ndhlovu	Non - Executive Director	Finance & Business Transformation Professional (Appointed 09.03.22 and resigned 24.04. 23)
Mr Perry Mapani	Executive Director	Industrial Development Corporation Ltd (Appointed 09.03.23 and resigned 10.08.23)
Mr Cornwell Muleya	Executive Director	Industrial Development Corporation Ltd (Appointed 11.10.23)

During the year, the total Directors' remuneration was ZMW5.97 million (2022: ZMW3.59 million), comprised of ZMW4.69 million (2022: ZMW2.13 million) for services rendered by Executive Directors, and ZMW1.27 million (2022: ZMW1.46 million) for services rendered by Non - Executive Directors.

7. **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.

8. **Average Number of employees and Remuneration**

The total remuneration for employees during the year amounted to ZMW72.61 million (2022:ZMW98.32 million) and the average number of employees was 73 (2022: 89).

9. **Health, safety and environment issues**

The Company has policies and procedures to safeguard the occupational health, safety, and welfare of its employees.

10. **Gifts and Donations**

During the year, the Company did not make donations to charitable organisations and events (2022: K0.01 million).

11. **Research and Development**

The Company did not incur any costs on research and development during the year (2022: nil).

12. **Property , Plant and Equipment**

During the year, the Company purchased property, plant and equipment amounting to ZMW0.328 million (2022: ZMW3.92 million). In the opinion of the Directors, the carrying value of property, plant and equipment is not more than their recoverable value.

13. **Social Responsibility**

The Company is committed to supporting various activities and sectors across Zambia in line with its overall mandate of promoting, supporting, and facilitating job creation.

14. **Legal Matters**

There are no significant or material legal or arbitration proceedings to the knowledge of the Directors, any such proceedings which are pending or threatened, by or against the Company which may have or have had during the year immediately preceding the date of this document a significant effect on the financial position or profitability of the company.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

DIRECTORS' REPORT

15. **Company 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 ZMW3.08 million (2022: ZMW2.42 million) as regards audit services rendered to the Company.

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

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 Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 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 12 to 77 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.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of these annual financial statements.

Dr Windu Matoka
Director

Mr Cornwell Muleya
Director

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Industrial Development Corporation Limited ("the Company") set out on pages 12 to 77, which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Industrial Development Corporation Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Industrial Development Corporation Limited in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) together with 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgement, was of significance in our audit of the financial statements for the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be a key audit matter to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
Valuation of investments in subsidiaries and associates
The Company recognizes its investment in subsidiaries and associates at Fair Value Through Other Comprehensive Income (FVTOCI). Investments in subsidiaries and investments in associates amounted to K95.71 billion and K3.09 billion respectively at 31 December 2023.
These balances are significant to the financial statements.
Management utilized a valuation expert to determine the value of its investments in 2022. In 2023 management made an internal valuation in line with their cyclical basis.
Management exercises significant judgement and applies assumptions when determining key valuation inputs utilized to value its level 2 and 3 investments.
Investments in subsidiaries and 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 Amortisation (EBITDA) (projected cash flows)
Comparable companies where market multiples valuation techniques were 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.
</td><td>
With the assistance of our internal valuation specialists:

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

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

Other information
The Board are responsible for the other information. The other information comprises the Board's Report as required by the Companies Act of 2017, which we obtained prior to the date of this auditors' 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 Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Company's internal control.

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

- Conclude on appropriateness of management's 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 Company'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 Company 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.

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

Report on other legal and regulatory requirements
In our opinion, the financial statements of Industrial Development Corporation Limited as of 31 December 2023 have been properly prepared in accordance with the Companies Act, 2017 and the accounting and other records and registers have been properly kept in accordance with the Act.

The Zambia Companies Act of 2017 requires that in carrying out our audit of the Company, we report on whether:

i. There is a relationship, interest or debt which us, as the Company's auditor, have in the Company; and
ii. There are serious breaches by the Company's directors, of corporate governance principles or practices contained in part VII's sections 82 to 122 of the Zambia Companies Act of 2017.

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

Grant Thornton

Chartered Accountants

Banda

Chilala Banda (AUD/F004257)
Name of Partner signing on behalf of the Firm

Date: 22 October 2025

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

	Notes	2023	2022
Revenue	5	763,777	283,102
Other income	6	3,313	126,055
Net impairment charge on financial assets	4 (b)	-	-
Administrative expenses	7	(204,147)	(140,487)
Operating profit		562,943	268,670
Finance income	8	1,121,181	693,877
Finance costs	8	(1,107,134)	(720,717)
Profit before taxation		576,990	241,830
Income tax expense	9	(66,749)	(2,654)
Profit for the year		510,241	239,176
Other comprehensive income			
Revaluation surplus on property, plant and equipment	10	-	22,312
Deferred tax on revaluation gain	23	-	(6,694)
Fair value (losses)/gains on investment in subsidiaries	13 (a)	69,165,968	(313,175)
Fair value gain on investment in associates	14(a)	193,686	934,912
		69,359,654	637,355
Total comprehensive income for the year		69,869,895	876,531

The notes on pages 16 to 77 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
Figures in thousands of Zambian Kwacha

	Share capital	Capital reserve	Amounts awaiting allotment*	Fair value reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2022	10,000	14,460,036	1,380,991	12,024,458	7,900	245,168	28,128,553
Profit for the year	-	-	-	-	-	239,176	239,176
Other comprehensive income:							
Revaluation surplus on property, plant and equipment	-	-	-	-	22,312	-	22,312
Deferred tax on revaluation gain	-	-	-	-	(6,694)	-	(6,694)
Amortization on revaluation reserve	-	-	-	-	(878)	878	-
Fair value loss on investments in subsidiaries (Note 13)	-	-	-	(313,175)	-	-	(313,175)
Fair value gain on investments in associates (Note 14)	-	-	-	934,912	-	-	934,912
Total comprehensive income	-	-	-	621,737	14,740	240,054	876,531
Transactions with owners :							
Conversion to share capital	1,490,000		(1,490,000)	-	-	-	-
Transfer from capital grants (Note 22)	-	-	274,600	-	-	-	274,600
Balance at 31 December 2022	1,500,000	14,460,036	165,591	12,646,195	22,640	485,222	29,279,684
Balance as at 1 January 2023	1,500,000	14,460,036	165,591	12,646,195	22,640	485,222	29,279,684
Profit for the year	-	-	-	-	-	510,241	510,241
Other comprehensive income:							
Revaluation surplus on property, plant and equipment	-	-	-	-	-	-	-
Deferred tax on revaluation gain	-	-	-	-	-	-	-
Adjustments	-	42,344	-	-	(494)	(658)	41,192
Amortization on revaluation reserve	-	-	-	-	(878)	878	-
Fair value gain on investments in subsidiaries (Note 13)	-	-	-	69,165,968	-	-	69,165,968
Fair value gain on investments in associates (Note 14)	-	-	-	193,686	-	-	193,686
Total comprehensive income	-	42,344	-	69,359,654	(1,372)	510,461	69,911,087
Transactions with owners:							
Conversion to share capital	-	-	-	-	-	-	-
Transfer from capital grants (Note 22)	-	-	-	-	-	-	-
Balance at 31 December 2023	1,500,000	14,502,380	165,591	82,005,849	21,268	995,683	99,190,771

* The K1.38 billion relates to capital injection in form of government bonds from the Ministry of Finance to the Company.

The notes on pages 16 to 77 are an integral part of these annual financial statements.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2023
Figures in thousands of Zambian Kwacha

	Notes	2023	2022
ASSETS			
Non-current assets			
Property, plant, and equipment	10	102,340	109,500
Investment property	11	96,100	96,100
Investments in projects	12	115,947	454,731
Deferred tax asset	23	88,928	62,374
Loans receivable from related parties	26(iii)	6,567,433	5,150,893
Investments in associates	14 (a)	3,087,715	2,894,029
Investments in subsidiaries	13 (a)	95,710,288	25,455,027
		105,768,751	34,222,654
Current assets			
Inventories	15	-	143
Trade and other receivables	16	184,878	271,411
Cash and cash equivalents	17	278,228	24,422
Assets held for sale	18	43,293	89,688
		506,399	385,664
Total assets		106,275,150	34,608,318
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1,500,000	1,500,000
Capital and other reserves	20	96,529,497	27,128,871
Amounts awaiting allotment		165,591	165,591
Retained earnings		995,683	485,222
Total equity		99,190,771	29,279,684
Non- current liabilities			
Borrowings	21	6,879,605	4,991,549
Capital grants	22	5,920	5,920
		6,885,525	4,997,469
Current liabilities			
Trade and other payables	24	119,996	124,689
Current tax payable	9	78,858	83,421
Borrowings	21	-	123,055
		198,854	331,165
Total liabilities		7,084,379	5,328,634
Total equity and liabilities		106,275,150	34,608,318

The notes on pages 16 to 77 are an integral part of these annual financial statements.

The annual financial statements on pages 12 to 77 were approved and authorised for issue by the board of directors on 22 October 2025 and were signed on its behalf by:

Dr Windu Matoka
Director

Mr Cornwell Muleya
Director

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
Figures in thousands of Zambian Kwacha

	Notes	2023	2022
Cash flows from operating activities			
Cash generated from operations	25 (a)	608,320	40,992
- Interest income		11,688	24,035
- Interest paid	25 (b)	(55,041)	(56,134)
- Tax paid	9	(97,866)	(26,237)
Net cash outflow from operating activities		467,101	(17,344)
Cash flows from investing activities			
Payments for investments in subsidiaries	13	(94,374)	(279,669)
Payments for investments in associates	14	-	(4,261)
Payments for investments in projects	12	(33,885)	(86,549)
Payments for property, plant and equipment	10	(328)	(3,917)
Purchase of investment property	11	-	(1,000)
Loans to related parties	26 (iii)	-	(45,347)
Proceeds from sale of property, plant and equipment		13	1,070
Repayment of loans by related parties	26 (iii)	54,791	58,012
Net cash outflow from investing activities		(73,783)	(361,661)
Cash flows from financing activities			
Repayment of borrowings	25 (b)	(151,857)	(145,644)
Proceeds from sale of bonds		12,345	426,156
Net cash inflow from financing activities		(139,512)	280,512
Net (decrease)/increase in cash and cash equivalents		253,806	(98,493)
Cash and cash equivalents at the start of the year		24,422	122,915
Cash and cash equivalents at the end of the year	17	278,228	24,422

The notes on pages 16 to 77 are an integral part of these annual financial statements.

1. **General information**

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.

The Company is domiciled in Zambia and the address of its registered office is:
P.O Box 37232,
61 Independence Avenue Prospect Hill.
Lusaka.
Zambia.

