Zambia Copper Investments Limited

Annual Report 2008

Chairman's report

I am pleased to present the Company's audited consolidated financial results for the year ended 31 March 2008. These results are largely comparable to the reviewed interim results for the six months ending 30 September 2007, being the first time that the Company reflected it's investment in KCM as a held-for-sale investment in terms of IFRS 5. The Company's consolidated net profit figure for the year was USD 28.0 million (2007: USD 85.4 million) and a profit per share figure in US cents of 22.17 (2007: US cents 67.67). These figures are in line with expectations, given that since its September 2007 interim reporting period, the Company has not included any income attributable to Konkola Copper Mines ("KCM"), other than the cash dividends received.

When reviewing these results, it is important to note that the carrying value of ZCI's investment in KCM is based on the value reflected in the September 2007 interim accounts. The difference between the valuation price of USD 213.15 million, as determined by N M Rothschild & Sons Limited, and the carrying value of USD 205.398 million, together with the KCM hedging reserve of USD 12.133 million, is a negative derivative financial liability of USD 4.361 million. Although the valuation price was known in mid-January 2008, the call option transaction was only completed on 9 April 2008, being after the close of the Company's financial year end.

On 6 March 2008, Shareholders will have seen the announcement of the unaudited, pro-forma, projected NAV of the Company post completion of the transaction of US cents 185.95 per share. This figure was calculated based on figures available to the company at 29 February 2008. The Company's updated and <u>unaudited</u> NAV post completion of the transaction, applying and using figures available to the Board as at 31 May 2008, is US cents 186.59 per share. This figure takes into account the actual and accrued expenses relating to the arbitration, together with growth on the invested funds to the end of May 2008.

The end of the 2008 financial year also effectively marks the end of an extremely trying and stressful five and a half year period for the Company, its shareholders and the Board, as the completion of the call option transaction on 9 April 2008, finally concluded the contractual process imposed on the Company and its Board by Anglo American Plc when it exited from its investment in KCM towards the end of 2002.

The Directors of ZCI are in the process of evaluating various options for the future of the Company. These options will be presented to shareholders at a Special General Meeting to be held on the same date as the Company's Annual General Meeting. At the meeting, shareholders will be requested to vote on the future direction of ZCI and whether the Company should continue in business or whether the assets should be distributed to shareholders and the Company wound up. Shareholder approval authorising the Company to repurchase its shares if necessary, will also be sought from the Annual General Meeting.

Detailed proposals and the recommendations of the directors will be disseminated to shareholders by way of a circular containing the notice of Special General Meeting, which will be posted in advance of the combined Annual/Special General Meeting.

Thomas Kamwendo
Chairman,
Bermuda

Report of the directors

Nature of business

ZCI is Bermudian registered with its primary listing on the JSE Limited (the "JSE"). It has a secondary listing on the Paris Bourse. The Company's major asset is its holding of 28.4% of the share capital of KCM, a Zambian registered mining company.

Going concern

The directors are of the view that sufficient funding, ownership and management arrangements have been secured to enable the Company to continue in operation as going concerns for the foreseeable future. Therefore, the Directors consider that the preparation of the financial statements on a going concern basis is appropriate. However, as discussed in the Chairman's Statement, a decision regarding the future of the Company will be put to the shareholders at the Special General Meeting.

Dividends

No dividends were paid or proposed by ZCI in respect of the year ended 31 March 2008.

Directors and officers

During the year there were no changes to the composition of the Board.

Directorate
The directors of the Company as at 31 March 2008 were:

Non-Executive
T. Kamwendo (Chairman)
D. Rodier
S. Georgala
M. Clerc

Directors meetings and remuneration

Between 1 April 2007 and 31 March 2008, the ZCI Board met on nine occasions, in addition to the Annual General Meeting, to consider issues of an operational nature, strategy, as well as those having a material effect on ZCI and the Group.

The total remuneration paid to Directors during the year was USD 256,224 (2007: USD 182,106), which was allocated as follows:

T. Kamwendo	USD 108,804
D. Rodier	USD 65,813
S. Georgala	USD 44,546
M. Clerc	USD 37,061

All of the current directors retire at the forthcoming annual general meeting in accordance with Bermudian Law and, being eligible, offer themselves for re-election. Subject to such re-election the Board proposes to re-elect T. Kamwendo as Chairman. A brief profile of the Directors is included hereunder:

Thomas Kamwendo

Thomas Kamwendo was born on 14 May 1958 in Mpika Zambia. He has a Bachelor of Science degree in Mechanical Engineering obtained from Brighton Polytechnic in the United Kingdom in 1983.

He has more than 20 years experience in the Zambian mining industry having started his professional career as an engineer in what is today KCM's Nchanga Division. He has been CEO of three engineering companies and is currently managing Partner of his own multidisciplinary consulting firm. He has served on the boards of directors of several companies and is also current chairman of two development financing institutions, and is chairman of the Copperbelt Development Foundation.

