ZCI LIMITED
Bermudian registration number: 661:1969
South African registration number: 1970/000023/10
Incorporated and domiciled in Bermuda
"ZCI" or "the Group" or "the Company"
Share code: ZCI
ISIN: BMG9887P1068

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Key highlights

- Record production levels in May 2013 of 1,408 tonnes of copper in concentrate
- Copper produced in concentrate 5% higher than 2013
- Recovery increased from 66.5% the previous year to 80.6% for the current year
- Year-on-year revenue stable despite decrease in copper price
- Appointment of new mining contractor
- Settlement of dispute with iCapital
- Exceptional safety performance and zero fatalities

Results

The Group increased its production levels of copper in concentrate and generated an operating profit from mining operations before impairment charges. For the year ended 31 March 2014, we produced copper in concentrate of 9,951 tonnes, 5% higher than the corresponding period last year, and we produced record production levels in May 2013 of 1,408 tonnes of copper in concentrate. The improvement was mainly due to improved recovery, and was achieved despite a background of poor performance by mining contractors and heavy rains impacting the volume of ore processed during the fourth quarter.

Going forward, we anticipate more stable operations and an increase in mining productivity due to a new long-term contract that was awarded to Diesel Power Mining (Pty) Ltd a subsidiary of JSE listed Buildmax Ltd. We expect improvements to continue through the coming year, supported by a new contractor relationship which we trust will create significant efficiencies in our mining performance.

Outlook

The major investment of ZCI is in the copper mining operations of the Group. The global copper market is therefore a key factor in the outlook of the Group as the demand for copper and the copper price are key to the revenues of the Group.

Global economic conditions improved during the year ended March 2014. In the developed markets, Europe experienced a period of relative stability while improvements in the United States' economy steadily continued. Growth in global copper consumption however continues to be closely linked to demand from China – the world's largest copper consumer – and the use of copper as an industrial metal in such applications as buildings, electronics, appliances and automobiles means that demand is sensitive to fluctuations in the global economy. Despite relative stability in copper pricing over the year, growth in copper production and an increase in global copper stocks have exerted downward pressure on pricing during recent months, and even though demand growth is predicted in China and other emerging economies, the expectation is that the global copper market will remain in surplus in the medium term which will lead to downward pressure on global copper prices for the remainder of the financial year.

Improving global economic conditions however are set to support demand growth and we expect the copper market to move into supply equilibrium in the medium term and our positive longer term outlook for copper is underpinned by generally rising strip ratios and grade decline in the existing operations of some of the major copper mines across the globe. A strong copper price will have positive implications for the profitability of the Group's operations.

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

A key driver in the Company's future direction is the need to create value for shareholders. The Group will also continue to strive to create value for its employees and the communities in which the Group operates. Sustainable growth is a key component of any future strategic direction of ZCI.

A lack of diversity in the investment portfolio of ZCI remains one of the key risks faced by the Company. ZCI currently has one major investment being debt and equity held in African Copper PLC ("ACU"). The Board is continuing to work towards realising the full value of its investments, and will pursue all relevant opportunities to unlock value and put the Group in a position to build a more diversified investment portfolio providing sustainable growth for its shareholders. As previously reported in our 2014 interim results, ZCI has embarked on a process to obtain commercial and legal assistance and advice with a view to the potential restructuring of the ZCI Group and we hope to report progress in this positive initiative very soon.

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Abridged Consolidated Statement of Profit or Loss and Comprehensive Income

	Note	2014 USD '000	2013 USD '000
Revenue		**58,735**	60,464
Cost of sales		**(44,625)**	(45,414)
Gross profit from mining activities		**14,110**	15,050
Impairment loss		**(31,500)**	(2,025)
Administrative expenses		**(8,473)**	(8,070)
Other expenses		**(11,705)**	(5,329)
Loss before net finance expense		**(37,568)**	(374)
Finance income		**40**	41
Finance costs		**(1,540)**	(2,040)
Loss before tax		**(39,068)**	(2,373)
Income tax		**2,297**	749
Loss for the year		**(36,771)**	(1,624)
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,856)**	(4,638)
Total comprehensive income for the year		**(38,627)**	(6,262)
(Loss)/profit attributable to:			
Owners of the company		**(26,211)**	2,871
Non-controlling interest		**(10,560)**	(4,495)
Total comprehensive income attributable to:			
Owners of the company		**(27,574)**	(1,033)
Non-controlling interest		**(11,053)**	(5,229)
Basic (loss)/earnings per ordinary share (US cents)	7	**(47.08)**	5.16
Diluted (loss)/earnings per ordinary share (US cents)	7	**(48.95)**	1.63

