

INTERIM REPORT  
**ZAMBIA COPPER INVESTMENTS LIMITED**

(Registered in Bermuda)  
("ZCI" or "the Company")

ISIN : BMG 988431240

**Consolidated Statement of Comprehensive Income**  
**for the six months ended 30 September 2009**  
*expressed in thousands of US Dollars*

		Unaudited Six months ended 30 September 2009	Reviewed Six months ended 30 September 2008	Audited Twelve months ended 31 March 2009
	Note			
General and administrative expenses		(2,212)	(1,028)	(2,177)
<b>Total operating expenses</b>		<u>(2,212)</u>	<u>(1,028)</u>	<u>(2,177)</u>
Finance income	4	2,282	2,652	3,652
Finance expense		-	(887)	(887)
<b>Profit before taxation</b>		<u>70</u>	<u>737</u>	<u>588</u>
Taxation	8	<u>(16)</u>	<u>(39)</u>	<u>(72)</u>
Profit from operations attributable to equity shareholders		54	698	516
<b>Other comprehensive income</b>				
Transfer of revaluation reserve on available for sale investment		-	(702)	(702)
Reversal of hedging reserve		-	12,113	12,113
<b>Comprehensive income attributable to equity shareholders</b>		<u><u>54</u></u>	<u><u>12,109</u></u>	<u><u>11,927</u></u>
<b>Basic and diluted earnings per ordinary share in US Cents</b>	5	<u><u>0.10</u></u>	<u><u>0.55</u></u>	<u><u>0.56</u></u>

**Consolidated Statement of Financial Position**  
**as at 30 September 2009**  
*expressed in thousands of US Dollars*

		Unaudited 30 September 2009	Reviewed 30 September 2008	Audited 31 March 2009
	Note			
<b>Assets</b>				
<b>Non-current assets</b>				
Other investments	6	11,352	-	-
<b>Current assets</b>				
Available for sale investment		-	10,733	-
Trade and other receivables	7	35,767	5,726	76
Cash and cash equivalents		56,135	219,234	102,939
		<u>91,902</u>	<u>235,693</u>	<u>103,015</u>
<b>Total assets</b>		<u><u>103,254</u></u>	<u><u>235,693</u></u>	<u><u>103,015</u></u>
<b>Capital and reserves</b>				
Capital		102,688	334,547	102,688
Retained earnings / (accumulated loss)		54	(100,172)	-
<b>Total equity</b>		<u>102,742</u>	<u>234,375</u>	<u>102,688</u>
<b>Current liabilities</b>				
Accounts payable and accrued liabilities		512	1,318	327
<b>Total equity and liabilities</b>		<u><u>103,254</u></u>	<u><u>235,693</u></u>	<u><u>103,015</u></u>
Number of ordinary shares in issue		55,677,643	126,197,362	55,677,643
Net asset value (per ordinary share) in USD cents		184.53	185.72	185.26



**Consolidated Statement of Cash Flows**  
**for the six months ended 30 September 2009**  
*expressed in thousands of US Dollars*

	Unaudited Six months ended 30 September 2009	Reviewed Six months ended 30 September 2008	Audited Twelve months ended 31 March 2009
<b>Cash flow from operating activities</b>			
Cash paid to suppliers and employees	(2,027)	(2,686)	(4,769)
Cash utilised by operating activities	(2,027)	(2,686)	(4,769)
Interest received	1,273	2,224	3,614
Income tax paid	-	(38)	(88)
Net cash utilised by operating activities	(754)	(500)	(1,243)
<b>Cash flow from investing activities</b>			
Loans and other receivables issued to ACU	(36,444)	-	-
Repayments received from ACU	1,746	-	-
Acquisition of shares in ACU	(11,352)	-	-
Proceeds from disposal of available for sale investment	-	-	10,733
Proceeds from disposal of assets classified as held for sale	-	213,150	213,150
Proceeds from partial disposal of investment in subsidiary	-	-	5,220
Cash (utilised) / generated by investing activities	(46,050)	213,150	229,103
<b>Cash flow from financing activities</b>			
Repurchase of own shares	-	-	(131,505)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(46,804)	212,650	96,355
Opening cash and cash equivalents	102,939	6,584	6,584
<b>Closing cash and cash equivalents</b>	56,135	219,234	102,939

**Notes to the interim financial statements  
for the six months ended 30 September 2009  
expressed in thousands of US Dollars**

**1. Reporting entity**

Zambia Copper Investments Limited (“ZCI”, the “Company”) is a company incorporated as an investment holding company in Bermuda with its primary listing on the JSE Limited. It has a secondary listing on the Paris Bourse, both of which are suspended pending resolution of the company’s continued listing status on the JSE.

The Company is exempt from Bermuda taxation.