He served on a Presidential Commission of Enquiry into university education in Zambia. He has previously chaired the Environmental Council of Zambia and was, until December 2005, President of the Engineering Institution of Zambia.

David Rodier

David Rodier was born in Montreal, Canada, on 26 June 1943. He obtained a Bachelor's degree in Metallurgical Engineering from McGill University, Montreal, in 1966.

He gained his extensive working experience in the non-ferrous industry, starting with Cominco in British Columbia, (now Teck-Cominco) and later for Noranda Inc., where he was employed for 35 years and where he was involved with zinc and copper recycling. His experience includes a wide group of technical and managerial positions in zinc and copper businesses. His most recent positions were: Senior Vice President, Environment Safety and Health at Noranda between 1998 and 2002; Senior Vice President, Copper & Recycling at Noranda between 1995 and 1997; and President of Canadian Electrolytic Zinc between 1992 and 1995.

Mr. Rodier was Noranda's delegate to the World Business Council for Sustainable Development, the International Council for Mining and Metals, the International Zinc Association, the International Copper Association, the Mining Association of Canada and the Canadian Chemical Producers Association. He currently works as Senior Consultant, Sustainability for Hatch Associates, a global engineering company located in Ontario, Canada, which is devoted to the support of the Mining and Metallurgical industries.

Steven Georgala

Steven Georgala was born in Nelspruit, South Africa on 26 April 1957. He obtained a Bachelor of Commerce degree from the University of Stellenbosch in 1979 and a LL.B. degree from the same University in 1981. He completed his Articles with Webber Wentzel Bowens and was admitted as an Attorney and Notary in June 1984. In 1984 he obtained a Higher Diploma in Company Law from the University of the Witwatersrand. In December 1984, he was posted to the Luxembourg office of Webber Wentzel Bowens where he became a partner of the firm in 1987. The European offices of Webber Wentzel Bowens became Maitland & Co in 1993 and Mr. Georgala, now resident in Paris, France continues as a principal of the Maitland firm where he specialises in international tax planning.

Michel Clerc

Michel Clerc was born in Vernon, France on 27 June 1921. He obtained degrees in Law and Political Science in France and in English literature at Cambridge. Mr. Clerc is a journalist by profession, specializing in financial issues and has had several books published. He is also the former editor of Paris-Match magazine and was manager of Radio Luxembourg. Mr. Clerc was a founder of AMZCI in 1999, an association of ZCI shareholders in France and is currently the president of this association.

Directors' interests

At 31 March 2008 the directors held no shares in ZCI, either beneficially or non-beneficially, and did not have any direct or indirect beneficial interests. There are no service contracts granted by ZCI, nor any of its subsidiaries, to any director of ZCI for services as directors, nor were there any contracts or arrangements existing during the financial year which require to be declared in terms of the requirements of the JSE.

Shareholders at 31 March 2008

Pursuant to the listing requirements of the JSE, to the best knowledge of the directors, and after reasonable enquiry, the spread of shareholders at 31 March 2008 was:

	Number of shares	Percentage holding
Non-public shareholders		
Copperbelt Development Foundation	55,932,533	44.3%
Public shareholders	70,264,829	55.7%
Total	126,197,362	100.0%

At 31 March 2008, the number of public shareholders of the Company was 11,208.

According to the information available to the directors, the following are the only registered shareholders holding, directly or indirectly, more than 5% of ZCI's issued ordinary shares:

	Number of shares	Percentage holding
Copperbelt Development Foundation	55,932,533	44.3%
Euroclear (Formerly Sicovam S.A.)	41,668,475	33.0%
Strate Ltd	21,527,407	17.1%

Auditors

KPMG was re-appointed as auditor of ZCI at the annual general meeting held on 12 September 2007. They have indicated their willingness to continue in office and, accordingly, a resolution for their appointment and the determination of their remuneration will be submitted to the forthcoming annual general meeting.

Annual General Meeting

The annual general meeting will be held at 11h00 on Wednesday 24 September 2008. The notice convening the meeting is set out on page 30/34 of this report.

By Order of the Board

John Kleynhans
Company Secretary
Luxembourg
30 July 2008

Code of corporate practices and conduct

ZCI is committed to the principles of openness, integrity and accountability as advocated in the South African King II Report on Corporate Governance. The directors endorse the Code of Corporate Practices and Conduct (the "Code"), as set out in the King II Report. KCM, both while it remained an operating subsidiary of ZCI as well as thereafter, is also committed to upholding these principles.

Application

Having regard to the fact that the Company has no employees or administrative infrastructure of its own, many of the requirements of the Code are not applicable to it. Given that the Company was, to the end of the financial year ending 31 March 2008, a minority shareholder of KCM, the Directors of ZCI are of the view that Vedanta, as KCM's controlling shareholder, will ensure that suitable procedures will be implemented and maintained to ensure that KCM complies insofar as is practical and appropriate, with the UK Combined Code on Corporate Governance, which is largely equivalent to the Code in respect of companies listed on the London Stock Exchange.