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Abridged Consolidated Statement of Financial Position

	Note	2014 USD'000	2013 USD'000
ASSETS			
Property, plant and equipment	8	**32,327**	40,609
Intangible assets	9	**20,110**	39,844
Other financial assets		**257**	270
Total non-current assets		**52,694**	80,723
Inventories		**7,624**	8,891
Trade and other receivables		**5,859**	5,253
Cash and cash equivalents		**7,451**	9,197
Total current assets		**20,934**	23,341
Total assets		**73,628**	104,064
EQUITY			
Share capital		**102,688**	102,688
Foreign currency translation reserve		**(7,374)**	(6,891)
Accumulated losses		**(26,455)**	(10,831)
Equity attributable to owners of the Company		**68,859**	84,966
Non-controlling interest		**(24,411)**	(7,952)
Total equity		**44,448**	77,014
LIABILITIES			
Interest bearing debt		**41**	712
Finance lease liability	10	**1,535**	-
Deferred tax liability		**-**	2,297
Environmental rehabilitation provision		**7,024**	6,766
Total non-current liabilities		**8,600**	9,775
Trade and other payables		**18,331**	16,073
Current portion of finance lease liability	10	**378**	-
Current portion of interest bearing debt		**1,871**	1,171
Bank overdraft		**-**	31
Total current liabilities		**20,580**	17,275
Total equity and liabilities		**73,628**	104,064

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Abridged Consolidated Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	(Accumulated losses)/Retained earnings	Attributable to owners of the company	Non-controlling interest	Total equity
	USD'000	USD'000	US'000	USD'000	USD'000	USD'000
Balance as at 31 March 2012	**102,688**	**(2,987)**	**(13,865)**	**85,836**	**(2,723)**	**83,113**
Transactions with owners of the company						
Contributions and distributions:						
Share option reserve	-	-	163	**163**	-	**163**
Total contributions and distributions	-	-	163	**163**	-	**163**
Total transactions with owners of the company	-	-	163	**163**	-	**163**
Profit/(Loss) for the year	-	-	2,871	**2,871**	(4,495)	**(1,624)**
Other comprehensive income						
- foreign currency translation differences	-	(3,904)	-	**(3,904)**	(734)	**(4,638)**
Total comprehensive income for the year	-	(3,904)	2,871	**(1,033)**	(5,229)	**(6,262)**
Balance as at 31 March 2013	**102,688**	**(6,891)**	**(10,831)**	**84,966**	**(7,952)**	**77,014**

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Abridged Consolidated Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	(Accumulated losses)/Retained earnings	Attributable to owners of the company	Non-controlling interest	Total equity
	USD'000	USD'000	US'000	USD'000	USD'000	USD'000
Balance as at 31 March 2013	**102,688**	**(6,891)**	**(10,831)**	**84,966**	**(7,952)**	**77,014**
Transaction with owners of the company						
Contributions and distributions:						
Share option reserve	-	-	69	**69**	-	**69**
Equity settled share based payment	-	-	5,992	**5,992**	-	**5,992**
Total contributions and distributions	-	-	6,061	**6,061**	-	**6,061**
Changes in ownership interest						
Settlement of equity settled share based payment without loss of control	-	880	4,526	**5,406**	(5,406)	-
Total changes in ownership interest	-	880	4,526	**5,406**	(5,406)	-
Total transactions with owners of the company	-	880	10,587	**11,467**	(5,406)	**6,061**
Total comprehensive income						
Loss for the year	-	-	(26,211)	**(26,211)**	(10,560)	**(36,771)**
Other comprehensive income						
- foreign currency translation differences	-	(1,363)	-	**(1,363)**	(493)	**(1,856)**
Total comprehensive income for the year	-	(1,363)	(26,211)	**(27,574)**	(11,053)	**(38,627)**
Balance as at 31 March 2014	**102,688**	**(7,374)**	**(26,455)**	**68,859**	**(24,411)**	**44,448**