2. **Summary of material accounting policies**

The principal accounting policies applied by the company in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 **Basis of presentation**

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.

In accordance with the requirements of the Companies Act of Zambia, the financial statements for the year ended 31 December 2023 have been approved for issue by the Directors. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Zambia Kwacha ("K"). The functional currency of the Company is the Zambian Kwacha rounded to the nearest thousand.

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.

2. **Summary of material accounting policies (continued)**

2.2 **New standards and amendments that are effective at 1 January 2023 and are applicable to the Company**

- 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.

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

- 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 Company's financial statements.

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

2. **Summary of material accounting policies (continued)**

2.4 **Investment in projects and other entities**

i) ***Investment in projects***

Investments in projects are classified as fair value through profit or loss. They are initially recognised at cost. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognised in profit or loss. There is no subsequent reclassification of fair value gains and losses to profit or loss following the recognition of the investment.

ii) ***Subsidiaries***

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company 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 Company. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Company and these are accounted for at cost less accumulated impairment.

iii) ***Associates***

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

2.5 **Foreign currency translation**

(a) ***Functional and presentation currency***

Items included in the annual financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company is the Zambian Kwacha (K). *(b) 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.

2. Summary of material accounting policies (continued)

2.6 Revenue

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 the shareholder's right to receive payment has been established.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

Leases for which the Company is a lessor are classified as either finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

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

2.7 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. Summary of material accounting policies (continued)

2.7 Financial instruments (continued)

Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss (FVTPL) which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Company's financial assets as at reporting period satisfy the conditions for classification at amortised cost under IFRS 9.

The Company's financial assets include trade receivables, other receivables, loans receivable from related parties and cash and cash equivalents.

i) Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

2. **Summary of material accounting policies (continued)**

2.7 **Financial instruments (continued)**

Financial assets (continued)

i) Trade receivables (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

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 balance sheet.

Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach to determine impairment of receivables. The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term ; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short -term profit- taking ; or
- it is a derivative that is not designated and effective as a hedging instrument .

2. **Summary of material accounting policies (continued)**

2.7 **Financial instruments (continued)**

Financial liabilities (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a financial asset or financial liability or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the documented risk management or investment strategy, and information is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.
- Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

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.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2. **Summary of material accounting policies (continued)**

Financial liabilities (continued)

ii) Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest.

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.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

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.

2. **Summary of material accounting policies (continued)**

Financial liabilities (continued)

2.7 **Offsetting financial instruments (continued)**

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 Company or the counterparty.

2.8 **Property, plant and equipment**

Buildings are initially recognised at cost and subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation. Valuations are performed every three years on buildings 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.

All other property, plant and equipment are initially stated at historical cost and subsequently measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Equipment and furniture	20%
Motor vehicles	25%
IT equipment	33%

The assets' residual values and useful lives 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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of material accounting policies (continued)

2.8 Property, plant and equipment (continued)

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. Work in progress is measured at cost less impairments.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

2.9 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.

Assets are not depreciated or amortised while they are classified as held for sale. Non-current assets are classified as held for sale in the statement of financial position.

2.10 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.

2.11 Share capital

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

2. **Summary of material accounting policies (continued)**

2.12 Employee benefits

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment. The classification, recognition and measurement of employee benefits is as follows.

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Company's short term employee benefits comprise remuneration in the form of salaries, wages, incentive bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Company recognises the expected cost of incentive bonuses only when the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

2.13 Income tax expense

(i) Current income tax

The tax credit for the period comprises current and deferred income tax. 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.

The current income tax charge is calculated on the basis of the tax enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. However, deferred income tax is 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. Deferred income tax is determined using tax rates (and laws) that have been enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of material accounting policies (continued)

2.13 Income tax expense (continued)

(ii) Deferred income tax

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 annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the annual financial statements.

The estimates and assumptions that have significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

ii) Income taxes

Significant judgement is required in determining the 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 corporation recognizes 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. **Critical accounting estimates and judgements (continued)**

iii) 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 Company 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 2022.
Unlisted equities are valued based on various valuation methods, including free cash flow, price earnings (PE) and net asset value (NAV) bases.

Judgements and assumptions in the valuations and impairments include determining the:
- Free cash flows of investees.
- Discount or premium applied to the IDC's stake in investee.
- Sector / subsector betas.
- Debt weighting - this is the target interest bearing debt level.

Refer note to 13 (b) and 14 (b) for more details.

4 **Financial risk management**

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's risk management framework and governance structures are intended to provide comprehensive controls and ongoing management of its major risks. The Board of Directors exercises oversight through delegation from the Board to various subcommittees, notably the Audit and Risk Committee, which are organised in line with risk management policies.

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 Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). To manage foreign exchange risk, the Company holds fixed deposits with various banks which act as a natural hedge for foreign currency obligations. Hedging techniques such as currency swap are also used to manage currency risk.

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

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

a) ***Market risk (continued)***

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

	Exposure USD
As at 31 December 2023	
Financial assets:	
Cash and cash equivalents	352
Trade and other receivables	71,888
Loans due from related parties	6,171,072
	6,243,312
Financial liabilities:	
Trade and other payables	-
Borrowings	(6,135,028)
	(6,135,028)
Net exposure	108,284
As at 31 December 2022	
Financial assets:	
Cash and cash equivalents	207
Trade and other receivables	53,674
Loans due from related parties	4,207,459
	4,261,340
Financial liabilities:	
Trade and other payables	(9,684)
Borrowings	(4,199,583)
	(4,209,267)
Net exposure	52,073

The following significant rates have been applied during the year:

	Average rate		Reporting date	
	2023	2022	2023	2022
ZMW to 1 USD	22.30	17.27	26.03	18.30

Sensitivity

A strengthening (weakening) of the Kwacha by 10 percent, as indicated below against the USD would have increased /(decreased) equity and profit or loss by the amounts shown below. This computation is based on the foreign exchange rate variance that the company considered reasonably possible at the reporting date. The computation assumes all the other variables remain constant.

Figures in thousands of Zambian Kwacha

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

a) Market risk (continued)

	Strengthening Profit/ loss	Equity	Weakening Profit/ loss	Equity
As at 31 December 2023				
USD	10,828	10,828	(10,828)	(10,828)
As at 31 December 2022				
USD	5,207	5,207	(5,207)	(5,207)

Cash flow and fair value Interest rate risk

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

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

	2023	% of total loans	2022	% of total loans
Variable rate borrowings	280,074	100%	366,627	100%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings. None of the borrowings are referenced to a benchmark interest rate subject to interbank offered rates (IBOR) reform.

As at 31 December 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	(5,601)	(7,333)

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

b) ***Credit risk***

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables.

i) **Risk management**

For banks and financial institutions, the Company only engages reputable well-established financial institutions. The Company's risk control unit assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The compliance with credit limits by the customers is regularly monitored by line management.

ii) **Impairment of financial assets**

The Company has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Loan receivables
- Cash and cash equivalents

Trade receivables and loan receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and loan receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The Company's historical credit loss experience does not show significantly different loss patterns for the various customer segments. Therefore, the grouping of trade receivables and loan receivables are not disaggregated into further risk profiles other than days past due.

The expected loss rates are based on the payment profiles or sales over a period of 36 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The outstanding receivables subjected to expected credit loss calculation are net of debtors where there is a legal right to offset.

There were no changes in the estimation techniques or significant assumptions made as at the reporting period. The amount that best represents the Company's maximum exposure to credit risk is the carrying value of its financial assets as presented in the statement of financial position.

Figures in thousands of Zambian Kwacha

4. Financial risk management (continued)

Trade receivables

2023	Current	1 - 30 days past due	31 - 60 days past due	61 -90 days past due	Over 90 days past due	Total
Gross carrying amount	(156)	4,779	4,879	4,937	88,429	102,867
Expected Loss rate	-	0%	0%	0%	57.91%	
Loss allowance	-	-	-	-	51,208	51,208
Amortised cost	(156)	4,779	4,879	4,937	37,221	51,659

2022	Current	1 - 30 days past due	31 - 60 days past due	61 -90 days past due	Over 90 days past due	Total
Gross carrying amount	-	8,866	4,181	3,832	102,481	119,360
Expected Loss rate	-	0%	0%	0%	75.65%	
Loss allowance	-	-	-	-	77,528	77,528
Amortised cost	-	8,866	4,181	3,832	24,953	41,832

Loan receivables

2023	Current	1 - 30 days past due	31 - 60 days past due	61 -90 days past due	Over 90 days past due	Total
Gross carrying amount	-	-	-	-	6,652,026	6,652,026
Expected Loss rate	-	0%	0%	0%	0.44%	
Loss allowance	-	-	-	-	28,947	28,947
Amortised cost	-	-	-	-	6,6,23,079	6,623,079

2022	Current	1 - 30 days past due	31 - 60 days past due	61 -90 days past due	Over 90 days past due	Total
Gross carrying amount	-	-	-	145,024	5,045,180	5,190,204
Expected Loss rate	-	0%	0%	0%	0.78%	
Loss allowance	-	-	-	-	39,311	39,311
Amortised cost	-	-	-	145,024	5,005,869	5,150,893

Figures in thousands of Zambian Kwacha

4. Financial risk management (continued)

	2023	2022
Trade receivables	51,208	77,528
Loan receivables	28,947	39,311
	80,156	116,339

The loss allowances for trade receivables and loan receivable as at 31 December 2022 reconcile to the opening loss allowances as follows:

	2023	2022
At the start of the year	116,839	97,312
Impairment charge- Loan receivable OCI	(36,683)	19,527
Impairment charge- Trade receivable	-	-
Net impairment charge (OCI)	(36,683)	19,527
At the end of the year	80,156	116,339

Trade receivables and loan 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 Company, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and loan 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

While these balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial

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

c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash coupled with the availability of funding from an adequate amount of committed credit facilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows. This maintains the level of its cash flow and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities through cash flow forecasts.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows and include estimated interest payments and exclude the impact of netting agreements.

