Interim report

ZAMBIA COPPER INVESTMENTS LIMITED

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

Consolidated statement of earnings
for the six months ended June 30, 2003
expressed in thousands of US Dollars

	Unaudited Six months ended June 30, 2003	Unaudited Six months ended June 30, 2002	Audited Year ended December 31, 2002
Turnover	177,569	207,658	394,096
Cost of sales	(157,004)	(167,867)	(344,463)
Gross Profit / (Loss)	20,565	39,791	49,633
Other operating expenses	(34,357)	(35,511)	(68,986)
Depreciation	(8,186)	(15,889)	(30,272)
Impairment of tangible fixed assets	-	(240,369)	(240,369)
Loss from operations	(21,978)	(251,978)	(289,994)
Other income	647	604	4,696
Interest income	7	-	17
Interest expense	(596)	(14,636)	(9,516)
Commitment fees on loan facility	-	(102)	(102)
General and administration expenses	(135)	(605)	(784)
Impairment of goodwill	-	(8,265)	(66,066)
Contributions to finance restructuring	-	-	16,876
Restructuring costs	-	-	(4,687)
Loss before taxation	(22,055)	(274,982)	(349,560)
Taxation	(139)	(8)	(193)
Loss after taxation	(22,194)	(274,990)	(349,753)
Loss attributable to minority interest	9,256	-	-
Net Loss	(12,938)	(274,990)	(349,753)

		per ordinary share in US cents	
Headline loss before exceptional item and amortisation of goodwill	(10.25)	(21.50)	(44.90)
Exceptional income			
Contributions to finance restructuring	-	-	13.65
Exceptional expenses			
Impairment of tangible fixed assets	-	(196.13)	(194.46)
Impairment of goodwill	-	(6.74)	(53.44)
Restructuring costs	-	-	(3.79)
Net loss	(10.25)	(224.37)	(282.94)

Consolidated statement of financial position
as at June 30, 2003
expressed in thousands of US Dollars

	Unaudited Six months ended June 30, 2003	Unaudited Six months ended June 30, 2002	Audited Year ended December 31, 2002
Fixed Assets			
Tangible fixed assets	111,131	39,343	100,195
	111,131	39,343	100,195
Investments and advances	-	54,142	-
	111,131	93,485	100,195
Current assets			
Stocks	75,891	95,990	88,308
Accounts receivable	43,033	51,355	46,658
Cash and short-term investments	17,803	8,702	39,126
	136,727	156,047	174,092
Current Liablilites			
Short term loans and bank overdrafts	(13,805)	(13,877)	(5,824)
Accounts payable and accrued liabilities	(42,684)	(51,976)	(53,171)
	(56,489)	(65,853)	(58,995)
Net current assets	80,238	90,194	115,097
Total assets less current liabilities	191,369	183,679	215,292
Long term liabilities			
Long term loans	(35,093)	(380,105)	(35,033)
Provisions	(90,843)	(77,632)	(92,632)
Deferred purchase consideration	-	(61,913)	-
Minority interest	(27,079)	-	(36,335)
Net assets / (liabilities)	38,354	(335,971)	51,292
Capital and reserves			
Capital	508,807	46,781	508,807
Accumulated deficit	(470,453)	(382,752)	(457,515)
	38,354	(335,971)	51,292
Number of ordinary shares in issue	126,197,362	122,559,900	126,197,362
Net asset value (per ordinary share) in USD cents	30.39	(274.13)	40.64

Consolidated statement of changes to equity
for the six months ended June 30, 2003
expressed in thousands of US Dollars

	Share capital	Contributed surplus	Accumulated deficit	Total
Balance at December 31, 2001	**29,426**	**17,355**	**(107,762)**	**(60,981)**
Shares issued (note 21)	873	-	-	873
Contributed on restructuring (note 21)	-	461,153	-	461,153
Loss for the year	-	-	(349,753)	(349,753)
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Balance at December 31, 2002	**30,299**	**478,508**	**(457,515)**	**51,292**
Loss for the period	-	-	(12,938)	(12,938)
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Balance at June 30, 2003	**30,299**	**478,508**	**(470,453)**	**38,354**
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Consolidated statement of cash flow
for the six months ended June 30, 2003
expressed in thousands of US Dollars

