

REVIEWED INTERIM REPORT
ZAMBIA COPPER INVESTMENTS LIMITED

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

ISIN : BMG 988431240

Consolidated Income Statement
 for the six months ended 30 September 2008
expressed in thousands of US Dollars

	Reviewed Six months ended 30 September 2008	Audited Twelve months ended 31 March 2008	Reviewed Six months ended 30 September 2007
Finance income	2,652	465	221
General and administration expenses	(1,028)	(5,956)	(3,892)
Impairment loss arising from available for sale investments	(887)	-	-
Income from associated companies	-	36,268	36,268
Net cost arising from assets classified as held for sale	-	(2,732)	-
	<u>737</u>	<u>28,045</u>	<u>32,597</u>
Profit before taxation			
Taxation	(39)	(67)	(32)
	<u>698</u>	<u>27,978</u>	<u>32,565</u>
Profit for the period / year			
Headline earnings per ordinary share in US cents	0.55	25.62	25.80
Less exceptional expenses :			
Negative fair value of derivative	-	(3.45)	-
	<u>0.55</u>	<u>22.17</u>	<u>25.80</u>
Net profit per ordinary share in US Cents			
Number of ordinary shares in issue	126,197,362	126,197,362	126,197,362

Consolidated Balance Sheet
as at 30 September 2008
expressed in thousands of US Dollars

	Reviewed 30 September 2008	Audited 31 March 2008
Current assets		
Available for sale investment	10,733	12,322
Accounts receivable	5,726	5,258
Cash and cash equivalents	219,234	6,584
Assets classified as held for sale	-	205,398
	<u>235,693</u>	<u>229,562</u>
Current liabilities		
Accounts payable and accrued liabilities	<u>(1,318)</u>	<u>(7,296)</u>
Net current assets	<u>234,375</u>	<u>222,266</u>
Total assets less current liabilities	234,375	222,266
Net assets	<u><u>234,375</u></u>	<u><u>222,266</u></u>
Capital and reserves		
Capital	334,547	334,547
Revaluation reserve	-	702
Amounts recognized directly in equity relating to assets classified as held for sale	-	(12,113)
Accumulated loss	<u>(100,172)</u>	<u>(100,870)</u>
Total Shareholders' Equity	<u><u>234,375</u></u>	<u><u>222,266</u></u>
Number of ordinary shares in issue	126,197,362	126,197,362
Net asset value (per ordinary share) in USD cents	185.72	176.12

**Consolidated statement of changes in equity
for the six months ended 30 September 2008
expressed in thousands of US Dollars**

	Share capital	Contributed surplus	Revaluation reserve	Hedging reserve	Assets classified as held for sale	Accumulated loss	Total equity
Balance at 31 March 2007	30,299	304,248	573	(12,558)	-	(128,848)	193,714
Revaluation on available for sale investment	-	-	525	-	-	-	525
Hedging reserve of associated company	-	-	-	445	-	-	445
Profit for the period	-	-	-	-	-	32,565	32,565
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Balance at 30 September 2007	30,299	304,248	1,098	(12,113)	-	(96,283)	227,249
Revaluation on available for sale investment	-	-	(396)	-	-	-	(396)
Hedging reserve of associated company	-	-	-	12,113	(12,113)	-	-
Profit for the period	-	-	-	-	-	(4,587)	(4,587)
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Balance at 31 March 2008	30,299	304,248	702	-	(12,113)	(100,870)	222,266
Transfer to income statement on available for sale investment	-	-	(702)	-	-	-	(702)
Disposal of assets held for sale	-	-	-	-	12,113	-	12,113
Profit for the period	-	-	-	-	-	698	698
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Balance at 30 September 2008	30,299	304,248	-	-	-	(100,172)	234,375

Consolidated statement of cash flow
for the six months ended 30 September 2008
expressed in thousands of US Dollars