Following the sale of ZCI's remaining shareholding in KCM to Vedanta, it is confirmed that the Board members will, insofar as is necessary and appropriate, constitute and decide upon matters dealt with by the Audit Committee, Remuneration Committee, Executive Committee and Internal Control Committee.

Annual financial statements

The directors are responsible for the preparation, integrity and fair presentation of the financial statements and it is the responsibility of the independent auditors to report thereon. In preparing the annual financial statements the Company has used appropriate accounting policies consistently, supported by reasonable and prudent judgement and estimates and has complied with all statutory requirements and all applicable accounting standards, including International Financial Reporting Standards.

Board of directors

As at 31 March 2008, the Company's board of directors consisted of four non-executive directors. The board retains full and effective control over the Company. To fulfil their responsibilities, the Company's board of directors has access to accurate, relevant and timely information and to the advice and services of the company secretary who is responsible to the board for ensuring the board procedures are followed. In addition, the directors are entitled to obtain independent professional advice at the Company's expense, should they deem this necessary.

The KCM board of directors met on various occasions during the year to consider issues of operational strategy, capital expenditure, major projects and other matters having a material effect on KCM. Regular presentations on key issues have been made by the Group Management to the Board and, where applicable, to the Shareholders. The Board of KCM comprises one executive director and up to nine non-executive directors, of which two are appointed by ZCI. Post the completion of the sale of ZCI's remaining 28.4% shareholding in KCM, the ZCI directors resigned from the Board of KCM. The chairman of the KCM board is a non-executive director and the executive director is KCM's chief executive officer. The KCM board reserves to itself a range of key issues and decisions, to ensure that it retains proper direction and control of KCM. Non-executive directors are individuals of high calibre with diverse backgrounds and expertise, which ensures that their views carry significant weight in deliberations and decisions.

KCM Directors and officers

During the year the following changes to the composition of the KCM Board occurred:

Mr. M. Lumamba was appointed to the Board as GRZ Director in place of Mr. L. Nkhata on 26th November 2007.

Directorate

The Directors who held the office in the Company during the year and as at 31 March 2008 were:

N. Agarwal	Chairman
K. K. Kaura	Vice Chairman and CEO
D. Bandyopadhyay	
C. P. Baid	
J. M. Chikolwa	
T. D. Kamwendo	Resigned on 9 April 2008
C. V. Krishnan	
S. Georgala	Resigned on 9 April 2008
L. Nkhata	
M. Lumamba	Appointed 26 November 2007
J. M. D. Patterson	

SHEQ Committee

The KCM Safety, Health, Environment and Quality ("SHEQ") Committee is responsible for developing framework policies and guidelines for safety, health, environment, social management and quality assurance and ensuring the progressive implementation of the same throughout KCM in working towards internationally accepted standards and best practices. The Committee is also responsible for addressing SHEQ risks and impacts in a systematic, comprehensive and businesslike manner and for promoting good relationships with the communities in which KCM operates.

KCM has a safety and Health Management System called RAMPK. The RAMPK programme conforms to all the requirements of OHSAS 18001:1999 Specification. It also incorporates the requirements of the Company's SHE+A63Q Policy and its objectives. KCM developed and defined roles and responsibilities authority and time scale for achieving the RAMPK objectives at relevant functions and levels within the Company. Legal and other requirements have been identified and are mentioned for compliance through a legal register. The Company has developed and established suitable training programmes for employees and contractors in risk assessments and control of hazards in work places. The Company has embarked on a safety behavioural change programme to change the mind set of employees and contractors towards safety issues and standards.

Audit Committee

The KCM Audit Committee comprising solely of Non-Executive Directors and Alternate Directors is responsible, inter alia, for the review of the procedures and policies of internal control, the review of the measures taken by Management in mitigating risk, the regular review of the adjudication of tenders and award of contracts in ensuring that they comply with the intent of the Shareholders Agreement, the review of any statement on ethical standards for KCM, the review of the accounting principles, policies and practices adopted in the preparation of the statutory financial statements and the consideration of the appointment of external Auditors.

Remuneration Committee

The KCM Remuneration Committee of the Board is responsible, inter alia, for considering, reviewing and making recommendations to the Board on remuneration packages and related matters of Executive Management Team members and periodically for reviewing ongoing appropriateness and relevance of remuneration policy for all employees of KCM.

Executive Committee

The KCM Executive Management Team is empowered and responsible for implementing the strategies and policies determined by the Board, managing the business and affairs of the KCM Group, prioritising the allocation of capital, technical and human resources and establishing best management practices.

Internal control

The Internal Audit Department of KCM is empowered by the Audit Committee, as per a Board approved Internal Audit Charter, to report on and make Management aware of the effectiveness of the internal control systems applicable to both operations and finance. The control systems are designed to safeguard KCM's assets, maintain proper accounting records, ensure mitigation of operating risks and ensure the reliability of management and financial information produced by KCM.