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 September 2009 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of ZCI and its subsidiaries as at and for the year ended 31 March 2009 are available upon request from the Company’s registered office at Clarendon House, 2 Church Street, Hamilton, Bermuda or at ZCI’s website at [www.zci.lu](http://www.zci.lu).

**2. Basis of preparation and accounting policies**

These condensed consolidated interim financial statements have been prepared in accordance with the disclosure requirements of IAS 34 *Interim Financial Reporting* and the measurement and recognition principals of International Financial Reporting Standards (“IFRS”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements and notes for the year ended 31 March 2009.

The financial information contained in this interim report has not been reviewed, nor audited, by the Company’s auditors. The interim report was approved by the Board of Directors on 29 December 2009.

The interim report has been prepared on the basis of the accounting policies set out in the most recently published annual report of the Group for the year ended 31 March 2009, except for the adoption of the following standards which are mandatory for accounting periods beginning on or after 1 January 2009:

- IAS 1 Revised Presentation of Financial Statements
- IFRS 2 Share-based Payment – Vesting Conditions and Cancellations
- IFRS 8 Operating Segments
- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements

**3. Segment information**

As of 1 April 2009, the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, who is the Group’s chief operating decision maker. The adoption of IFRS 8 had no impact on the disclosure or presentation as the Group is still organized into one segment, being its principal activity of investment holding company.

**4. Finance income**

	Six months ended 30 September 2009	Six months ended 30 September 2008	Twelve months ended 31 March 2009
Interest income on cash and cash equivalents	193	2,652	3,652
Interest income accrued on ACU bridge loan	1,047	-	-
Other finance income	1,042	-	-
	<u>2,282</u>	<u>2,652</u>	<u>3,652</u>

## 5. Earnings per share

	Six months ended 30 September 2009	Six months ended 30 September 2008	Twelve months ended 31 March 2009
Headline earnings / (loss) (in USD thousands)	54	698	(186)
Exceptional items:			
Reversal of provision on available for sale investment	-	-	702
Earnings attributable to shareholders	<u>54</u>	<u>698</u>	<u>516</u>
Weighted average number of ordinary shares in issue (thousands)	55,677,643	126,197,362	92,869,550
Headline earnings / (loss) per share (in US cents)	0.10	0.55	(0.20)
Exceptional items:			
Reversal of provision on available for sale investment	-	-	0.76
Basic and diluted earning per share (in US cents)	<u>0.10</u>	<u>0.55</u>	<u>0.56</u>

## 6. Other investments

On 21 May 2009, ZCI and ACU entered into and completed the Subscription Agreement under which ZCI subscribed to 676,570,543 new ACU ordinary shares at an issue price of GBP 0.01 per share for gross proceeds to ACU of approximately USD 10 million. The Subscription Agreement will be voted upon for ratification at the ZCI Shareholders General Meeting on 11 January 2010. At the time of the offer, ZCI confirmed that it had received a comfort letter from Copperbelt Development Foundation (CDF), which holds 72% of the issued share capital of ZCI, that confirmed CDF's intention to vote all of its shares in favor of all resolutions required to approve the initial offer.

## 7. Trade and other receivables

	Six months ended 30 September 2009	Six months ended 30 September 2008	Twelve months ended 31 March 2009
Interest bearing loans receivable from ACU	21,280	-	-
Interest accrued on loans receivable	1,046	-	-
Other receivables due from ACU	13,430	-	-
Receivable due from Vedanta Plc	-	5,220	-
Sundry receivables and prepayments	11	506	76
	<u>35,767</u>	<u>5,726</u>	<u>76</u>

On 9 May 2009, the Group announced it had entered into agreements pursuant to which ZCI agreed to provide African Copper Plc (ACU) with a financing package, which was subsequently amended by further agreements with effective dates of 12 May 2009, 18 May 2009, 21 May 2009 and 19 June 2009.

The financing package comprises:

- the Initial Bridge Loan facility of US\$7 million. The initial Bridge Loan was made available to Messina (subsidiary of ACU) on 13 May 2009.

- the Second Bridge Loan facility of US\$25.4 million. The Second Bridge Loan was made available to Messina on 18 May 2009.
- the Share Subscription of approximately USD 10 million proceeds to ACU. The Share Subscription was completed on 22 May 2009.
- the Convertible Loan Facility comprising a convertible Tranche A of US\$8,379,100 with a coupon of 12% per annum and Tranche B that is not convertible of US\$22,750,000 with a coupon of 14% per annum. The Convertible Loan Facility was signed on 18 June 2009. Tranche A of the Convertible Loan Facility is convertible into ordinary shares of ACU at a conversion price of 1p per share.

The Convertible Loan Facility can only be used to refinance the Initial Bridge loan and the Second Bridge Loan.