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Abridged Consolidated Statement of Cash Flows

	2014	2013
	USD'000	USD'000
Cash flows from operating activities		
Cash generated by operations	**10,786**	3,877
Interest received	**40**	41
Interest paid	**(188)**	(613)
Cash inflow from operating activities	**10,638**	3,305
Cash flow from investing activities		
Additions to maintain operations:		
- Property, plant and equipment	**(9,711)**	(6,072)
Additions to expand operations:		
- Intangible assets : Exploration and evaluation assets	**(763)**	(1,302)
- Intangible assets : Mine Development and infrastructure	**(618)**	(1,101)
Proceeds from sale of property, plant and equipment	**-**	171
Cash outflow from investing activities	**(11,092)**	(8,304)
Cash flow from financing activities		
Interest bearing debt raised	**3,000**	-
Repayment finance lease liability	**(999)**	-
Repayment interest bearing debt	**(2,972)**	(1,021)
Cash outflow from financing activities	**(971)**	(1,021)
Effect of foreign currency translation	**(290)**	49
Net decrease in cash and cash equivalents	**(1,715)**	(5,971)
Cash and cash equivalents at the beginning of the year	**9,166**	15,137
Cash and cash equivalents at the end of the year	**7,451**	9,166

ZCI LIMITED

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Notes to the abridged consolidated financial statements

1. General information

ZCI is a holding company of a copper producing and mineral exploration and development group of companies (the "Group"). The Group's main project through its inter mediate subsidiary, African Copper plc ("ACU") is the Mowana Mine which consists of a 3,000 Mt per day copper processing facility and the copper producing Mowana open pit. The Group also owns the rights to the adjacent high grade copper-silver Thakadu open-pit and holds permits in exploration properties at the Matsitama Project. The Mowana Mine and processing infrastructure is located in the north-eastern portion of Botswana and the Matsitama Project is contiguous to the southern boundary of the Mowana Mine.

2. Accounting policies and basis of preparation

The abridged financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the AC500 Standards issued by the Accounting Practices Board, the JSE listings requirements. These abridged financial statements contain the information required by IAS 34: Interim Financial Reporting. The accounting policies adopted are consistent with those adopted in the annual financial statements for the year ended 31 March 2013 except for IFRIC 20- *Stripping costs in the Production Phase of a Surface Mine*, IFRS 10 – *Consolidated Financial Statements*, IFRS 12 – *Disclosure of Interest in Other entities* and IFRS 13 – *Fair value measurement* with a date of initial application of 1 April 2013. None of the adoptions had a quantitative impact on the Group's financial position, statement of comprehensive income or cash flows or earnings per share.

The abridged consolidated financial statements have been prepared on the historical cost basis. Historical costs are generally based on the fair value of the consideration given in exchange for assets.

The abridged consolidated financial statements are presented in United States Dollars ("US$"), which is the company's functional currency. All financial information presented in US$ has been rounded to the nearest thousand.

This abridged report is extracted from audited information, but is not itself audited.

3. Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group's only operating segment is the exploration for, and the development and mining of copper and other base metal deposits. All the Group's activities are related to the exploration for, and the development and mining of copper and other base metals in Botswana with the support provided from ACU and it is reviewed as a whole by the Board (who is considered the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The amounts reported are based on the financial information that is used to produce the entity's financial statements. All mining revenue is attributed to Botswana and derives from a single customer.

As such, no segmental report has been prepared.

4. Going concern

The Directors have considered the status of the current operations, the current funding position and the projected funding requirements of the business for twelve months from the date of approval of these abridged financial statements as detailed below.

There has been a significant increase in the Group's loss after tax from US$1.6 million for the year ended 31 March 2013 to US$36.8 million owing predominately to a US$31.5 million impairment of Property, Plant and Equipment and Intangible mining assets.