The Headline Risk Areas of KCM are reviewed on a bi-annual basis under the Combined Code and appropriate action plans are implemented to mitigate identified high impact and high likelihood risks.

Code of conduct

The Company and KCM require that all directors and employees conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour. In accordance with this objective, KCM has adopted a code of ethics to provide a clear guide as to the behaviour expected of directors and employees.

Significant Events at KCM

The power outage experienced nationwide on 19 January 2008 adversely affected the operations. Production at Konkola No 1 Shaft was subsequently stopped for a month due to flooding. Operations at the Tailing Leach Plant, Nkana Smelter and Nchanga Underground mine were also impacted.

Consolidated Income Statement

for the year ended 31 March 2008
expressed in thousands of US Dollars

	Notes	Year ended 31 March 2008	Year ended 31 March 2007
Finance income	6	465	730
General and administration expenses		(5,956)	(849)
Income from associated company	15	36,268	85,577
Net cost arising from assets classified as held for sale	16	(2,732)	-
Profit before taxation		28,045	85,458
Taxation	7	(67)	(60)
Profit for the year		27,978	85,398
Headline earnings per ordinary share in US cents	5	25.62	67.67
Net profit per ordinary share in US cents	5	22.17	67.67

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Balance Sheet
as at 31 March 2008
expressed in thousands of US Dollars

	Notes	31 March 2008	31 March 2007
Non-current assets			
Long term accounts receivable	8	-	4,890
Investment in associated company	15	-	170,313
		-	175,203
Current assets			
Available for sale investment	9	12,322	10,593
Assets classified as held for sale	10	205,398	-
Accounts receivable	11	5,258	5,250
Cash and cash equivalents	12	6,584	2,856
		229,562	18,699
Current liabilities			
Accounts payable and accrued liabilities	13	(7,296)	(188)
Net current assets		222,266	18,511
Total assets less current liabilities		222,266	193,714
Net assets		222,266	193,714
Capital and reserves			
Capital	14	334,547	334,547
Revaluation reserve	9	702	573
Deficit on hedging reserve	15	-	(12,558)
Amounts recognised directly in equity relating to assets classified as held for sale	15	(12,113)	-
Accumulated deficit		(100,870)	(128,848)
Shareholders' equity		222,266	193,714

Approved by the board of directors, dated 30 July 2008: T. Kamwendo, director, S. Georgala, director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2008
expressed in thousands of US Dollars

	Share capital	Contributed surplus	Revaluation reserve	Hedging reserve	Assets classified as held for sale	Accumulated deficit	Total equity
Balance at 31 March 2006	**30,299**	**304,248**	**42**	**(14,420)**	**-**	**(214,246)**	**105,923**
Revaluation on available for sale investment (note 9)	-	-	531	-	-	-	531
Hedging reserve of associated company (note 15)	-	-	-	1,862	-	-	1,862
Profit for the year	-	-	-	-	-	85,398	85,398
Balance at 31 March 2007	**30,299**	**304,248**	**573**	**(12,558)**	**-**	**(128,848)**	**193,714**
Revaluation on available for sale investment (note 9)	-	-	129	-	-	-	129
Hedging reserve of associated company (note 15)	-	-	-	445	-	-	445
Transfer from hedging reserve	-	-	-	12,113	(12,113)	-	-
Profit for the year	-	-	-	-	-	27,978	27,978
Balance at 31 March 2008	**30,299**	**304,248**	**702**	**-**	**(12,113)**	**(100,870)**	**222,266**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2008
expressed in thousands of US Dollars

	Notes	Year ended 31 March 2008	Year ended 31 March 2007
Cash flow from operating activities			
Cash paid to suppliers and employees		(3,198)	(876)
Cash absorbed by operations		(3,198)	(876)
Interest received		135	114
Income tax paid		(86)	(76)
Net cash absorbed by operating activities		(3,149)	(838)
Cash flow from investing activities			
Purchase of available for sale investments		(1,600)	(7,220)
Dividends received from associated company		1,628	1,628
Dividends received from assets classified as held for sale		1,629	-
Proceeds from partial disposal of investment in subsidiary		5,220	5,220
Cash generated / (absorbed) by investing activities		6,877	(372)
Net increase / (decrease) in cash		3,728	(1,210)
Net cash at the beginning of the year		2,856	4,066
Net cash at the end of the year	12	6,584	2,856

The accompanying notes form an integral part of these consolidated financial statements.

1 Incorporation

General

Zambia Copper Investments Limited ("ZCI" or the "Company') is incorporated as an investments holding company in Bermuda. The Company is exempt from Bermuda taxation.

The Company's principal activity is the holding of a 28.4% (2007: 28.4%) interest in Konkola Copper Mines plc ('KCM'), a company incorporated in the Republic of Zambia. The Group had no direct employees during the year (2007: none).