The advance of funds under the Convertible Loan Facility is subject to the satisfaction of certain conditions, including that ZCI's shareholders have approved the Convertible Loan Facility and security over Messina's assets, including the Mowana Mine, has become effective. The security over Messina's assets has become effective and the Convertible Loan Facility has been guaranteed by ACU and all ACU Group companies. The ZCI shareholders will address approval of the Convertible Loan Facility at the ZCI shareholder's meeting on 11 January 2010.

In addition to the financing package, ZCI entered into the following acquisitions of ACU trade payables:

On 11 May 2009, ZCI, ACU, and ACU's mining contractor Moolman entered into an agreement by which the outstanding debt owed by Messina to Moolman (the Moolman Debt) of Pula 60 million plus VAT (approx USD 8 million) was assigned to ZCI at a price equal to 50% of the face value of the Moolman debt.

On 12 May 2009, ZCI and ACU's engineering procurement contractor Senet entered into an agreement whereby Senet assigned to ZCI its ZAR 17,002,545 (approximately USD 2 million) outstanding debt owed by Messina (the Senet debt) for a price equal to the 50% of the face value of the Senet Debt. ACU repaid the full amount of the Senet debt to ZCI during the period ended 30 September 2009.

On 21 May 2009, ZCI completed a compromise agreement with ACU's trade creditor Read Swatman and Voigt (pty) Limited (RSV) by which ZCI paid to RSV an amount of ZAR 3,777,836 (approximately USD 0.4 million), computed as 50% of the ZAR 4,537,525 which the ACU Group owed directly to RSV and 100% of the ZAR 1,509,374 which the ACU Group owed to RSV subcontractors. Pursuant to the agreement, the full amount of the RSV debt, ZAR 6,046,899 (approximately USD 0.7 million), was assigned to ZCI.

Until such time as the financing package and the debt acquisitions are approved by the ZCI Shareholders, all amounts owed by the ACU Group are currently due and payable.

## **8. Income tax**

Taxation expense is a cost of the former subsidiary, ZCI Holdings S.A., a company incorporated in Luxembourg. This subsidiary was formed as a holding company with "millionnaire" status under the Luxembourg Law of 1929. It was exempt from income tax on profits, but was subject to a minimum annual taxation, assessed at a fixed rate based on the issued capital, equivalent to EUR 48,000. This subsidiary was dissolved in June 2009, resulting in no gain or loss for the Group.

## **9. Subsequent events**

The Company issued a Circular to Shareholders dated 17 December 2009 to call a meeting of the Company's shareholders on 11 January 2010. The meeting is being held to, among other things, approve and ratify the Share Subscription by ZCI for 676,570,543 new ordinary shares in the capital of ACU which completed on 21 May 2009, the USD 31,129,100 Term Loan Facility granted by the Company to ACU's wholly-owned subsidiary Messina Copper (Botswana) (Proprietary) Limited pursuant to the agreement dated 18 June 2009, and ZCI's purchase of certain outstanding trade payables owed by ACU.

## CHAIRMAN'S STATEMENT

I am pleased to present the Company's condensed consolidated interim financial statements for the six months ended 30 September 2009. The results are a reflection of the challenges that faced the Company on entering an extremely important phase in its history.

On 21 May 2009, as a direct result of the implementation of the Company's business plan, ZCI subscribed for and obtained 676,570,543 ordinary shares of African Copper Plc, a company incorporated according to the laws of England and Wales, which holds exclusive rights for the exploration and development of ore-rich copper deposits in Botswana.

ZCI will seek shareholder approval for this transaction on 11 January 2010 and once obtained, the company's classification as a cash shell will effectively cease, entitling it to be re-listed on the non ferrous metal section of the main board of the Johannesburg Stock Exchange in mid-January 2010.

The essential features of the transactions are fully described in the Circular to Shareholders and are supported by a Competent Person's Report as required by the JSE Listing requirements. The circular, which includes an executive summary of the CPR, is available on the company's website [www.zci.lu](http://www.zci.lu) and forms the basis for a positive outlook for the Company's future economic performance.

From a financial perspective, the company recorded a result of USD 54,000 profit for the six month period ended 30 September 2009. This is a direct consequence of the finance income earned being offset by normal operating expenses and the expenses incurred in preparing the Circular to Shareholders and the other ancillary professional reports.

I also take this opportunity of formally welcoming Kathryn Bergkoetter to the Board of Directors of the Company as Financial Director. Ms Bergkoetter's appointment was made in compliance with the Johannesburg Stock Exchange Rules and we are sure that her experience and expertise will be an advantage to the Company as it faces the challenges of the new year, not least of which will include bringing ZCI's new acquisition to a positive cash-flow position.

It is thus on a note of optimism and determination that ZCI looks to the year ahead, in the belief that it is both strategically and financially placed to aggressively re-list its shares on the Johannesburg and Paris Euronext Exchanges.

Tom Kamwendo  
Chairman  
Bermuda  
29 December 2009