	Unaudited Six months ended June 30, 2003	Unaudited Six months ended June 30, 2002	Audited Year ended December 31, 2002
Cash flow from operating activities			
Cash received from customers	180,188	212,933	398,559
Cash paid to suppliers and employees	(188,358)	(186,539)	(378,425)
Cash (absorbed)/ generated by operations	(8,170)	26,394	20,134
Interest received	7	-	-
Interest paid	(692)	(933)	(1,343)
Income tax paid	(170)	-	(80)
Net cash (absorbed)/generated by operating activities	(9,025)	25,461	18,711
Cash flow from investing activities			
Proceeds from disposal of tangible fixed assets	3	-	334
Capital expenditure	(20,282)	(34,654)	(58,277)
Cash absorbed by investing activiites	(20,279)	(34,654)	(57,943)
Cash flow from financing activities			
Proceeds from external borrowings	-	95,000	-
Advances by minority shareholders in KCM	-	2,813	-
Shareholders long-term loans received	-	-	97,813
Other loans received	-	-	35,000
Contributions received to finance restructuring	-	-	33,637
Short term loans repaid	-	(60,000)	(60,000)
Cash generated by financing activities	-	37,813	106,450
Net increase / (decrease) in cash	(29,304)	28,620	67,218
Net cash / (debt) at the beginning of the year	33,302	(33,916)	(33,916)
Net cash / (debt) at the end of the year	3,998	(5,296)	33,302
Cash deposits and cash at bank	17,803	8,580	39,126
Short term loans and bank overdraft - unsecured	(13,805)	(13,876)	(5,824)
Net cash / (debt) at the end of the year	3,998	(5,296)	33,302

The financial statements were prepared in accordance with International Financial Reporting Standards and in terms of the same accounting policies applied during the previous financial period.

CHAIRMAN'S STATEMENT

The six-month period to June 30, 2003 was characterised by the focus on consolidation after the restructuring process. The Company was able to build positively upon the foundations laid during the restructuring and is looking forward to further progress during the next period.

Despite progress on many fronts, the Company incurred a consolidated net loss of US$12.9 million. This was mainly due to continued depressed metal prices throughout the period and restructuring costs at our subsidiary, Konkola Copper Mines plc (KCM). Production of copper at KCM was 92,477 tonnes. In spite of this creditable performance in production, market conditions continue to be difficult as the average price of copper was US cents 75.1 per pound (2002: US cents 71.5 per pound). Cobalt sales for the period were 726 tonnes at a realized price of $7.72 per pound. Although there was a gradual improvement in copper and cobalt prices over the period, the outlook for copper prices and demand for the next period remains stable, although at relatively low levels. Operating expenses remain high, while the refurbishment programme continues to realise improvements in production levels and safety standards. Most significant is the Nkana smelter modernization project scheduled for completion in September which will reduce production costs by approximately U.S. 3c/lb of copper. The other is the Nchanga Tailings Leach Plant CCD circuit that will commence operation in November and increase leach copper recovery by 7%.

Since the withdrawal of Anglo American during September 2002, management has been actively involved in the development of a new business plan and has sought appropriate means to introduce additional finance to meet the capital requirements of KCM. As previously recorded in the Company's Annual Report, KCM is in the process of seeking a strategic equity partner to provide further technical assistance and financial support in the longer term.

The review process of potential strategic equity partners has been completed and, of the 8 companies who met all of the initial participation criteria, the shareholders of KCM have, after extensive consideration, selected Sterlite Industries Limited as the bidder most likely to meet the ongoing needs and requirements of KCM. As has been previously announced, Sterlite Industries Limited has now been awarded preferred bidder status. At present, representatives of the Government of the Republic of Zambia, ZCI, the Board of KCM, and ZCCM Investments Holdings plc, are involved in negotiations with Sterlite Industries Limited on the terms of the proposed investment. Further announcements regarding any further developments in the process will be published as they occur.

It is believed that the measures that have been put in place in the initial period after the restructuring of the ZCI Group have begun to realise positive results in the short term and are expected to remain a realistic platform from which the business can be developed.

The directors of ZCI wish to record their appreciation of the efforts made by all employees of KCM during the period, which has been a time of great change and uncertainty for the Company, but which promises to be the foundation for renewed stability, development and progress for the years ahead.

B Ireton
Chairman

Bermuda
September 16, 2003

Registered Office
Clarendon House
2, Church Street
Hamilton, Bermuda