Figures in thousands of Zambian Kwacha

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

c) *Liquidity risk (continued)*

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
At 31 December 2023					
Assets					
Cash and cash equivalents	278,228	-	-	-	278,228
Loans due from related parties	850,188	837,636	804,669	5,886,951	8,379,443
Trade and Other receivables (excluding prepayments)	184,447	-	-	-	184,447
	1,312,863	837,636	804,669	5,886,951	8,842,118
Liabilities					
Borrowings	998,299	985,644	893,842	5,933,944	8,811,729
Trade and Other payables (excluding statutory and contract liabilities)	117,477	-	-	-	117,477
	1,115,776	985,644	893,842	5,933,944	8,929,206
Net amount	197,087	(148,008)	(89,173)	(46,993)	(87,087)
At 31 December 2022					
Assets					
Cash and cash equivalents	24,422	-	-	-	24,422
Loans due from related parties	113,385	258,600	1,007,605	4,511,708	5,891,298
Trade and Other receivables (excluding prepayments)	270,859	-	-	-	270,859
	408,666	258,600	1,007,605	4,511,708	6,186,579
Liabilities					
Borrowings	241,013	509,370	1,241,738	3,793,508	5,785,629
Trade and Other payables (excluding statutory and contract liabilities)	112,052	-	-	-	112,052
	353,065	509,370	1,241,738	3,793,508	5,897,681
Net amount	55,601	(250,770)	(234,133)	718,200	288,898

Figures in thousands of Zambian Kwacha

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

d) **Capital Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The capital structure consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in Note 21 cash and cash equivalents disclosed in Note 17, and equity as disclosed in the statement of financial position.

During 2023, the Company's strategy, which was unchanged from prior year, was to maintain a gearing ratio of less than 50%. The gearing ratios at 31 December 2023 and 31 December 2022 were as follows:

	2023	**2022**
Net debt (Note 25(b))	(6,601,376)	(5,090,182)
Total equity	99,190,771	29,279,684
Gearing ratio	6.65%	17.38%

e) **Financial instruments by category**

Financial assets

Trade and other receivables (excluding prepayments)	184,447	270,859
Loans due from related parties	6,567,433	5,150,893
Cash and cash equivalents	278,228	24,422
	7,030,108	5,446,174

Financial liabilities

Borrowings	6,879,605	5,114,604
Trade and other payables (excluding statutory liabilities)	117,477	112,052
	6,997,082	5,226,656

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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		2023	2022
5.	**Revenue**		
	Dividends	705,816	229,525
	Management fees	57,961	53,577
		763,777	283,102
	Dividends Breakdown:		
	Indo Zambia	40,000	32,000
	Kagem Limited	107,842	26,733
	Lusaka South Multi Facility Economic Zone Limited	1,980	1,189
	ZCCM - IH	436,170	51,371
	Zambia Reinsurance Plc	485	748
	ZANACO Bank Plc	105,394	90,984
	ZAFFICO Plc	-	7,515
	ZEPRE	577	498
	Mpulungu Harbour Corporation Limited	127	1,727
	Marcopolo Tiles Company Limited	13,241	16,760
		705,816	229,525
6.	**Other income**		
	Rentals	4,419	2,248
	Profit from the sale of bonds	11,194	150,401
	Sundry income/ (loss)	3,807	(30,593)
	Loss on disposal of assets	(13)	(24)
	Foreign exchange differences other than on borrowings and cash	-	(3,837)
	Fair valuation loss on Government bonds	(16,094)	-
	Valuation gains on investment property (Note 11)	-	7,860
		3,313	126,055

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		2023	2022
7.	**Administrative expenses**		
	Advertising and publications	65	593
	Audit fees	6,057	2,423
	Bad debts	48,215	-
	Bank charges	118	171
	Board fees and expenses	1,560	1,930
	Business and entertainment	158	144
	Cleaning expenses	761	585
	Communication expense	142	149
	Consultancy	4,686	545
	Depreciation (Note 10)	6,312	5,916
	Donations	-	10
	Employee costs (Note 7.1)	72,613	98,321
	Electricity and water	677	499
	Fuel and lubricants	2,296	2,858
	ICT expenses	3,795	2,577
	Insurance	2,250	4,238
	Legal costs	1,016	650
	Licences and fees	18	9
	Motor vehicles expenses	364	470
	National events	944	1,003
	Office expenses	272	1,063
	Other expenses	-	4,498
	Pacra expenses	31	1,529
	Printing and stationery	795	814
	Procurement/evaluation	88	61
	Professional membership	161	144
	Project costs	46,565	35
	Repairs and maintenance	541	859
	Rates	105	77
	Security expenses	663	650
	Seminars and workshops	689	1,330
	Stakeholder engagement	2	-
	Telephones and postage	400	590
	Training expenses	-	358
	Travel expenses	1,788	3,132
	Withholding tax	-	2,256
		204,147	140,487
7.1	**Employee costs**		
	Salaries and wages	70,131	95,107
	NAPSA	838	972
	NHIMA	348	374
	Defined contribution scheme	1,296	1,868
		72,613	98,321

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		2023	2022
8.	**Finance income and costs**		
	Finance income:		
	Foreign exchange gains on loan receivable (Note 26 (iii))	634,434	282,369
	Interest on shareholder loans (Note 26 (iii))	475,059	387,473
	Interest on call account	1,052	4,433
	Interest on placed deposits	3,262	1,332
	Interest on treasury activities	7,194	17,824
	Interest on staff loans	180	446
		1,121,181	693,877
	Finance costs:		
	Foreign exchange losses on borrowings (Note 25 (b))	619,790	276,419
	Interest expense on borrowings (Note 25 (b))	487,344	446,670
	Loan facility fees	-	(2,372)
		1,107,134	720,717
	Net finance income/ (cost)	14,047	(26,840)
9	**Income tax expense**		
	Current income tax charge	93,303	29,993
	Deferred income tax credit	(26,554)	(27,339)
		66,749	2,654

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

	2023	2022
Profit before income tax	576,990	241,830
Tax calculated at the statutory income tax rate of 30%	173,097	72,549
Tax effect of:		
Adjustments for non-deductible expenses	(106,348)	(69,895)
	66,749	2,654

Current income tax movement in the statement of financial position

	2023	2022
At the start of the year	83,421	79,665
Current income tax expense	93,303	29,993
Payment	(97,866)	(26,237)
At the end of the year	78,858	83,421

Figures in thousands of Zambian Kwacha

10. Property, plant and equipment

	Land and buildings	Equipment and furniture	Motor Vehicles	IT Equipment	Capital work in progress	Total
As at 31 December 2021						
Cost or fair value	81,323	4,078	17,526	4,294	2,239	109,460
Accumulated depreciation	(3,274)	(3,331)	(9,177)	(3,445)	-	(19,227)
Net book value	78,049	747	8,349	849	2,239	90,233
Year ended 31 December 2022						
Opening balance	78,049	747	8,349	849	2,239	90,233
Additions	2,857	1,060	-	-	-	3,917
Disposals	-	-	(4,161)	(21)	-	(4,182)
Transfers from CWIP	-	342	-	1,888	(2,230)	-
Revaluation	22,312	-	-	-	-	22,312
Depreciation charge	(1,663)	(527)	(2,941)	(785)	-	(5,916)
Disposals	-	-	3,123	13	-	3,136
Net book value	101,555	1,622	4,370	1,944	9	109,500
As at 31 December 2022						
Cost or fair value	106,492	5,480	13,365	6,161	9	131,507
Accumulated depreciation	(4,937)	(3,858)	(8,995)	(4,217)	-	(22,007)
Net book value	101,555	1,622	4,370	1,944	9	109,500

Figures in thousands of Zambian Kwacha

10. Property, Plant and equipment (continued)

	Land and buildings	Equipment and furniture	Motor Vehicles	IT Equipment	Capital work in progress	Total
Year ended 31 December 2023						
Opening balance	101,555	1,622	4,370	1,944	9	109,500
Additions	-	24	-	304	-	328
Disposals	-	-	-	(319)	-	(319)
Transfers/adjustment	(1,151)	98	-	(100)	(9)	(1,162)
Depreciation charge	(2,157)	(682)	(2,513)	(960)	-	(6,312)
Disposals	-	-	-	305	-	305
Net book value	98,247	1,062	1,857	1,174	-	102,340
As at 31 December 2023						
Cost or fair value	106,492	5,602	13,365	6,046	-	131,505
Accumulated depreciation	(8,245)	(4,540)	(11,508)	(4,872)	-	(29,165)
Net book value	98,247	1,062	1,857	1,174	-	102,340

The register showing the details of equipment, as required by Section 30 of the Companies Act, 2017 of Zambia is available during business hours at the registered office of the Company.

As at 31 December 2022, the Company 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.

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11. Investment property

	2023	2022
Carrying amount at 1 January	96,100	87,240
Additions	-	1,000
Change in fair value (Note 6)	-	7,860
Carrying amount at 31 December	96,100	96,100

The Corporation's investment property relates to stand No. 7940 & 7941 (Kambendekela House) and, stand No. 6229 in Mongu (Teba House), Subdivision 1 of subdivision C10 Farm 748 Ndola, Subdivision 12 of Farm 748 Njo situated in Ndola, Subdivision 13 of subdivision B of Farm 748 Ndola, Plot No. 1029, Lusaka, Plot No. 1034, Lusaka and Plot No. 1033, Lusaka. The properties were independently valued by Fairworld Property Limited, a firm of Chartered Valuation Surveyors & Real Estate Agents at their market value as at December 31, 2022.

The valuation assumptions used are summarized in the table below:

Valuation technique	Significant unobservable inputs	Inter- relationship between unobservable inputs and fair value measurement
This valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs sum as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality.	• Expected market rental growth (3 - 5%. Weighted average 4%). • Void periods (average 6 months after the end of each lease). • Occupancy rate (80-90%, weighted average 80%). • Rent-free periods (1-month period on new leases) • Risk-adjusted discount rates (10% - 10.5%. weighted average 10%)	• The estimated fair value would increase/(decrease) if; • Expected market rental growth were higher/(lower); • Void periods were shorter/(longer); • The occupany rate were higher/(lower); • Rent -free periods were shorter /(longer); or • The risk -adjusted discount rate were lower /(higher).