	Reviewed Six months ended 30 September 2008	Audited Twelve months ended 31 March 2008	Reviewed Six months ended 30 September 2007
Cash flow from operating activities			
Cash paid to suppliers and employees	(2,686)	(3,198)	(1,145)
Cash absorbed by operations	(2,686)	(3,198)	(1,145)
Interest received	2,224	135	57
Income tax paid	(38)	(86)	(33)
Net cash absorbed by operating activities	(500)	(3,149)	(1,121)
Cash flow from investing activities			
Purchase of available for sale investments	-	(1,600)	(1,600)
Proceeds from partial disposal of investment in subsidiary	-	5,220	-
Proceeds from disposal of assets classified as held for sale	213,150	-	-
Dividends received from assets classified as held for sale	-	1,629	-
Dividends received from associated company	-	1,628	1,628
Cash generated by investing activities	213,150	6,877	28
Net (decrease) / increase in cash	212,650	3,728	(1,093)
Net cash at the beginning of the period / year	6,584	2,856	2,856
Net cash at the end of the period / year	219,234	6,584	1,763

**Notes to the interim financial statements
for the six months ended 30 September 2008
expressed in thousands of US Dollars**

1. ACCOUNTING POLICIES

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. IAS 34 does not require a full set of disclosures for interim financial statements. These consolidated interim financial statements are in compliance with IFRSs when users of such information have access to the most recent IFRS annual financial statements, which are available on our website.

In its consolidated interim financial statements, Zambia Copper Investments Limited applied the same accounting policies as described in the consolidated financial statements for the year ended 31 March 2008.

The consolidated balance sheet of Zambia Copper Investments Limited and its subsidiaries (the "Group") for the period ended 30 September 2008 and the related consolidated statements of income, cash flow, and change to shareholders equity for the period then ended, have been reviewed by KPMG Audit S.à.r.l. Luxembourg, in accordance with the International Standard on Review Engagements (ISRE) 2410, applicable to review engagements, and their review report is available for inspection at the registered office of the Company. These consolidated interim financial statements are the responsibility of the Board of Directors.

2. FINANCE INCOME

	Six months ended 30 September 2008	Six months ended 30 September 2007
Interest income on cash and cash equivalents	2,537	56
Interest income on accounts receivable	115	-
Unwinding of discount on deferred purchase consideration	-	165
	<u>2,652</u>	<u>221</u>

3. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the period to 30 September 2008 include costs relating to the Circular to Shareholders of 2 September 2008 in addition to ordinary operating expenses. The period to 30 September 2007 included ordinary operating expenses as well as costs relating to the arbitration proceedings on the Vedanta call option and sale of Konkola Copper Mines Plc (KCM).

4. INCOME FROM ASSOCIATED COMPANY

With effect from 30 September 2007, the investment in KCM 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.

5. AVAILABLE FOR SALE INVESTMENT

The investment represents investments in an equity mutual fund. The fair value for available for sale investments is based on dealer price quotations. Gains and losses arising from changes in the fair value are recognized directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit and loss for the period.

6. ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 September 2007, the investment in KCM met the criteria to be classified as held for sale. The investment was measured at its carrying value as of 30 September 2007 and equity accounting was discontinued as from that date. Vedanta settled its obligations under the terms of the Vedanta call option deed with an effective date of 9 April 2008. The Group's investment in KCM was transferred to Vedanta on that date in exchange for the cash receipt of the call option's exercise price, USD 213,150,000.

7. CASH AND CASH EQUIVALENTS

The increase in cash is the result of the receipt of the Vedanta call option exercise price and interest earned on cash deposits and cash equivalents, less payment of operating expenses.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The decrease of USD 5,978,000 from 31 March 2008 is the sum of the net reduction in creditors and accrued expenses and the settlement of the derivative financial instrument liability of USD 4,361,000.

9. SUBSEQUENT EVENTS

The Company issued a Circular to Shareholders on 2 September 2008 relating to the offer by the Company to purchase from all shareholders all or a portion of their ZCI shares at a price of 186.48 US cents per share, being the net asset value per share as at 31 August 2008. The voluntary tender offer closed on 10 October 2008. The Company repurchased 70,519,719 ordinary shares for offer consideration of USD 131,505,172 cash. The repurchased shares were cancelled. After this transaction, the Company has 55,677,643 ordinary shares in issue.