4. Going concern – continued

Cash flow forecast – key assumptions and uncertainties

The majority of the Group's activities occur at the subsidiary level. The cash flow projections have been done at both an ACU level as well as a Group level as the ability of ACU to continue as a going concern, directly impacts the Group. The cash flow projections, which have been drawn up on a monthly basis, are based on a number of inputs and assumptions which include mined tonnage, all associated mining and processing costs, extraction and yield rates for production of the copper concentrate and the price of copper. The Group's approved capital expenditure is also included in the cash flows.

According to the current mine plan, the Thakadu pit will be depleted within the next 9 months and the Group's future cash generation beyond this point depends entirely on a successful and timely restart of mining operations at the Mowana pit and associated processing of the supergene ore. However, numerous significant challenges and risks exist in attaining this situation at Mowana. In particular, the Group over the years has experienced recurring problems with the quality of its mining contractors and other aspects of production, causing production levels to be significantly below planned levels. However, during the last quarter of the financial year a new mining contractor has been appointed with extensive mining experience and the Group expects an increase in mining productivity.

In the opinion of the Directors, the key assumptions to which the projections are most sensitive are the tonnage of produced copper concentrate and the copper price. The tonnage of produced copper concentrate is itself a function of mining output and recovery achieved in the processing operations.

The following key assumptions (relevant for the 12 months to July 2015) were used to calculate the future cash flows:

Average copper price per tonne	US$6,885
Average monthly production	1,116 tonnes
Average monthly throughput	79,720 tonnes
Average recovery	88.8 %
Average milling costs	US$13.64 per tonne

The copper price per tonne is based on consensus analyst projections for the copper price. The actual average price per tonne achieved during the 2014 financial year was US$7,108 (2013: US$7,839).

The average monthly production of copper in concentrate is a 34.6% increase over average production in the current financial year. The current year average production was however; significantly impacted by the low production in April, August and September 2013 which was partly due to plant downtime due to the repairs of the ball mill motor. Considering completed plant improvements and throughput achievements during certain periods in the past, the projected throughput should be achievable if the ore is available as per the plan.

Recovery are based on historical independent metallurgy and plant test-work, averaging 88.8% over the 12 months to July 2015.

In addition to the above, ZCI has recently embarked on a process to obtain commercial and/or legal assistance and advice with a view to the potential restructuring of the ZCI Group. Such restructure may include delisting ZCI; delisting ACU; reducing the number of subsidiary entities in the ZCI Group; restructuring the debt and capital structure of the group; and may include other considerations of cost and fiscal effectiveness, strategy, risk and broad commercial considerations.

4. Going concern – continued

Projected funding requirements and current activities

The Directors believe that the projections for the twelve months to July 2015 are achievable. The cash flow projections show that if key operational and pricing assumptions are achieved, the Company and its subsidiaries will not require any additional funding for the next twelve months from the date of approval of these abridged financial statements.

By way of illustrating other downside sensitivities in the projection, a combination of:

- shortfalls in production throughput of up to 10%, that is equivalent to an improvement of only 15% on the average throughput achieved during the prior year;
- shortfalls in the average copper price of up to 2.5%;
- shortfalls in average recoveries of up to 5% on Mowana Mine from March 2015 and
- increase in the average milling costs by 7.5% to US$14.66/DMT due to the abovementioned sensitivity on production throughput applied;

would not result in any additional funding requirement over the forecasted period until July 2015 (all other assumptions unchanged).

Furthermore, a possible shutdown of operations for up to a month in the event of a critical equipment failure and/or heavy rain fall would result in an additional funding requirement of up to US$2.5 million (all other assumptions unchanged).

In light of the sensitivities of the cash flow forecast, the Directors of ZCI issued a further letter of financial support to ACU, confirming that ZCI will continue to make sufficient financial resources available to allow ACU to meet its liabilities as they fall due in the course of normal operations, subject to no material changes in the shareholding or debt structure of ACU resulting from the review of the reassessment of the strategic direction of ZCI and the Group. To ensure that ZCI has the ability to provide such support based on existing and any additional funding requirements, the Company obtained an extension of the letter of financial support from its controlling shareholder, to the value of US$2.5 million.