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12. Investments in projects

	2023	2022
Movement in investment in projects		
At 1 January	454,731	473,509
Transfer to subsidiary	(372,669)	(105,327)
Additions	33,885	86,549
At 31 December	115,947	454,731

Cassava project	10,246	159
Fruit project	-	283,951
Fig tree project	54,987	38,592
Kabwe textiles project	3,214	3,395
Kawambwa tea project	-	10
Katete mango project	4,806	4,228
Luswishi project	-	19,372
Marubeni project	840	840
Mununshi plantation project	-	23,529
Mupepetwe project	-	351
Nansanga project	2,223	2,223
Oil palm project	6,736	5,812
Mwinulunga project	20,545	19,966
Scaling solar project	9,821	8,969
Tractor assembly project	2,507	2,342
Zambia cashew nuts project	-	40,970
Zambia chemicals project	22	22
	115,947	454,731

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023
Figures in thousands of Zambian Kwacha

13. Investments in subsidiaries

(a) Valuation of investments in subsidiaries as at 31 December 2023

Country of incorporation	Name of company	Percentage held	Opening balance	Transfers	Additions	Equity conversion	Fair value gain/(loss)	Closing balance
Zambia	Agro – Luswishi	100%	31,562	-	19,372	-	-	50,934
Zambia	Indeni Petroleum	100%	429,480	-	-	-	(195,216)	234,264
Zambia	Lusaka South Multi- Facility Economic Zone	100%	1,975,075	-	-	-	(44,685)	1,930,390
Zambia	Infratel Limited	100%	2,625,519	-	-	622,250	(865,609)	2,382,160
Zambia	Mulungushi Village Complex Limited	100%	125,762	-	-	-	4,838	130,600
Zambia	Mulungushi International Conference Centre	100%	2,743,411	-	-	-	26,239	2,769,650
Zambia	Mpulungu Harbour Corporation Limited	100%	30,442	-	-	-	5,034	35,476
Zambia	Mukuba Hotel	100%	-	-	34,178		-	34,178
Zambia	Nitrogen Chemicals of Zambia	100%	903,998	-	-	-	-	903,998
Zambia	Kawambwa Tea Industries Limited	100%	475,516	-	-	-	17,675	493,191
Zambia	Superior Milling Ltd	76%	-	-	-	-	-	-
Zambia	Times Printpak Limited	100%	-	-	-	-	-	-
Zambia	ZESCO Limited	100%	10,185,546	-	-	-	70,190,404	80,375,950
Zambia	Zambia Cargo and Logistics Limited	100%	177,968	-	-	-	3,692	181,660
Zambia	ZCCM - IH Investments	60%	3,681,275	-	-	-	389,645	4,070,920
Zambia	Zambia Railways Limited	100%	556,356	-	-	-	(317,846)	238,510
Zambia	Zambia Airways Limited	55%	182,344	-	7,496	-	-	189,840
Zambia	Zambia Forestry and Forest Industries Corporation	63%	631,285	17,956	-	-	(12,921)	636,320
Zambia	Zambia International Trade Fair	100%	52,242	-	-	-	-	52,242
Zambia	Zampalm	90%	254,517	-	23,385	-	-	277,902
zambia	ZSIC General Insurance	100%	196,883	-	-	-	65,354	262,237
Zambia	ZSIC Life Company	100%	195,846	-	-	-	(100,636)	95,210
Zambia	Zambezi Cashew Company Limited	100%	-	48,751	-	-	-	48,751
Zambia	Mununshi Fruit Company	100%	-	24,210	-	-	-	24,210
Zambia	Zambia Power Corporation Ltd	100%	-	2,326	-	-	-	2,326
Zambia	Zambia Fruit Company Ltd	100%	-	279,426	9,943	-	-	289,369
Zambia	Chitambo Agro Processing Limited	55%	-	-	-	-	-	-
Zambia	Zambia Telecommunications Company	100%	-	-	-	-	-	-
			25,455,027	372,669	94,374	622,250	69,165,968	95,710,288

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13. **Investments in subsidiaries (continued)**

(a) **Valuation of investments in subsidiaries as at 31 December 2022**

Country of incorporation	Name of company	Percentage held	Opening balance	Transfer	Additions	Disposal	Fair value gain/(loss)	Closing balance
Zambia	Agro – Luswishi	100%	31,562	-	-	-	-	31,562
Zambia	Indeni Petroleum	100%	429,480	-	-	-	-	429,480
Zambia	Lusaka South Multi- Facility Economic Zone	100%	1,797,697	-	-	-	177,378	1,975,075
Zambia	Infratel Limited	100%	2,936,982	-	-	-	(311,463)	2,625,519
Zambia	Mulungushi Village	100%	139,588	-	-	-	(13,826)	125,762
Zambia	Mulungushi International Conference Centre	100%	2,040,157	-	-	-	703,254	2,743,411
Zambia	Mpulungu Harbour Corporation Limited	100%	123,599	-	902	-	(94,059)	30,442
Zambia	Nitrogen Chemicals of Zambia	100%	808,410	-	95,588	-	-	903,998
Zambia	Kawambwa Tea Industries Limited	100%	319,608	-	18,093	-	137,815	475,516
Zambia	Superior Milling Ltd	76%	-	-	-	-	-	-
Zambia	Times Printpak Limited	100%	-	-	19,057	-	(19,057)	-
Zambia	ZESCO Limited	100%	11,140,313	-	-	-	(954,767)	10,185,546
Zambia	Zambia Cargo and Logistics Limited	100%	217,919	-	-	-	(39,951)	177,968
Zambia	ZCCM - IH Investments	60%	3,681,275	-	-	-	-	3,681,275
Zambia	Zambia Railways Limited	100%	550,580	-	36,819	-	(31,043)	556,356
Zambia	Zambia Airways Limited	55%	-	105,327	77,017	-	-	182,344
Zambia	Zambia Forestry and Forest Industries Corporation	62.88%	490,441	-	-	-	140,844	631,285
Zambia	Zambia International Trade Fair	100%	52,242	-	-	-	-	52,242
Zambia	Zampalm	90%	222,324	-	32,193	-	-	254,517
Zambia	ZSIC General Insurance	100%	189,902	-	-	-	6,981	196,883
Zambia	ZSIC Life Company	100%	211,127	-	-	-	(15,281)	195,846
Zambia	Zambia Telecommunications Company	100%	-	-	-	-	-	-
			25,383,206	105,327	279,669	-	(313,175)	25,455,027

Figures in thousands of Zambian Kwacha

13. **Investments in subsidiaries (continued)**

(b) **Measurements of fair value**

The company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices volatiles and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Investments in subsidiaries	4,920,530	88,749,858	2,039,901	95,710,288
	4,920,530	88,749,858	2,039,901	95,710,288
At 31 December 2022				
Investments in subsidiaries	4,525,850	18,844,592	2,084,585	25,455,027
	4,525,850	18,844,592	2,084,585	25,455,027

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13. **Investments in subsidiaries (continued)**

(b) Measurements of fair value (continued)

The following table shows the reconciliations from opening balances to closing balances of levels 1,2 and 3 investments in subsidiaries.

31 December 2023	Level 1	Level 2	Level 3	Total
At the start of the year	4,525,850	18,844,592	2,084,585	25,455,027
Additions	-	94,374	-	94,374
Transfer from investment projects (Note 12)	17,956	354,713	-	372,669
Equity conversion	-	622,250	-	622,250
Change in fair value	376,724	68,833,929	(44,684)	69,165,969
At the end of the year	4,920,530	88,749,858	2,039,901	95,710,289

31 December 2022

At the start of the year	Level 1	Level 2	Level 3	Level 4
Additions	4,385,006	19,090,993	1,907,207	25,383,206
Transfer from investments projects (note 12)	-	279,669	-	279,669
Change in fair value	-	105,327	-	105,327
	140,844	(631,397)	177,378	(313,175)
At the end of the year	4,525,850	18,844,592	2,084,585	25,455,027

As at 31 December 2023 the companies with fair value in excess of K100 million were sixteen (16) namely. Indeni Petroleum, Infratel Corporation Limited, Lusaka South Multi Facility Economic Zone, Nitrogen Chemicals of Zambia, Mulungushi Village, Mulungushi Conference Centre, Kawambwa Tea Industries Limited, ZESCO Limited, ZCCM-IH, Zambia Railways Limited, Zambia Cargo and Logistics, Zambia Forestry and Forest Industries Corporation, Zampalm Limited, Zambia Airways Limited, ZSIC General Insurance and ZSIC Life Insurance . These companies accounted for 99% of the reported fair value.

- ZCCM-IH PLC and ZAFFICO are listed on the Lusaka Securities Exchange. The fair value of IDC's equity investment is determined as the number of shares held as at the end of the year multiplied by the quoted market price per share;
- Infratel Corporation Limited, Lusaka South Multi Facility Economic Zone, Kawambwa Tea Industries Limited, Mulungushi Village Complex Limited, Mulungushi Conference Centre, Nitrogen Chemicals of Zambia, Zambia Railways, Zampalm Limited, ZESCO Limited, Zambia Cargo and Logistics, ZSIC Life and ZSIC General are determined using the discounted cashflow, relative valuation, analyst estimates, adjusted asset value and precedent transactions valuation methodology.

Figures in thousands of Zambian Kwacha

13. Investments in subsidiaries (continued)

(b) Measurements of fair value (continued)

The assumptions used are summarized in the table below:

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Infratel Limited	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Infratel Corporation Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) SD of between 56.0% and 84.0%, since Infratel is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 15.9% and 23.9%, since IDC holds 100% of Infratel's issued share capital; c) a DLOM between 4.4% and 6.6%, since Infratel is a privately held company.	The estimated fair value would increase/(decrease) if: • Adjusted peer group multiple was higher/(lower) • Control premium was higher/(lower) • Marketability discount was lower/(higher).
Mulungushi Village Complex Limited	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on MVCL. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) a SD of between 6.4% and 9.6%, since MVCL is relatively smaller than the median of the peer sample across the key metric(s) applied; b) a CP between 15.9% and 23.9%, since IDC holds 100% of MVCL's issued share capital; and c) A DLOM between 4.4% and 6.6%, since MVCL is a privately held company.	The estimated fair value would increase/(decrease) if: • Adjusted peer group multiple was higher/(lower) • Control premium was higher/(lower) • Marketability discount was lower/(higher)

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13. **Investments in subsidiaries (continued)**

(b) **Measurements of fair value (continued)**

The assumptions used are summarized in the table below:

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Mulungushi International Conference Centre	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on MICC. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since MICC is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 15.9% and 23.9%, since IDC holds 100% of MICC's issued share capital; and c) A DLOM between 4.4% and 6.6%, since MICC is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher)
	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Zambia Railways Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since MICC is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 17.6% and 26.4%, since IDC holds 100% of ZRL's issued share capital; and d) A DLOM between 5.0% and 7.6%, since ZRL is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher)

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13. **Investments in subsidiaries (continued)**

(b) **Measurements of fair value (continued)**

The assumptions used are summarized in the table below:

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Lusaka South Multi-Facility Economic Zone	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Lusaka South Multi-Facility Zone Limited The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) SD of between 6.4% and 9.6%, since MFEZ is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 15.9% and 23.9%, since IDC holds 100% of MFEZ's issued share capital; and c) A DLOM between 4.4% and 6.6%, since MFEZ is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).
ZESCO LIMITED	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on ZESCO. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A size discount ("SD") was not applied, since ZESCO is relatively larger than the median of the peer sample across the metric(s) applied; b) A control premium ("CP") between 16% and 24%, since IDC holds 100% of the issued share capital of ZESCO; and c) A discount for lack of marketability ("DLOM") between 4% and 7%, since ZESCO is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher)

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13. **Investments in subsidiaries (continued)**

(b) Measurements of fair value (continued)

The assumptions used are summarized in the table below:

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Kawambwa Tea Industries Limited	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Kawambwa Tea Industries Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%%, since Kawambwa is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 15.9% and 23.9%, since IDC holds 100% of Kawambwa's issued share capital; and c) A DLOM between 4.4% and 6.6%, since Kawambwa is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/(higher).
Zambia Cargo and Logistics	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on ZamCargo. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.6% and 9.6%, since ZamCargo is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 15.9% and 23.9%, as IDC holds 100% of ZamCargo's share capital; and c) A DLOM between 4.4% and 6.6%, since ZamCargo is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/(higher).