Statement of Compliance

The consolidated financial statements of ZCI have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

2 Basis of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial results of KCM according to the equity accounting method for associated companies up to 30 September 2007, at which time the investment in KCM was reclassified as held for sale in accordance with IFRS 5.

The consolidated financial statements were authorised for issue by the directors on 30 July 2008.

3 Significant accounting policies

Basis of accounting

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2007.

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations were in issue but not yet effective:

Amended IFRS 1 and IAS 27 *First-time Adoption of International Financial Reporting Standards* and *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amended IFRS 2 *Share based Payment – Vesting Conditions and Cancellations*

Revised IFRS 3 *Business Combinations*
IFRS 8 *Operating Segments*
Revised IAS 1 *Presentation of Financial Statements*
Revised IAS 23 *Borrowing Costs*
Amended IAS 27 *Consolidated and Separate Financial Statements*
Amended IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC 13 *Customer Loyalty Programmes*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

These consolidated financial statements are presented in United States Dollars since that is the currency in which the majority of the Group's business is denominated.

The consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments and derivative financial instruments which are recorded at fair value. The principal accounting policies adopted are set out below.

Principles of consolidation
The consolidated financial statements include the financial statements of ZCI and all companies more than 50% owned by ZCI.

The interest of minority shareholders is stated at the minority's proportion of the assets and liabilities recognised. All significant intercompany transactions and balances between group companies are eliminated on consolidation.

Associated companies
The results of associated companies are recorded on an equity accounting basis. Under the equity method, associated companies are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated company, less any impairment to the value of the individual associated company. Losses of an associated company in excess of the Group's interest in that associated company are not recognised.

Where a Group entity transacts with an associated company, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company.

Available for sale investments

Available for sale investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs. Available for sale investments are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in the fair value are recognised directly in equity until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognised in equity is included in the net profit and loss for the period.

Assets classified as held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimate irrecoverable amounts.

Long term accounts receivable

Long-term receivables are recognised initially at their fair value. Subsequent to initial recognition, long-term receivables are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the receivable on an effective interest basis.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Accounts payable

Accounts payable are stated at their nominal value.

Derivative financial instruments

Derivative financial instruments are initially recorded at fair value, except for those contracts linked to unquoted equity instruments whose fair value cannot be measured reliably, on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. Changes in the fair value of derivatives are recognised immediately in the income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship. Derivatives not designated into an effective hedge relationship are classified as a current asset or current liability.

expressed in thousands of US Dollars

Taxation

Income tax expense represents the tax currently payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Translation of foreign currencies

Transactions denominated in currencies other than United States Dollars are accounted for at the rate of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than United States Dollars are accounted for at the rates of exchange ruling at the balance sheet date, or at the forward rate determined in forward exchange contracts. Gains and losses arising on translation are included in the profit and loss account for the period.

4 Principal activity and segmental information

The Company's principal activity is the holding of an equity interest in KCM. The Company has only one reportable segment, it's principal activity.

5 Profit per share

	2008	2007
Headline earnings (USD '000)	32,339	85,398
Less exceptional expenses :		
Negative fair value of derivative (see Note 16)	(4,361)	-
Net profit attributable to shareholders (USD '000)	27,978	85,398
Weighted average number of shares in issue (thousands)	126,197	126,197
Headline earnings per share (US cents per share)	25.62	67.67

expressed in thousands of US Dollars

Basic net profit per share (US cents per share)	22.17	67.67

Basic profit per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of shares in issue during the year.

6 Finance income

	2008	2007
Interest income on short term bank deposits	135	97
Unwinding of discount on deferred purchase consideration	330	633
	465	730

7 Taxation

	2008	2007
Current income tax	67	60
Payable in respect of the year	67	60
Paid during the year	(86)	(76)
Included in accounts receivable and prepaid expenses	(19)	(16)

8 Long term accounts receivable

	2008	2007
Receivable from Vedanta (after discounting to net present value)	-	4,890

Resulting from the Vedanta transaction (see note 17), the Company will receive consideration of USD 23,200,000 for waiver of their pre-emptive subscription rights to KCM shares. This amount is receivable over a period from 4 November 2004 to 31 December 2008. The deferred consideration is recorded at its discounted net present value.

expressed in thousands of US Dollars

9 Available for sale investment

	2008	2007
Balance at the beginning of the year	10,593	2,842
Additions during the year	1,600	7,220
Movement in fair value for the year	129	531
Balance at the end of the year	12,322	10,593

The investment above represents investments in an equity mutual fund. The fair value for available for sale investments is based on dealer price quotations. The Group has not designated any financial assets that are classified as held for trading as financial assets at fair value through profit and loss.

10 Assets classified as held for sale

Based on the accounting requirements of IFRS 5, the investment in KCM meets the criteria to be classified as held for sale with effect from 30 September 2007. Before that date, the equity shareholding in KCM was classified as an associated company (see Note 15). The investment is measured at its carrying value as of 30 September 2007 and equity accounting was discontinued as from that date.