These projections are furthermore subject to ZCI continuing to defer all principal and interest payments arising from ACU's debt obligations to ZCI for the next twelve months.

Conclusion

After taking account of the Company and Group's funding position and its cash flow projections, and having considered the risks and uncertainties described above, the Directors have concluded that the Company and Group have adequate resources to operate for at least the next 12 months from the date of approval of these abridged financial statements. For these reasons, the Directors continue to prepare the financial statements on the going concern basis.

However, although we expect the Group to continue as a going concern, the combination of the uncertainties surrounding the successful and timely restart of mining operations at the Mowana pit and the associated processing of supergene ore, the exposure to copper price variations, the risk of our mining targets not being met, the contemplated restructuring of the group, and the availability of additional funding if necessary, collectively represent a material uncertainty casting significant doubt on the ability of the Company and its subsidiaries to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Notes to the abridged consolidated financial statements

5. iCapital settlement

During the 2014 financial year, the Company and iCapital reached a full and final settlement with regards to the dispute between the parties (as disclosed in note 11).

Given that iCapital is a related party (Mr J Soko, a director of ACU, is also a director of iCapital) the terms of the settlement which was a variation of the original terms of the IAMA (namely the compensation by a transfer of ACU shares) was subject to a fair and reasonableness opinion as per the Listing Requirements of the Johannesburg Stock Exchange ("JSE") and was conditional upon the approval of ZCI's shareholders. Accordingly, a fair and reasonableness opinion was obtained from an independent expert and the shareholders of the Company approved the terms of the settlement on 30 September 2013.

The settlement entailed a cash payment as well as a transfer of 18.5 % of the ACU shares held by the Company to iCapital. This transaction was considered an equity share based payment transaction in terms of IFRS 2 *Share based payments*.

In terms of the equity settled share based payment, the fair value of the services received from iCapital cannot be estimated reliably due the complexities and uncertainty around the calculation of the performance fees detailed in the Investment Advisory and Management Agreement ("IAMA") that was entered into between ZCI and iCapital and subsequently terminated leading to certain terms being disputed. The fair value of the services rendered was calculated with reference to the fair value of the equity instruments granted, measured at the grant date. The grant date of the transaction was the date that approval of the settlement terms was received from the shareholders, which was 30 September 2013. The fair value of the equity instruments granted was calculated based on the amount of shares transferred calculated as 247,575,741 ACU shares at the quoted share price of ACU Shares on the London Stock Exchange of GBP1.5 on the grant date and converted to US Dollars based on an exchange rate of US$1.6136 for each GBP1.00 on the same date.

Consequently, an amount of US$5,992 million was recognised directly in equity with a corresponding expense (included in other expenses).

6. Other expenses

Included in other expenses for the financial year ended is an advisory fee of US$2 million paid to iCapital (Mauritius) Limited ("iCapital") as well as a share based payment expense of US$5.992 million recognised as an equity settled share based payment transaction in terms of IFRS 2 *Share Based Payments*. These expenses have been incurred due to the settlement reached with iCapital as described in note 5 to the abridged financial statements.

Foreign exchange gains were previously disclosed separately on the statement of profit or loss. In order to achieve better presentation by function, it has been reclassified to other expenses.

Notes to the abridged consolidated financial statements

7. Earnings per share

	2014	2013
Basic (loss)/earnings per ordinary share (US cents)	**(47.08)**	5.16
Diluted (loss)/earnings per ordinary share (US cents)	**(48.95)**	1.63
Headline (loss)/earnings per ordinary share (US cents)	**(8.71)**	7.42
Diluted headline (loss)/earnings per ordinary share (US cents)	**(10.59)**	3.89
Number of ordinary shares in issue	**55,677,643**	55,677,643
Weighted average and diluted number of ordinary shares in issue	**55,677,643**	55,677,643

The following adjustments to loss attributable to ordinary shareholders were taken into account in the calculation of diluted loss, headline loss and diluted headline loss per share:

	2014 USD'000	2013 USD'000
(Loss)/profit attributable to owners of the company	**(26,211)**	2,871
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(1,045)**	(1,962)
Diluted (loss)/profit attributable to owners of the company	**(27,256)**	909
Loss/(profit) attributable to owners of the company	**(26,211)**	2,871
Impairment loss	**31,500**	2,025
Deferred tax on impairment loss	**(2,161)**	(446)
Non-controlling interest in impairment loss	**(8,366)**	(320)
Loss on disposal of property, plant and equipment	**526**	-
Non-controlling interest on disposal loss	**(140)**	-
Headline (loss)/profit attributable to owners of the company	**(4,852)**	4,130
Increase in shareholding in subsidiary with respect to convertible portion of debt	**(1,045)**	(1,962)
Diluted headline (loss)/profit attributable to owners of the company	**(5,897)**	2,168

The options granted by ACU were excluded from the diluted earnings per share calculation as their effect would have been anti-dilutive.

Notes to the abridged consolidated financial statements

8. Property, plant and equipment

2014	Mine development and infrastructure USD'000	Mine plant and equipment USD'000	Other assets USD'000	Total USD'000
Cost				
Balance at 1 April 2013	29,550	27,096	3,805	60,451
Additions	9,208	3,043	414	12,665
Disposals	-	(619)	(24)	(643)
Reclassifications/Transfers	(1,350)	1,296	54	-
Exchange adjustments	(1,774)	(1,576)	(220)	(3,570)
Balance at 31 March 2014	**35,634**	**29,240**	**4,029**	**68,903**
Depreciation and impairment losses				
Balance at 1 April 2013	(14,351)	(4,242)	(1,249)	(19,842)
Depreciation charge for the year	(3,360)	(1,158)	(430)	(4,948)
Disposals	-	94	23	117
Impairment loss	(11,965)	(1,455)	-	(13,420)
Exchange adjustments	1,151	290	76	1,517
Balance at 31 March 2014	**(28,525)**	**(6,471)**	**(1,580)**	**(36,576)**
Carrying value				
Balance at 1 April 2013	15,199	22,854	2,556	40,609
Balance at 31 March 2014	**7,109**	**22,769**	**2,449**	**32,327**

8. Property, plant and equipment - continued

2013	Mine development and infrastructure USD'000	Mine plant and equipment USD'000	Other assets USD'000	Total USD'000
Cost				
Balance at 1 April 2012	30,604	28,536	4,041	63,181
Additions	5,014	514	544	6,072
Disposals	-	(86)	(241)	(327)
Reclassifications/Transfers	(1,948)	1,948	-	-
Exchange adjustments	(4,120)	(3,816)	(539)	(8,475)
Balance at 31 March 2013	**29,550**	**27,096**	**3,805**	**60,451**
Depreciation and impairment losses				
Balance at 1 April 2012	(17,210)	(3,483)	(1,240)	(21,933)
Depreciation charge for the year	(1,058)	(1,294)	(387)	(2,739)
Disposals	-	17	208	225
Transfer	1,640	-	-	1,640
Exchange adjustments	2,277	518	170	2,965
Balance at 31 March 2013	**(14,351)**	**(4,242)**	**(1,249)**	**(19,842)**
Carrying value				
Balance at 1 April 2012	13,394	25,053	2,801	41,248
Balance at 31 March 2013	**15,199**	**22,854**	**2,556**	**40,609**

The majority of the Group's property, plant and equipment above is physically located at the mine, in Botswana.

Mine plant and equipment with a carrying value of US$ 4.0 million (2013: US$ 1.3 million) represent assets under finance leases (Refer Note10). Leased mine equipment to the value of US$1.1 million (2013: US$1.3 million) secure lease obligations of Banc ABC. During the current financial year the Group entered into a new mining contract with Diesel Power Mining (Proprietary) Limited. This lease is an arrangement that is not in the legal form of a lease, but is accounted for as a lease based on its terms and conditions (Refer Note 10).