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13. **Investments in subsidiaries (continued)**

(b) **Measurements of fair value (continued)**

The assumptions used are summarized in the table below:

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
ZSIC General Insurance Limited	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on ZSIC General Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since ZSIC General is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 15.9% and 23.9%, since IDC holds 100% of ZSIC General's issued share capital; and c) A DLOM between 4.4% and 6.6%, since ZSIC General is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).
ZSIC Life PLC	P-BV Relative Valuation P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on ZSIC Life PLC. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since ZSIC Life is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A CP between 15.9% and 23.9%, since IDC holds 100% of ZSIC Life's share capital; and c) A DLOM between 4.4% and 6.6%, since ZSIC Life is a privately held company.	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).

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13. **Investments in subsidiaries (continued)**

(c) **Sensitivity analysis**

Sensitivity analysis table of the equity value of the significant subsidiaries is shown below assuming a 10% fluctuation in the market multiple upwards and downwards

Infratel Limited	Less 10%	**Multiple used**	Plus 10%
P-BV multiple	3.18	3.49	3.89
Size, geography and diversification discount	(2.22)	(2.47)	(2.71)
Adjusted multiple	0.96	1.07	1.17
Book value	1,741.95	1,935.50	2,129.05
Equity value	1,856.39	2,062.66	2,268.93
Control premium	447.29	496.99	546.69
Equity balance adjusted	2,303.69	2,559.65	2,815.62
Marketability discount	(159.75)	(177.50)	(195.24)
Equity value	2,143.94	2,382.16	2,620.37
IDCs stake	100%	100%	100%
Value of shareholding	2,143.94	2,382.16	2,620.37

Mulungushi Village			
P-BV multiple	0.43	0.48	0.53
Size, geography and diversification discount	(0.04)	(0.04)	(0.04)
Adjusted multiple	0.40	0.45	0.49
Book value	233.82	259.80	285.78
Equity value (controlling basis)	104.28	115.87	127.46
Control premium	23.06	25.63	28.19
Equity balance adjusted	127.35	141.50	155.65
Marketability discount	(8.13)	(9.04)	(9.94)
Equity value	117.54	130.60	143.66
IDCs stake	100%	100%	100%
Value of shareholding	117.54	130.60	143.66

Mulungushi International Conference Centre			
P-BV multiple	1.89	2.11	2.31
Size, geography and diversification discount	(0.07)	(0.08)	(0.09)
Adjusted multiple	1.81	2.02	2.22
Book value	1,093.01	1,214.45	1,335.90
Equity value (controlling basis)	2,203.17	2,447.97	2,692.77
Control premium	486.43	540.48	594.53
Equity balance adjusted	2,661.88	2,957.65	3,253.41
Marketability discount	(169.18)	(187.98)	(206.77)
Equity value	2,492.68	2,769.65	3,046.61
IDCs stake	100%	100%	100%
Value of shareholding	2,492.68	2,769.65	3,046.61

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13 **Investments in subsidiaries (continued)**

(c) **Sensitivity analysis (continued)**

Lusaka South Multi Facility Economic Zone	Less 10%	**Multiple used**	Plus 10%
P-BV multiple	0.31	0.34	0.37
Size, geography and diversification discount	(0.02)	(0.03)	(0.03)
Adjusted multiple	0.30	0.33	0.36
Book value	4,621.90	5,135.44	5,648.98
Equity value (controlling basis)	1,518.29	1,686.99	1,855.69
Control premium	338.40	376.00	413.59
Equity balance adjusted	1,856.69	2,062.99	2,269.29
Marketability discount	(119.34)	(132.60)	(145.86)
Equity value	1,737.35	1,930.39	2,123.42
IDCs stake	100%	100%	100%
Value of shareholding	**1,737.35**	**1,930.39**	**2,123.42**

Zambia Cargo and Logistics			
P-BV multiple	0.44	0.49	0.54
Size, geography and diversification discount	(0.05)	(0.06)	(0.06)
Adjusted multiple	0.59	0.66	0.73
Book value	25,925.53	28,806.14	31,686.75
Equity value (controlling basis)	17,110.85	19,012.05	20,913.26
Control premium	4,015.35	4,461.50	4,907.64
Equity balance adjusted	21,126.20	23,473.55	25,820.91
Marketability discount	(1,428.11)	(1,586.79)	(1,745.47)
Equity value	19,698.08	21,886.76	24,075.43
IDCs stake	100%	100%	100%
Value of shareholding	**19,698.08**	**21,886.76**	**24,075.43**

ZESCO Limited			
P-BV multiple	0.64	0.71	0.78
Book value	88,453.35	98,281.50	108,109.65
Equity value (controlling basis)	62,757.68	69,730.75	76,703.86
Control premium	14,882.81	16,536.45	18,190.10
Equity balance adjusted	77,640.44	86,267.15	94,893.87
Marketability discount	(5,302.08)	(5,891.20)	(6,480.32)
Equity value	72,338.36	80,375.95	88,413.55
IDCs stake	100%	100%	100%
Value of shareholding	**72,338.36**	**80,375.95**	**88,413.55**

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13. **Investments in subsidiaries (continued)**

(c) **Sensitivity analysis (continued)**

Kawambwa Tea Industries Limited	Less 10%	**Multiple used**	Plus 10%
P-BV multiple	1.85	2.05	2.26
Size, geography and diversification discount	(0.14)	(0.15)	(0.17)
Adjusted multiple	1.75	1.95	2.14
Book value	199.76	221.95	244.15
Equity value	388.36	431.52	474.67
Control premium	85.68	95.20	104.71
Equity balance adjusted	474.03	526.71	579.38
Marketability discount	(30.16)	(33.51)	(36.86)
Equity value	443.88	493.20	542.51
IDCs stake	100%	100%	100%
Value of shareholding	443.88	493.20	542.51

Zambia Railways Limited			
P-BV multiple	0.78	0.87	0.96
Size, geography and diversification discount	(0.22)	(0.25)	(0.27)
Adjusted multiple	0.60	0.67	0.74
Book value	280.01	311.12	342.23
Equity value (controlling basis)	187.33	208.14	228.95
Control premium	42.21	46.90	51.59
Equity balance adjusted	229.54	255.04	280.54
Marketability discount	(14.88)	(16.53)	(18.18)
Equity value	214.66	238.51	262.36
IDCs stake	100%	100%	100%
Value of shareholding	214.66	238.51	262.36

ZSIC General Insurance Limited			
P-BV multiple	0.72	0.80	0.88
Size, geography and diversification discount	(0.07)	(0.08)	(0.09)
Adjusted multiple	0.79	0.88	0.96
Book value	234.99	261.10	287.21
Equity value (controlling basis)	205.76	228.62	251.48
Control premium	46.62	51.80	56.98
Equity balance adjusted	252.38	280.42	308.46
Marketability discount	(16.36)	(18.18)	(20.00)
Equity value	236.02	262.24	288.46
IDCs stake	100%	100%	100%
Value of shareholding	236.02	262.24	288.46

Figures in thousands of Zambian Kwacha

13. **Investments in subsidiaries (continued)**

(c) **Sensitivity analysis (continued)**

ZSIC Life Insurance limited	Less 10%	**Multiple used**	Plus 10%
P-BV multiple	0.72	0.80	0.88
Size, geography and diversification discount	(0.07)	(0.08)	(0.09)
Adjusted multiple	0.79	0.88	0.96
Book value	85.32	94.80	104.28
Equity value	74.71	83.01	91.31
Control premium	16.92	18.81	20.69
Equity balance adjusted	91.63	101.82	112.00
Marketability discount	(5.94)	(6.60)	(7.26)
Equity value	85.69	95.22	104.74
IDCs stake	100%	100%	100%
Value of shareholding	85.69	95.22	104.74

Indeni Energy Company Limited			
P-BV multiple	3.38	3.75	4.13
Size, geography and diversification discount	(1.10)	(1.22)	(1.34)
Adjusted multiple	3.13	3.48	3.83
Book value	61.38	68.20	75.02
Equity value	213.61	237.34	261.07
Control premium	38.08	42.31	46.54
Equity balance adjusted	251.69	279.65	307.62
Marketability discount	(40.85)	(45.39)	(49.92)
Equity value	210.84	234.27	257.69
IDCs stake	100%	100%	100%
Value of shareholding	210.84	234.27	257.69

Mpulungu Harbour Corporation Limited			
P-BV multiple	1.03	1.14	1.25
Size, geography and diversification discount	(0.09)	(0.10)	(0.11)
Adjusted multiple	1.06	1.18	1.29
Book value	23.72	26.35	28.99
Equity value	27.86	30.96	34.06
Control premium	6.28	6.98	7.68
Equity balance adjusted	34.15	37.94	41.73
Marketability discount	(2.22)	(2.47)	(2.71)
Equity value	29.66	32.96	36.25
IDCs stake	100%	100%	100%
Value of shareholding	29.66	32.96	36.25

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14. Investments in associates

(a) Valuation of investments in associates

The carrying amounts of investments in associates have been accounted for at fair value as follows:

2023	Shareholding percentage	1 January	Addition	Transfer	Fair value movement	31 December
Indo Zambia Bank	40%	930,736	-	-	174,364	1,105,100
Zanaco PLC	25%	1,151,390	-	-	220,170	1,371,560
Kagem Limited	25%	232,882	-	-	(171,622)	61,260
Ngonye Power Limited	20%	7,695	-	-	-	7,695
Lusaka Trust Hospital Limited	45%	133,295	-	-	4,585	137,880
Zambia Reinsurance Plc	28.17%	35,500	-	-	-	35,500
Marcopolo Tiles Company	22.60%	256,700	-	-	(40,560)	216,140
ZEP-RE Reinsurance	0.57%	27,919	-	-	2,491	30,410
ZICB	30%	117,912	-	-	4,258	122,170
		2,894,029	-	-	193,686	3,087,715