11 Accounts receivable

	2008	2007
Other debtors and prepayments	38	30
Receivable from Vedanta	5,220	5,220
	5,258	5,250

The Group has credit risk attributable to its trade receivables and other debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The Group has no significant risk attributable to the amount receivable from Vedanta, as they are a highly capitalised company with substantial assets and earnings worldwide. Vedanta is listed on the London Stock Exchange.

expressed in thousands of US Dollars

12 Cash and cash equivalents

	2008	2007
Call deposits and cash at bank	6,584	2,856

Cash and cash equivalents include cash in current accounts and cash deposits which mature within three months. The credit risk on cash and liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

All deposits have a floating interest rate and mature within three months.

13 Accounts payable and accrued liabilities

	2008	2007
Sundry payables and accrued expenses	2,935	188
Fair value of derivative liability	4,361	-
	7,296	188

Sundry payables principally comprise amounts outstanding in respect of ongoing costs and the arbitration costs relating to the Vedanta call option, as well as amounts accrued in respect of operating costs. The fair value of the derivative liability represents the fair value of the Vedanta call option (see Note 18).

14 Capital

	2008	2007
Share capital		
Authorised		
130,000,000 ordinary shares of BD$0.24 each (USD 0.24 each)	31,200	31,200
50,000 deferred shares of BD$0.24 each (USD 0.24 each)	12	12
	31,212	31,212

expressed in thousands of US Dollars

	2008	2007
Issued		
126,197,362 ordinary shares of BD$0.24 each (USD 0.24 each)	30,287	30,287
50,000 deferred shares of BD$0.24 each (USD 0.24 each)	12	12
	30,299	30,299
Contributed surplus	304,248	304,248
Total Capital	334,547	334,547

Ordinary shares
The ordinary shares have full voting rights and rights to dividends, and will be entitled on a winding up to a distribution equal to their par value and share premium created on their issue.

Deferred shares
The deferred shares do not have any voting rights or right to participate in the profits or assets of the Company, other than the right to receive on the winding up of the Company the amount paid up, up to the amount of 24 Bermudian cents only, after all ordinary shares have received a distribution equal to their par value and any share premium which remains distributable to them.

15 Subsidiaries and associated company

Details of the Company and it's subsidiaries at 31 March 2008 are as follows:

	Place of incorporation and operation	Proportion of ownership interest (%)	Principal activity
Name of parent company			
Zambia Copper Investments Limited	Bermuda	-	Holding company
Name of subsidiary			
ZCI Holdings S.A.	Luxembourg	100 %	Holding company
ZCI Holdings Limited	Liberia	100%	Holding company
Zambia Copper Investments (Luxembourg) Limited	Luxembourg	100%	Holding company

expressed in thousands of US Dollars

The Company holds a 28.4% equity stake in Konkola Copper Mines Plc (KCM), a company registered in the Republic of Zambia and operating in mining and ore processing. With effect from 30 September 2007, this investment met the criteria to be classified as held for sale in accordance with IFRS 5. From that date, it was no longer considered to be an associated company, and equity accounting was discontinued.

	2008	2007
Value at beginning of year	170,313	84,502
Share of associated company's profit	36,268	85,577
Dividends received	(1,628)	(1,628)
Share of equity movements	445	1,862
Reclassification	(205,398)	-
Value at end of year	--	170,313

At 31 March 2007, the Group accounted for its share of KCM's deficit on hedging reserves directly in equity. With effect from 30 September 2007, the USD (12,113,000) balance of KCM's hedging reserve was reclassified as an amount recognised directly in equity relating to assets classified as held for sale.

16 Net cost arising from assets classified as held for sale

The net cost arising from assets classified as held for sale is comprised of dividend income of USD 1,629,000, offset with the negative fair value of the derivative financial instrument of USD (4,361,000), which is computed as the difference between the exercise price of the Vedanta call option of USD 213,150,000 less the carrying cost of the assets classified as held for sale of USD 205,398,000 and amounts recognised directly in equity relating to assets classified as held for sale of USD 12,113,000.

17 Restructuring

With effect from 5 November 2004, the Company entered into an agreement with Vedanta Resources Plc (Vedanta), which resulted in dilution of the Company's interest in KCM.