CHAIRMAN'S STATEMENT

I am pleased to present the Company's reviewed interim financial statements for the period ended 30 September 2008. These results are a snapshot of the Company's financial situation in the midst of the tender offer (buy-back) process, being after the buy-back was approved by the shareholders at the Company's special general meeting called for this purpose on 24 September 2008, but prior to the closing of the offer on 10 October 2008 and the subsequent payment of the tender price to shareholders accepting the offer. The results of the buy-back are dealt with in the "Subsequent Events" note to these financial statements. The tender offer was, in the Board's view, the most effective way of returning value to shareholders. A significant number of shareholders tendered shares in terms of the offer and the resulting shareholder base post the buyback is significantly reduced. The Board welcomes the confidence shown in it by the remaining shareholders as the Company enters a new and exciting chapter.

Knowing that any new business plan "post KCM" would require increased depth of experience and expertise on the Board for both corporate governance as well as purely business reasons, I am delighted that the shareholders approved the appointment of three new directors to the ZCI Board on 24 September 2008 and I take this opportunity to formally welcome three new Board members to the Board, namely Thys du Toit, Prof. Stephen Simukanga and Edgar Hamuwele.

The latter weeks of this reporting period and the month of October 2008 in particular, marked what was to date the height of extreme and unprecedented market turmoil and volatility on a worldwide scale. During this period, ZCI has been invested primarily in cash, meaning that the negative effects of the financial crisis have largely been avoided, although your Board has needed to remain extremely vigilant in order to prevent significant negative exposure to banking risk. The Company has regrettably not emerged completely unscathed, with its sole investment in an equity mutual fund tracking the worldwide downturn in such investments as will be seen from the financial statements. This position has now been closed out to prevent further loss.

Shareholders are naturally interested to know what ZCI's next steps will be. The circular dated 2 September 2008 contained the broad outlines of the new business strategy that the Company intends to pursue. This remains the case. Shareholders will be aware that while the Company remains purely a cash shell, without having made significant investments, its continued listing on the JSE and by extension on the Euronext in Paris, is dependent on the JSE Listings Requirements and deadlines imposed therein. In the absence of appropriate investments being made within the time scales set out by the JSE or of a shareholders circular being posted setting out new listings particulars, ZCI faces the possibility of a suspension of the listing and a subsequent de-listing after three months, should no appropriate investment be made or circular be forthcoming. As will have been noted from the announcement released by ZCI on 10 October 2008, the JSE granted the Company an extension of any suspension of the listing until 12 January 2009 on condition that by 9 January 2009, the Company post a circular in compliance with the Listings Requirements to shareholders, relating to the new business plan and which complies with the basic conditions of listing. While the Board's present intention, which I believe is also the shareholders' preference, is to retain the Company's listings and to avoid any suspension where possible, it is of paramount importance that the Company not be rushed into committing capital to investments purely to meet stock exchange deadlines.

Although the Company's Board has been significantly strengthened with a view to the implementation of the new business plan, ZCI's legacy as a pure holding company without infrastructure or staff of its own has meant that an experienced and appropriate Investment Advisor is required to source, research, evaluate and present possible investment opportunities to the Board and thereafter to manage any such investments made, on behalf of the Board. This appointment has recently been finalised and the process of investment evaluation and presentation to the Board can only now commence. The current deal pipeline looks extremely promising.

In all likelihood this will mean that it will not be possible to prepare and post a further circular to shareholders by 9 January 2009 and that a suspension of the JSE and Euronext listings will be triggered as a result. While disappointing, your Board sees this result as unavoidable given the timing and its obligation to ensure that it is not rushed into committing the Company to investments that may not be in the best interests of the Company or its shareholders solely for reasons of timing.

Your Board will be making utmost use of the time available to it to ensure that appropriate investment opportunities are evaluated and presented to it without delay and in parallel with this process, a shareholders circular expanding on the Company's new business plan of 2 September is being prepared and will be posted to shareholders as soon as circumstances permit.

Thomas Kamwendo
Chairman,
Bermuda

22 December 2008