2022	Shareholding percentage	1 January	Addition	Transfer	Fair value movement	31 December
Indo Zambia Bank	40%	569,604	-	-	361,132	930,736
Zanaco PLC	25%	685,781	-	-	465,609	1,151,390
Kagem Limited	25%	148,960	-	-	83,922	232,882
Ngonye Power Limited	20%	7,695	-	-	-	7,695
Lusaka Trust Hospital Limited	45%	20,471	-	-	112,824	133,295
Zambia Reinsurance Plc	28.17%	35,373	-	-	127	35,500
Marcopolo Tiles Company	22.60%	349,071	3,760	-	(96,131)	256,700
ZEP-RE Reinsurance	0.57%	40,696	501	-	(13,278)	27,919
ZICB	30%	97,205	-	-	20,707	117,912
		1,954,856	4,261	-	934,912	2,894,029

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14. **Investments in associates (continued)**

(b) **Measurement of fair value**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Investments in associates	1,407,061	1,382,499	298,156	3,087,716
	1,407,061	1,382,499	298,156	3,087,716
At 31 December 2022				
Investments in associates	1,186,890	1,420,318	286,821	2,894,029
	1,186,890	1,420,318	286,821	2,894,029

The following table shows the reconciliations from opening balances to closing balances of levels 1, 2 and 3 investments in associates:

	Level 1	Level 2	Level 3	Total
Balance at 1 January	1,186,890	1,420,318	286,821	2,894,029
Change in fair value	220,171	(37,819)	11,335	193,687
Balance at 31 December	1,407,061	1,382,499	298,156	3,087,716

As at 31 December 2023 the companies with fair value in excess of K100 million were six (6) namely. Indo Zambia Bank Limited, ZANACO PLC, Kagem Limited, Lusaka Trust Hospital Limited, Zambia Industrial Commercial Bank Limited and Marcopolo Tiles Company.

ZANACO is listed on the Lusaka Securities Exchange. The fair value of Company's equity investment is determined as the number of shares held as at the end of the year multiplied by the quoted market price per share.

The value of Indo Zambia Bank Limited, Marcopolo Tiles Company, Lusaka Trust Hospital Limited, Zambia Industrial Commercial Bank Limited and Kagem Limited are based on P-BV Relative Valuation and Adjusted NAV Results and EBITDA valuation methodology, see below for the assumptions used:

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14. Investments in associates (continued)

(b) Measurement of fair value (continued)
The assumptions used

Name of associate	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between key unobservable inputs and fair value measurements
Indo Zambia Bank Limited	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Indo Zambia Bank Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) SD of between 6.4% and 9.6%, since IZB is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A DLOC between 8.6% and 12.8%, since IDC holds 40% of IZB's issued share capital; and c) A DLOM between 10.9% and 16.3%, since IZB is a privately held company.	The estimated fair value would increase / (decrease) if: • Adjusted peer group multiple was higher/(lower) • Control premium was higher/(lower) • Marketability discount was lower/ (higher).
Kagem Limited	EV-EBITDA Relative Valuation Results EV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Kagem Mining Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since Kagem is relatively smaller than the median of the peer sample across the key metric(s) applied; b) a DLOC between 13.9% and 20.9%, since IDC holds 25% of Kagem's share capital; and c) A DLOM between 10.9% and 16.3%, since Kagem is a privately held company.	The estimated fair value would increase/(decrease) if: • Adjusted peer group multiple was higher/(lower) • Control premium was higher/(lower) • Marketability discount was lower/ (higher).

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14. **Investments in associates (continued)**

(b) **Measurement of fair value (continued)**
The assumptions used

Name of associate	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between key unobservable inputs and fair value measurements
Marcopolo Tiles	EV-EBITDA Valuation Results EV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Marcopolo Tiles Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since Marcopolo is relatively smaller than the median of the peer sample across the key metric(s) applied; b) A minority discount between 13.9% and 20.9%, since IDC holds 22.60% of Marcopolo's issued share capital; and c) A LM discount between 13.2% and 19.8%, since Marcopolo is a privately held company.	The estimated fair value would increase/(decrease) if: • Adjusted peer group multiple was higher/(lower) • Control premium was higher/(lower) • Marketability discount was lower/ (higher).
Lusaka Trust Hospital Limited	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Lusaka Trust Hospital Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since LTH is relatively smaller than the median of the peer sample across the key metric(s) applied. b) a DLOC between 9.0% and 13.4%, since IDC holds 45% of LTH's issued share capital; and c) A DLOM between 10.5% and 15.7%, since LTH is a privately held company.	The estimated fair value would increase/(decrease) if: • Adjusted peer group multiple was higher/(lower) • Control premium was higher/(lower) • Marketability discount was lower/ (higher).

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14. Investments in associates (continued)

(b) Measurement of fair value (continued)
The assumptions used

Name of associate	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between key unobservable inputs and fair value measurements
Zambia Industrial Commercial Bank Limited	P-BV Relative Valuation and Adjusted NAV Results P-BV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Zambia Industrial Commercial Bank Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	a) A SD of between 6.4% and 9.6%, since ZICB is relatively smaller than the median of the peer sample across the key metric(s) applied; b) a DLOC between 9.0% and 13.4%, since IDC holds 30.2% of ZICB's issued share capital; and c) A DLOM between 10.5% and 15.7%, since ZICB is a privately held company and given IDC's shareholding per above.	The estimated fair value would increase/(decrease) if: • Adjusted peer group multiple was higher/(lower) • Control premium was higher/(lower) • Marketability discount was lower/ (higher).

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14 Investments in associates (continued)

(c) Sensitivity analysis

Sensitivity analysis table of the equity value of the significant associates is shown below assuming a 10% fluctuation in the market multiple upwards and downwards.

INDO Zambia Bank

	Less 10%	Multiple used	Plus 10%
P-E Multiple	5.80	6.20	6.82
Size, geography and diversification	(0.45)	(0.50)	(0.55)
Adjusted multiple	5.34	5.93	6.52
Net income	543.60	604.00	664.40
Equity value (controlling basis)	3,223.00	3,581.12	3,939.23
Minority discount	(362.29)	(402.55)	(442.80)
Equity value adjusted for control	2,860.71	3,178.57	3,496.43
Marketability discount	(374.23)	(415.81)	(457.39)
Equity value	2,486.48	2,762.76	3,039.04
IDC's stake	40%	40%	40%
Value of shareholding	994.59	1,105.10	1,215.61

Kagem Limited	Less 10%	Multiple used	Plus 10%
EV-EBITDA Multiple	1.26	1.40	1.54
Size, geography and diversification	(0.11)	(0.13)	(0.14)
Adjusted multiple	1.33	1.48	1.63
Book value	42.46	47.18	51.90
Equity value (controlling basis)	62.84	69.83	76.81
Minority discount	(7.31)	(8.12)	(8.93)
Equity value adjusted for control	55.53	61.71	67.88
Marketability discount	(7.52)	(8.36)	(9.19)
Equity value	48.01	53.35	58.68
IDC' stake	25%	25%	25%
Value of shareholding	12.00	13.34	14.67

Figures in thousands of Zambian Kwacha

14. Investments in associates (continued)

(c) Sensitivity analysis (continued)

Marcopolo Tiles

	Less 10%	Multiple used	Plus 10%
EV-EBITDA Multiple	8.19	9.10	10.01
Size, geography and diversification	(0.68)	(0.75)	(0.83)
Adjusted multiple	7.74	8.60	9.46
EBITDA	194.58	216.20	237.82
Enterprise value	1,673.39	1,859.32	2,045.25
Cash and cash equivalents	23.74	26.38	29.02
Long term loans	(354.90)	(394.33)	(433.76)
Short term borrowings	(119.67)	(132.97)	(146.27)
Equity value (controlling basis)	1,222.56	1,358.40	1,494.24
Minority discount	(207.27)	(230.30)	(253.33)
Equity value adjusted for control	1,015.29	1,128.10	1,240.91
Marketability discount	(154.57)	(171.75)	(188.92)
Equity value	860.72	956.36	1,051.99
IDC' stake	22.60%	22.60%	22.60%
Value of shareholding	194.52	216.14	237.75

Zambia Industrial Commercial Bank Limited

	Less 10%	Multiple used	Plus 10%
P-BV Multiple	0.84	0.93	1.02
Size, geography and diversification	(0.08)	(0.09)	(0.09)
Adjusted multiple	0.88	0.98	1.07
Book Value	486.90	541.00	595.10
Equity value (controlling basis)	474.24	526.94	579.63
Minority discount	(54.24)	(60.27)	(66.29)
Equity value adjusted for control	420.00	466.67	513.34
Marketability discount	(55.91)	(62.12)	(68.33)
Equity value	364.09	404.55	445.00
IDC's stake	30.21%	30.21%	30.21%
Value of shareholding	109.99	122.21	134.43

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Figures in thousands of Zambian Kwacha

14 Investments in associates (continued)

(c) Sensitivity analysis (continued)

Lusaka Trust Hospital Limited

	Less 10%	Multiple used	Plus 10%
P-BV Multiple	2.55	2.83	3.11
Size, geography and diversification	(0.21)	(0.24)	(0.26)
Adjusted multiple	2.75	3.06	3.37
Book Value	117.57	130.63	143.69
Equity value (controlling basis)	359.76	399.73	439.70
Control premium	(41.37)	(45.97)	(50.56)
Equity value adjusted for control	318.38	353.76	389.14
Marketability discount	(42.63)	(47.37)	(52.11)
Equity value	275.76	306.40	337.03
IDC's stake	45%	45%	45%
Value of shareholding	124.09	137.88	151.67

ZEP-RE

	Less 10%	Multiple used	Plus 10%
P-BV Multiple	1.20	1.33	1.46
Size, geography and diversification	(0.10)	(0.11)	(0.12)
Adjusted multiple	1.12	1.25	1.37
Book Value	302.90	336.56	370.22
Equity value (controlling basis)	377.44	419.38	461.31
Control premium	(63.84)	(70.94)	(78.03)
Equity value adjusted for control	313.59	348.44	383.28
Marketability discount	(47.65)	(52.95)	(58.24)
Equity value	265.94	295.49	325.04
IDC's stake	0.55%	55%	55%
Value of shareholding	1.46	1.63	1.79

Figures in thousands of Zambian Kwacha

		2023	2022
15	**Inventory**		
	Office consumables	-	143
		-	143
16	**Trade and other receivables**		
	Trade receivables	102,867	119,360
	Loss allowance (4 (b))	(80,156)	(77,528)
	Trade receivables — net	22,711	41,832
	Amounts due from related parties (26 (ii))	151,095	217,459
	Rent receivable	9,010	6,711
	Prepayments	432	552
	Staff and other receivables	1,630	4,857
		184,878	271,411
17	**Cash and cash equivalents**		
	Cash at bank and in hand	114,667	17,106
	Fixed deposits	163,561	7,316
		278,228	24,422

Reconciliation to cashflow statement

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:

	2023	2022
Balances as above	278,228	24,422
Cash and bank balances	278,228	24,422

(i) Classifications as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

		2023	2022
18	**Assets held for sale**		
	Shares in Zaffico	-	17,956
	Government bonds	43,293	71,732
		43,293	89,688

Government Bonds

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.