The key terms of the Vedanta investment that the Parties agreed to were as follows:

- the subscription by Vedanta for sufficient new KCM ordinary shares for an amount of US$25 million such that Vedanta obtained a 51% interest in KCM. Accordingly, ZCI reduced its interest in KCM from 58% to 28.4% and ZCCM-IH reduced its interest in KCM from 42% to 20.6%;

- Vedanta subscribed for KCM shares, ZCI and ZCCM-IH waived their pre-emptive subscription rights. As consideration for this waiver, ZCI received a deferred consideration of US$23.2 million from Vedanta, payable over a period commencing on the completion date of the Vedanta investment and ending on 31 December 2008. The schedule of deferred payments is as follows:
- two million, three hundred and twenty thousand US dollars (US$2,320,000) on the Completion Date;
- five million, two hundred and twenty thousand US dollars (US$5,220,000) on 31 December 2005;
- five million, two hundred and twenty thousand US dollars (US$5,220,000) on 31 December 2006;
- five million, two hundred and twenty thousand US dollars (US$5,220,000) on 31 December 2007; and
- five million, two hundred and twenty thousand US dollars (US$5,220,000) on 31 December 2008;

In the event that the free cash flow (after sustaining and project capital expenditures) of KCM is negative at any time during a period of nine years after the completion date of the Vedanta investment, then Vedanta will guarantee and be responsible for providing or securing the necessary additional funding required by KCM to immediately fund to the extent of the negative cash flow up to but not exceeding a cumulative amount of US$220 million ("standby funding commitment"). Should this standby funding commitment be provided by Vedanta in the form of equity, it will be non-dilutive to existing shareholders.

Vedanta has contractually undertaken not to exit KCM prior to 1 January 2008. Thereafter if it wishes to exit, Vedanta is required to provide a twelve month notice period during which time it will provide management to KCM and it will pay an exit fee equivalent to the following years budgeted capital expenditure (as adjusted for any over or under spending of capital expenditure in prior financial periods), with its standby funding commitment terminating on the exit date.

Vedanta has agreed that KCM will set aside a portion of its future annual free cash flow to create a cash reserve so that the shareholders and GRZ have assurance that as cash is accumulated in the reserve, KCM has dedicated funds available to fund its environmental and terminal benefit obligations.

18 Contingencies

Vedanta call option deed

Vedanta has a call option over ZCI's shares in KCM, exercisable on either a positive development decision on the Konkola Ore Body Extension Project or the achievement by Konkola mine, a division of KCM, of 3 million tone per annum (tpa) of ore production for four consecutive quarters. The exercise price will be determined by an independent investment bank.

ZCI / ZCCM-IH call option deed

If the KCM board determines not to proceed with the further development of the Konkola ore body, then ZCI and ZCCM-IH will have a call option over Vedanta's shares in KCM, exercisable on or after 31 December 2009 at the prevailing fair market value of such shares. However, if Vedanta can demonstrate, at any time before the exercise date of the call option, that an additional five years production for the period from 2013 to 2017, at 175 000 tpa of produced finished copper utilising the existing KCM mining licences and adjacent areas is achievable, then in those circumstances the exercise date of the call option will be deferred for a period of five years, such that it may not be exercised prior to 31 December 2014.

During 2006, Vedanta gave notice that it was exercising its option under the Vedanta call option deed. In January 2008, an exercise price of USD 213,150,000 was established by N M Rothschild & Sons Limited acting as an independent investment bank under the terms of the arbitration process. The Group has recorded a liability in the balance sheet and expense in the income statement for the USD 4,361,000 negative fair value of this derivative financial instrument.

19 Related party transactions

The Company has no employees and in consequence utilises the administrative services of Maitland Luxembourg S.A., which is part of the Maitland Group. Steven Georgala is a director of the Maitland Group. The Maitland Group received from ZCI fees of USD 804,442 (2007: USD 593,165).

The directors of the Company received fees of USD 173,554 (2007: USD 144,549) for their services and USD 82,670 for additional expenses (2007: USD 31,146). The Company and KCM shared certain common directors; in 2008, T Kamwendo and S Georgala received fees and expenses of USD 13,500 from KCM (2007: USD 45,072). All directors fees payable to S Georgala are payable to the Maitland Group.

20 Subsequent events

Vedanta settled it's obligations under the terms of the Vedanta call option deed (see note 18) with an effective date of 9 April 2008. The Group's 28.4% equity investment in KCM was transferred to Vedanta on that date in exchange for the cash receipt of the exercise price of Vedanta's call option, USD 213,150,000.

21 Going concern

On 9 April 2008, the Company sold its sole material asset, the equity investment in KCM, thereby completing the contractually defined process that had been imposed on the Company and its Board by Anglo American Plc (Anglo) when Anglo exited from its investment in KCM towards the end of 2002. While the Company's ability to continue as a going concern remains unaffected by this sale, the future direction of the Company remains to be decided. The Directors will present proposals and recommendations for the future operations of the Company to the shareholders at the Annual General Meeting on 24 September 2008. The Company's continuation in operational existence as a going concern, or otherwise, will be determined by the shareholders at the Annual General Meeting.

22 Holding company

There is no ultimate holding company.

Report of the auditor

To the Shareholders of
Zambia Copper Investments Limited
Clarendon House
2 Church Street
Hamilton
Bermuda

REPORT OF THE REVISEUR D'ENTREPRISES

We have audited the accompanying consolidated financial statements of Zambia Copper Investments Limited, which comprise the consolidated balance sheet as at March 31, 2008 and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 12 to 27.