8. Property, plant and equipment – continued

Impairment review

During the financial year, the Group reassessed the recoverability of the carrying value of its property, plant and equipment as well as intangible assets where mining is currently taking place, refer to note 9 (this is considered to be one cash generating unit), following continuing operating challenges and its on-going reconsideration of the strategic direction of its mining assets (Refer note 4). The recoverable amount was calculated with reference to value-in-use.

The Group performed an impairment test on the above mentioned cash generating unit. Key assumptions include the following:

- A revised six year and four months mine plan based on processing 5.5 million tonnes of the Mowana mine's proven and probable reserves and 0.7 million tonnes of the Thakadu Pit's probable reserves
- A discount rate of 15%, stress tested up to rate of 17% (2013: 15%-17%)
- Average production through-put levels of 81,253 tonnes per month, adjusted by 17.4% downside sensitivity factor to average production through put levels of 67,118, which is based on a 15% increase for the next 12 months and 7.6% increase over the life-of-mine on actual throughput compared to the previous financial year;
- Copper sales prices forecast at price of US$3.08 per lb until March 2015, adjusted by a 2.5% downside sensitivity factor, and thereafter with an average copper price over the life of mine from April 2015 of US$3.20 per lb, adjusted by a 2.5% downside sensitivity factor;
- Grade assumptions based on the Mowana and Thakadu resource model grades, which experience has shown to be reasonably predictive of the actual grades mined, averaging 1.53% and 1.8% respectively
- Recovery based on historical independent metallurgy and plant test-work adjusted by 5% downside sensitivity on Mowana Ore from March 2015
- Operating costs based on historical costs and approved budget costs, plus a 7.7% sensitivity factor increase on milling costs due to the sensitivity on production throughput
- Capital costs based on historical costs and approved budget costs

As required by IAS 36, no benefit has been recognised for any additional value that could be generated from the assets through improving the performance of the assets through additional cash outflows, from the development of underground workings or from production beyond the six year and four months mine plan.

The value-in-use represents the estimated present value of the future cash flows expected to be derived from the asset, discounted at a rate of 15% and stress tested at a rate of 17%.

Neither the outcome of the value-in-use calculation, nor the stress test indicated any further impairment of the carrying value of property, plant and equipment and the intangible assets relating to the operations where mining is currently taking place.

During the interim review, the outcome of the value-in-use calculation, resulted in an impairment loss of US$31.5 million (US$13.42 million relating to property, plant and equipment and US$18.08 million relating to intangible assets).

The Directors are further of the opinion that the results of the year end value-in-use calculation did not support a further impairment loss.

Notes to the abridged consolidated financial statements

9. Intangible assets

The Group's intangible assets consist of mining rights and resources and exploration and evaluation assets.

2014	Exploration and Evaluation assets (a) USD'000	Mine development and Infrastructure (b) USD'000	Total USD'000
Cost			
Balance at 31 March 2012	16,026	44,438	60,464
Additions	1,302	1,101	2,403
Effect of translation	(68)	(58)	(126)
Balance at 31 March 2013	17,260	45,481	62,741
Additions	764	618	1,382
Effect of translation	(11)	(9)	(20)
Balance as at 31 March 2014	**18,013**	**46,090**	**64,103**
Accumulated amortisation and impairment losses			
Balance at 31 March 2012	-	(16,001)	(16,001)
Amortisation	-	(3,317)	(3,317)
Impairment loss	(2,025)	-	(2,025)
Transfer	-	(1,640)	(1,640)
Effect of translation	-	86	86
Balance at 31 March 2013	(2,025)	(20,872)	(22,897)
Amortisation	-	(3,016)	(3,016)
Impairment loss	-	(18,080)	(18,080)
Balance at 31 March 2014	**(2,025)**	**(41,968)**	**(43,993)**
Carrying value			
Balance at 31 March 2013	15,235	24,609	39,844
Balance at 31 March 2014	**15,988**	**4,122**	**20,110**

(a) Comprise licence numbers PL33/2005, PL180/2008, PL14/2004, PL15/2004, PL16/2004, PL17/2004 and PL60/2011

(b) Comprise licence numbers ML2006/53L and PL1/2005

9. Intangible assets - continued

For purposes of impairment testing, the Directors consider each of the Group's exploration and development assets on a project-by-project basis. Currently there are two projects that are separately identifiable cash generating units:

- Exploration expenditures on areas within the Mowana environs but which have not yet been exploited and do not form part of the current declared resources (Mowana underground resources)
- Exploration expenditures on the Matsitama tenements.