Shares in Zaffico

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 billion 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. As at 31 December 2023 the value of the shares unsold were transferred to investments in the subsidiary.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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19. Share capital	2023	2022
Authorised ordinary share of K1 each	1,500,000	1,500,000
Issued and fully paid ordinary shares of K1 each	1,500,000	10,000
Conversion	-	1,490,000
	1,500,000	1,500,000

The authorised share capital of the Company is ZMW1,500 million (2022: ZMW1,500 million) comprising 1,500,000,000 (2022: 1,500,000,000) ordinary shares at a par value of K1.00 each. The issued and fully paid-up share capital is at ZMW1,500 million (2022: ZMW1,500 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.

20. Capital and other reserves

	Capital reserve	Fair value reserve	Revaluation reserve	Total
2023				
At the start of the year	14,460,036	12,646,195	22,640	27,128,871
Adjustments	42,344	-	(494)	41,850
Fair value gain	-	69,359,655	-	69,359,655
Amortization on revaluation reserve	-	-	(878)	(878)
At the end of the year	14,502,380	82,005,850	21,268	96,529,498
2022				
At the start of the year	14,460,036	12,024,457	7,901	26,492,394
Revaluation surplus on PPE	-	-	22,312	22,312
Deferred tax on revaluation gain	-	-	(6,694)	(6,694)
Amortization on revaluation reserve	-	-	(878)	(878)
Fair value gain	-	621,737	-	621,737
At the end of the year	14,460,036	12,646,194	22,641	27,128,871

i) Capital reserve

The capital reserve represents the net assets value of subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

20. Capital and other reserves (continued)

ii) Fair value reserve

The fair value reserve contains fair value movements from the valuation of the investment in subsidiaries and investments in associates which are held at fair value through other comprehensive income.

Investments in subsidiaries and investments in associates recognised at fair value based on periodic, but at least triennial valuations by external independent valuers. The investments in subsidiaries and associates were revaluated on 31 December 2022 by Kalene Hills Partners, an external independent valuer. In the intervening years the management make an internal assessment as to whether the fair valuers have changed significantly.

iii) Revaluation reserve

Items of property, plant and equipment are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. The fair value of property, plant and equipment was revalued on 31 December 2022 by Sherwood Greene an external, independent valuer. The reserves are non-distributable to the shareholders and are recognised net of deferred income tax.

Figures in thousands of Zambian Kwacha

21. Borrowings

	2023	2022
Non - current portion		
National Pension Scheme Authority (Kafue Gorge)	6,082,898	4,147,470
National Pension Scheme Authority (Marcopolo Tiles Company)	459,666	418,073
Indo Zambia Bank	280,074	366,627
Zambia National Commercial Bank	52,131	52,113
Zambia Industrial Commercial Bank	4,836	7,266
	6,879,605	4,991,549
Current portion		
Sundry Payable - National Pension Scheme Authority Loan	-	123,055
	-	123,055
Total borrowings	6,879,605	5,114,604

Refer to Note 25 (b) for details on the movement in borrowings on the statement of financial position.

Terms of the loans are disclosed below:

National Pension Scheme Authority (Kafue Gorge)

The loan facility of USD190 million from National Pension Scheme Authority (NAPSA) denominated in United States Dollars was issued to IDC 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 of disbursement of 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.

National Pension 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 rate of 15% where the loan facility is dominated in Zambian Kwacha.

National Pension Scheme Authority Loan

NAPSA extended to the Company a K100 million corporate bond for a period of 2 years. The Company redeemed the bond issued on 23 April 2021 at multiples of 1.25x at a rate of 24% in April 2023.

Indo Zambia Bank Term Loan Facility

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

Figures in thousands of Zambian Kwacha

21. **Borrowings (continued)**

Terms of the loans (continued)

Zambia National Commercial Bank Loan Facility

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

Zambia Industrial Commercial Bank Loan Facility

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

NAPSA Loan - GRZ Bond

K60 million GRZ bond issued to the Company on a tenure of 1 year at the interest rate of 29 %. The bond was issued for the purpose of investing in the Zambia Fruit Company project.

22. **Capital grants**

	2023	2022
At the start of the year	5,920	280,520
Transfer to equity	-	(274,600)
At the end of the year	5,920	5,920

Capital raise- Industrial Development Corporation Limited- K274.6 milllion

The facility amounting to K274.6 million was obtained from Companies within the IDC group as well as private institutional funds to be brought through a private Government bond window. The purpose of the GRZ bond was to settle the loan obligation to Indo Zambia Bank.

Private Sector Development, Industrialisation and Job Creation (PSDIJC)- K5.92 milllion

The Company received a grant amounting to K5.92 million from the Ministry of Finance and National Planning for Private Sector Development, Industrialisation and Job Creation (PSDIJC) for a project which includes Development of 600MW Grid Scale Solar Power Plants; Expansion of Industrial Forestry Plantations, establishment of Tourism Investment vehicle; and the development of Integrated fish Industry.

INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

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23. **Deferred income tax**

Deferred income tax is calculated using the enacted income tax rate of 30% (2022: 30%). The movement on the deferred income tax account is as follows:

	2023	2022
At the start of the year	(62,374)	(41,729)
Credit in profit or loss	(26,554)	(27,339)
Charge to OCI	-	6,694
At the end of the year	(88,928)	(62,374)

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

Year ended 31 December 2023	At the start of the year	Impact of changes in rate in profit and	Equity	At the end of the year
Deferred income tax liabilities				
Revaluation surplus	11,420	-	-	11,420
Unrealised exchange gain	-	190,330	-	190,330
	11,420	190,330	-	201,750
Deferred income tax assets				
Property, plant and equipment	6,909	(645)	-	6,264
Provision for gratuity	(3,487)	1,737	-	(1,750)
Provision for bad debts	(30,925)	13,883	-	(17,042)
Provision for leave pay	(217)	-	-	(217)
Provision for prior year adjustment	-	(1,973)	-	(1,973)
Tax losses	(44,307)	(229,357)	-	(273,664)
Provision for audit	(1,767)	(529)	-	(2,296)
	(73,794)	(216,884)	-	(290,678)
Net deferred tax asset	(62,374)	(26,554)	-	(88,928)

Year ended 31 December 2022	At the start of the year	Impact of changes in rate in profit and	Equity	At the end of the year
Deferred income tax liabilities				
Revaluation surplus	4,726	-	6,694	11,420
	4,726	-	6,694	11,420
Deferred income tax assets				
Property, plant and equipment	(184)	7,093	-	6,909
Provision for gratuity	(4,176)	689	-	(3,487)
Provision for bad debts	(29,589)	(1,336)	-	(30,925)
Provision for leave pay	(217)	-	-	(217)
Tax losses	(11,249)	(33,058)	-	(44,307)
Provision for audit	(1,040)	(727)	-	(1,767)
	(46,455)	(27,339)	6,694	(73,794)
Net deferred tax asset	(41,729)	(27,339)	6,694	(62,374)

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		2023	2022
24	**Trade and other payables**		
	Trade payables	18,896	26,489
	Accruals	10,816	15,031
	Amounts due to related parties (26 (iv))	10,460	319
	Other payables	77,305	70,213
	Statutory liabilities	2,519	12,637
		119,996	124,689
25	**Cash flow information**		
(a)	**Cash flows from operating activities**		
	Profit before income tax	576,990	241,830
	Adjustments for:		
	Depreciation on property, plant and equipment (Note 10)	6,312	5,916
	Loss/(profit) from the disposal of PPE (Note 6)	13	24
	Impairment of shareholder loan (Note 26 (iii))	28,947	-
	Fair value gain on investment property (Note 11)	-	(7,860)
	Impairment of receivables	51,208	-
	Foreign exchange loss on borrowings (Note 25 b)	619,790	276,419
	Foreign exchange (gain) on shareholder loan (Note 26 (iii))	(634,434)	(282,369)
	Interest on shareholder loans (Note 26 (iii))	(475,059)	(387,473)
	Interest income (Note 8)	(11,688)	(24,035)
	Interest expense (Note 8)	487,344	446,670
	Loss/(profit) from the sale of bonds (Note 6)	3,585	(150,401)
	Changes in working capital		
	- Inventories	143	119
	- Trade and other receivables	(40,138)	(70,146)
	- Trade and other payables	(4,693)	(7,702)
	Cash generated from operations	608,320	40,992

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25 Cash flow information (continued)
25 (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 17)	278,229	24,422
Bank loans (Note 21)	(6,879,605)	(5,114,604)
Net debt	(6,601,376)	(5,090,182)

	Liabilities from financing activities (Borrowings)	Net Cash/(net of bank overdrafts)	Total
2023			
As at the start of the year	(5,114,604)	24,422	(5,090,182)
Cashflows	-	253,807	253,807
Interest charged	(487,344)	-	(487,344)
Interest paid	55,041	-	55,041
Loan principal repayments	151,857	-	151,857
Other exchange differences	(864,765)	-	(864,765)
Exchange differences	(619,790)	-	(619,790)
At the end of the year	(6,879,605)	278,229	(6,601,376)
2022			
As at start of the year	(4,593,293)	122,915	(4,470,378)
Cashflows	-	(98,493)	(98,493)
Interest charged	(446,670)	-	(446,670)
Interest paid	56,134	-	56,134
Loan principal repayments	145,644	-	145,644
Exchange differences	(276,419)	-	(276,419)
At the end of the year	(5,114,604)	24,422	(5,090,182)

26. Related parties

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. All Government agencies and institutions are related parties of the Company.