Board of directors' responsibility for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Zambia Copper Investments Limited as at March 31, 2008, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 21 to the consolidated financial statements which describes that the Company has disposed of its investment in Konkola Copper Mines Plc, the main asset on the balance sheet. This condition, along with other matters described in Note 21, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

Luxembourg, 30 July 2008

KPMG Audit S.à r.l.
Réviseurs d'Entreprises

Ph. Meyer

Notice of Annual General Meeting

Notice is hereby given that the thirty-eighth annual general meeting of the shareholders of Zambia Copper Investments Limited will be held at Hotel Novotel, 35 rue du Laboratoire, Luxembourg, on Wednesday 24 September 2008 at 11h00 to pass the following resolutions with or without modification:

1. To consider the financial statements and the reports of the directors and auditors for the year ended 31 March 2008.

2. To propose the re-election of:

   2.1 T Kamwendo
   2.2 D Rodier
   2.3 S Georgala
   2.4 M Clerc

   who retire in terms of the Bye-Laws of the Company, and being eligible, recommended and available has offered themselves for re-election.

   A brief CV of each directors standing for re-election at the annual general meeting appears on pages 4/5 of the annual report

3. To ratify and approve all actions taken by the directors of ZCI to the date of this Annual General Meeting.

4. To approve the remuneration of the directors for the period ended 31 March 2008.

5. To reappoint the auditors and to fix their remuneration.

6. Special Resolution 1:

   To resolve that, as a general approval contemplated in sections 85 to 89 of the Companies Act (Act 61 of 1973) as amended (the Act"), the acquisitions by the Company, and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, be and is hereby authorised, but subject to the Articles of Association of the Company, the provisions of the Act and the JSE Listings Requirements from time to time, when applicable, and the following limitations, namely that:

- the repurchase of securities being effected through the order books operated by the JSE and/or the Paris Euronext trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);

- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

- in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company. The JSE should be consulted for a ruling if the applicant's securities have not traded in such 5 day business day period;

- acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty per cent) of the Company's issued ordinary share capital as at the beginning of the financial year;

- the Company may only undertake a repurchase of securities if, after such repurchase, it still complies with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread;

- the Company or its subsidiaries may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and

- when the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and

- the Company may only appoint one agent to effect any repurchase(s) on its behalf.

The directors undertake that they will not effect a general repurchase of shares and as contemplated above unless the following can be met:

- the Company and the Group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of the general repurchase;

- the assets of the Company and the Group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the general repurchase;

- the share capital and reserves of the Company and the Group are adequate for ordinary business purposes for the next twelve months following the date of the general repurchase;

- the available working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase;

- before entering the market to proceed with the general repurchase, the Company's Sponsor has confirmed the adequacy of the Company's and the Group's working capital in writing to the JSE;

Other disclosure in terms of the JSE Listings Requirements Section 11.26

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

- Directors and management – page 3;
- Major shareholders of the Company – page 6;
- Directors' interests in securities – pages 5/6; and
- Share capital of the Company – pages 22/23.

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 3 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 3 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

Material change [11.26 (b) (iii)] or no material changes to report

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Reason and effect

The reason and effect for special resolution no.1 is to authorise the Company and/or its subsidiaries Company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above.

Statement of board's intention [11.26 (c)]

The directors of the Company have no specific intention to effect the provisions of special resolution number no. 1 but will however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number no.1.

Voting and Proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member. Proxy forms should be forwarded to reach the company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to the transfer secretaries at P O Box 61051, Marshalltown, 2107, South Africa, so as to be received by not more than 48 hours before the time fixed for the holding of the meeting at 11h00 on Wednesday 24 September 2008. Proxy forms should only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every member of the company present in person or represented by proxy shall have on vote only. On a poll, every member of the company shall have one vote for every share held in the company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

A form of proxy is enclosed with this annual report.

By order of the board of directors

John Kleynhans

Secretary
Dated: 30 July 2008

Company details

Directors
T Kamwendo *(Chairman)*
D D Rodier
S Georgala
M Clerc

Secretary
J Kleynhans

Registered Office
Clarendon House
2 Church Street
Hamilton
Bermuda

Website
www.zci.lu

Transfer Secretaries

In South Africa
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg 2001
South Africa
(P O Box 61051
Marshalltown 2107)

In the United Kingdom
Computershare Investor Services PLC
P O Box 82, The Pavilions
Bridgwater Road
Bristol BS99 7NH
United Kingdom

French Listing agent
Caceis Corporate Trust
(Formerly Euro Emetteurs Finance)
14, rue Rouget de Lisle
F-92130 Issy-Les-Moulineaux
Paris, France

Auditors
KPMG Audit S.à r.l.
9 Allée Scheffer
L-2520 Luxembourg

South African Sponsor
Rand Merchant Bank, A division of
FirstRand Bank Limited
Corporate Finance, 1 Merchant Place,
Cnr Fredman Drive & Rivonia Road
Sandton, 2146, South Africa