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26. Related parties (continued)

Sector	Company	Relationship
Energy and resources	ZESCO Limited (100%)	Subsidiary
	ZCCM -IH PLC (60.28%)	Subsidiary
	ZAFFICO PLC (62.88%)	Subsidiary
	Indeni Petroleum Refinery Limited (100%)	Subsidiary
	Kagem Mining Limited (25%)	Associate
	Zampalm Limited (90%)	Subsidiary
	Ngonye Power Limited (20%)	Associate
	Bangweulu Solar PV Plant Limited (20%)	Associate
Financial services	ZSIC Life Insurance PLC (100%)	Subsidiary
	ZSIC General Limited (100%)	Subsidiary
	Indo Zambia Bank Limited (40%)	Associate
	ZANACO PLC (25%)	Associate
	Zambia Industrial Commercial Bank Limited	Associate
	(30.21%)	Associate
	Zambia Reinsurance PLC (28.17%)	Associate
	ZEP -RE PTA Reinsurance Limited (0.55%)	
Industrial markets	Kawambwa Tea Industries Limited (100%)	Subsidiary
	Nitrogen Chemicals of Zambia Limited (100%)	Subsidiary
	Zambia China Mulungushi Textiles Zambia Limited	Associate
	(33%)	
	Zamcapital Enterprises Limited (100%)	Subsidiary
	Marcopolo Tiles Company Limited (22.60%)	Associate
	Agro - Luswishi Limited (100%)	Subsidiary
	Pelidic Zambia Limited (51%)	Subsidiary
Telecommunications and media	ZAMTEL Zambia Limited (100%)	Subsidiary
	Times Printpak (Z) Limited (100%)	Subsidiary
	Zambia Printing Company Limited (100%)	Subsidiary
	Zambia Daily Mail Limited (100%)	Subsidiary
	Infratel Zambia Limited (100%)	Subsidiary
Tourism , real estate and others	Mulungushi Village Complex Limited (100%)	Subsidiary
	Mulungushi International Conference Centre	Subsidiary
	Limited (100%)	
	NIEC Business School Trust (100%)	Subsidiary
	Zambia International Trade Fair (100%)	Subsidiary
	Mukuba Hotel Limited (100%)	Subsidiary
	Lusaka Trust Hospital Limited (45%)	Subsidiary
	Lusaka South Multi Facility Economic Zone	Subsidiary
	Limited (100%)	Associate
		Subsidiary
Transport and logistics	Zambia Railways Limited (100%)	Subsidiary
	Zambia Airways Limited (55%)	Subsidiary
	Engineering Services Corporation Limited (100%)	Subsidiary
	Mpulungu Harbour Corporation Limited (100%)	Subsidiary
	Zamcargo Logistics Limited (100%)	

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26. Related parties (continued)

			2023	2022
(i)	**Transactions with other related parties**			
	Newspaper - Zambia Daily Mail Limited		50	72
	Electricity - Zambia Electricity Supply Corporation Limited		668	497
	Communication - Zambia Telecommunications Company		400	195
			1,118	764
(ii)	**Balances receivable from related parties**			
	INDENI Energy		42,894	42,894
	ZEPRE		1	-
	ZSIC General Limited		126	126
	Mpulungu Harbour Corporation		127	559
	Ministry of Finance		-	23,133
	ZAFFICO		6,314	3,153
	Zambia Railways		92,545	66,152
	Lusaka South Multi Facility Economic Zone		2,130	2,833
	Zambia Palm Company Limited		-	926
	Mukuba Hotel		-	31,449
	Zambia Printing Company		4,141	-
	Mulungushi Conference Centre		785	-
	West Lunga Company Limited		1,645	-
	ZCCM -IH		-	43,665
	Mulungushi Village Complex		387	387
	Zambia Power Company Limited		-	2,182
			151,095	217,459
(iii)	**Loans due from related parties**			
	Opening balance		5,150,893	4,493,716
	Payments		-	45,347
	Receipts		(54,791)	(58,012)
	Interest accrued		475,059	387,473
	Exchange difference on-lent loan		361,838	-
	Exchange difference gain		634,434	282,369
	Closing balance		6,567,433	5,150,893
	Breakdown of the carrying amount of the loans:			
	ZESCO	Subsidiary	6,082,898	4,146,798
	Infratel Zambia Limited	Subsidiary	140,667	717,136
	Superior Milling Limited	Subsidiary	113,372	89,603
	ZAMTEL	Subsidiary	19,553	35,349
	Mulungushi Village Complex Limited	Subsidiary	70,211	60,812
	Bangweulu Solar PV Plant	Associate	46,524	30,747
	Kawambwa Tea Industry	Subsidiary	35,048	29,991
	ZSIC Life Limited	Subsidiary	6,307	6,173
	Mulungushi Conference Centre	Subsidiary	-	4,729
	Mulungushi Textiles	Associate	2,628	-
	Pelidic	Subsidiary	1,602	-
	Mukuba Hotel	Subsidiary	6,973	-
	Times Print Park Limited	Subsidiary	-	311
	Zambia Railways Limited	Subsidiary	41,650	29,244
			6,567,433	5,150,893

26. **Related parties (continued)**

(iii) Loans due from related parties (continued)

The terms of loans are disclosed below:

ZESCO Limited (Kafue Gorge)
The unsecured shareholder loan amounting to USD190.00 million at an interest rate of 10% per year provided to ZESCO Limited with a tenure of 20 years after a moratorium period of 3 years. The purpose of the loan was to invest in the hydro power generation project at the Kafue Gorge Lower.

Infratel Zambia Limited
The unsecured shareholder loan amounting to USD 47.50 million at an interest rate of 10.5% per year provided to Infratel Limited with 15 years tenor. The loan is relating to the acquisition of assets from ZAMTEL Limited and Zambia National Data Centre Limited.

Superior Milling Limited
An unsecured shareholder loan amounting to K53.00 million at an average interest rate of 17.5% p.a with a 1 year tenure. The purpose of the loan was to discharge Superior Milling Limited outstanding liabilities with Food Reserve Agency, ZANACO and ETG.

ZAMTEL
The total Shareholder loan made available to Zamtel amounted to K70.40 million. Zamtel in December 2021 made a drawdown of K48.00 million for the purpose of upgrading the Online Charging System (OCS) and payment of Infratel payables related to site rentals. The effective interest rate applicable to the loan is 20.5% with a tenure of 36 months.

Mulungushi Village Complex Limited
An unsecured shareholder loan of K40.00 million contracted for the purpose of rehabiliation of infrastructure, water reticulation and CCTV overhaul at the Mulungushi Village Complex in Kalundu. The rate of interest is at 14.75% and the repayment is by means of 20 quarterly installments commencing one year after disbursement. The tenure of the loan is 60 months from the date of issuance.

Bangweulu Power Company Limited
An unsecured shareholding loan of USD1.77 million with a 4 years tenor to Bangweulu for the startup capital. The rate of interest is at 10.40% p.a.

Kawambwa Tea Industry
An unsecured shareholder loan of K18.00 million contracted to finance the acquisition of a Tea Bag Packaging and Boxing machine and an Irrigation system. The effective interest rate is 14.75% per annum and the tenure of the loan is 36 months. The repayment of the facility amount is by means of 36 monthly installments effective 31st January 2022.

Nitrogen Chemicals of Zambia
An unsecured loan of K5.70 million was provided for purposes of capital requirements for the entity to meet the demand for FISP (Fertiliser input support program) at an interest rate of 10 percent per annum over 3 years.

ZSIC Life Company Limited
An unsecured shareholder loan of K6.52 million contracted for the purpose of providing working capital support. The tenure of the loan is 24 months with repayments of 24 monthly installments effective 31st January 2022. The rate of interest is at 14.75% per annum.

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Figures in thousands of Zambian Kwacha

26. **Related parties (continued)**

(iii) **Loans due from related parties (continued)**

Zambia Railways Limited
An unsecured shareholding loan of USD1.60 million contracted for the purpose of settling the debt that Zambia Railways Limited owed GMC Technologies Zambia Limited. The tenure of the loan is 48 months. The interest rate is at 10.5% per annum payable monthly.

Mulungushi International Conference Centre
An unsecured Shareholder loan of K5.00 million contracted in October 2021 for the purpose of financing the restructuring process and as working capital funding at an interest rate of 14.75%. The tenure of the loan is 60 months from the date of issuance and repayments will be made on a quarterly basis with a moratorium of one year for the principal amount.

Times Printpak Zambia Limited
An unsecured amount of K5.70 million provided for the settlement of the salary arears for the unionized staff at an interest rate of 10%. The loan would be repaid in 3 years as a single bullet payment. Further, 3 months grace period from maturity was extended.

(iv) **Balances payable to related parties**

	2023	2022
Zambia State Insurance Corporation Limited	10,460	-
Mulungushi Village Complex	-	319
	10,460	319

(v) **Loans due to related parties**

* Refer to Note 21 for more details.

	2023	2022
National Pension Scheme Authority	6,542,564	4,688,598
Indo Zambia Bank	280,074	366,627
Zambia National Commercial Bank	52,131	52,113
Zambia Industrial Commercial Bank	4,836	7,266
	6,879,605	5,114,604

(vi) **Key management compensation**

Key management includes Directors (Executive and Non-Executive) and members of senior management personnel as shown below:

- Chief Executive Officer
- Chief Portfolio Officer
- Chief Legal Officer
- Chief Human Capital Officer
- Chief Internal Auditor
- Chief Financial Officer
- Chief Investments Officer

Figures in thousands of Zambian Kwacha

26. **Related parties (continued)**

(vi) Key management compensation (continued)

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

	2023	2022
Salaries and short-term emoluments	18,802	21,093

(vii) Directors' remuneration

	2023	2022
Non-executive Director fees	1,277	1,464
Executive Director salaries and short-term emoluments	4,696	2,129
	5,973	3,593

27. **Events occurring after the reporting period**

(a) **Strategic plan 2024 - 2035**

In its meeting in April 2024, Board of Directors of the Company approved the transformative strategic plan for the period 2024 - 2035.The Company'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 Company. Subsequently, the Strategic plan is being implemented by the Company.

(b) **Transaction Announcement Update Regarding Mopani Copper Mines Plc**

ZCCM Investments Holdings Plc

On 22 December 2023, ZCCM-IH entered into an agreement with IRH pursuant to which IRH, through its wholly owned subsidiary Delta Mining Limited ("Delta"), has committed up to US$1.1 billion for a 51% interest in MCM and the formation of a strategic partnership with ZCCM-IH. This investment comprises USD620 million in new equity capital, up to USD100 million in settlement of existing third-party letters of credit and up to USD380 million of shareholder loans into MCM as a SEP (the "Transaction"), subject to the fulfilment of conditions precedent. Consequently, upon the satisfaction of those Conditions Precedent, the relationship between Glencore International AG ("Glencore") and MCM will be restructured.

(c) **Contingent liabilities and commitments**

i) *Contingent liabilities*

There were no known contingent liabilities as at 31 December 2023 (2022: nil).

ii) *Commitments*

There were no known commitments as at 31 December 2023 (2022: nil).

(d) **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 statement.