License numbers PL14/2004, PL15/2004, PL16/2004 and PL17/2004 is due to expire on 30 September 2014.Application for renewal of the licenses will be submitted in due course and accordingly exploration activities have been planned and the committed spending under the licenses are budgeted and included in the group's cash projections for the upcoming periods.

During the current financial year, licence number PL060/2011 situated in the Matsitama tenements expired. It is currently the Directors intention to retain this licence and application for renewal has been submitted.

As at 31 March 2013, license number PL33/2005 and PL180/2008 situated within the Mowana tenements were impaired as a result of being post expiry date, combined with the fact that committed expenditure relating to these two licences has not been incurred and the lack of confirmation on the renewal. As at the date of this report, communication has been received that these licenses have been renewed. The renewal on its own however does not warrant in management's view a reversal of the past impairment raised.

No further impairment indicators were identified in relation to any of the other licenses. It is currently the intention of the Group to renew all its licences as they become due for expiry in future periods and accordingly exploration activities have been planned and the committed spending under the licenses are included in the Group's cash projections.

Mine development and infrastructure includes pre-operating cost, mining rights and exploration expenditures related to Mowana and Thakadu open pits. These are considered as part of the mining operations for purposes of impairment testing. For details, assumptions used and outcome, refer to note 8.

The amortisation of intangible assets is included as part of other expenses in the Abridged Statement of Profit and Loss and Other Comprehensive Income.

The table below shows a summary of the mining and exploration licenses and to which intangible assets they relate to:

	Mining / exploration licenses	**Expiry Dates**
Mowana Mining rights	ML 2006/53L	19 December 2031
Thakadu Mining right	ML 2010/96L and PL1/2005	7 December 2017 and 30 June 2014
Mowana resources	PL33/2005 and PL180/2008	30 June 2016
Matsitama projects	PL14/2004-17/2004 and PL060/2011	30 September 2014 and 31 December 2013a

[a] Application for prospecting licence renewals have been made as required. As at the date of these abridged financial statements the renewal process is yet to be concluded.

10. Finance lease liability

On 20 February 2014, the Group entered into an agreement for 52-months with a mining contractor, Diesel Power Mining (Proprietary) Limited ("Diesel Power"). In terms of the contract, specific mining equipment will be used by the contractor in fulfilling their duties of mine scheduling, drill and blasting, waste removal and ore mining. Although the arrangement is not in the legal form of a lease, the Group concluded that the arrangement contains a lease of the mining equipment. The lease was classified as a finance lease. At the inception of the arrangement, it was impracticable to split the payments into lease payments and other payments related to the arrangement, as such the lease asset and liability was recognised at an amount equal to the fair value of the assets that was identified in terms of the lease. The imputed finance costs on the liability were determined based on the Group's incremental borrowing rate (9%). This lease provides the Group with the option to buy the equipment at a beneficial price. In terms of the agreement Diesel Power shall not de-mobilise any or all of the mining equipment from the site without receiving written approval from the Group.

Finance lease liabilities recognised for items of equipment whereby the commencement date of the lease was prior to 31 March 2014, are payable as follows:

In thousands of US dollars	**Future minimum lease payments 2014**	**Interest 2014**	**Present value of minimum lease payments 2014**
Less than one year	**535**	**157**	**378**
Between one and five years	**1,783**	**248**	**1,535**
More than five years	**-**	**-**	**-**
	2,318	**405**	**1,913**

This lease commenced during the current financial year as such no comparative numbers have been presented.

Commitments under finance lease

At the reporting date, all assets subject to this agreement was not yet at the mine as they are still being mobilised. The future minimum lease payments (for all assets subject to this agreement) are as follow:

In thousands of US dollars	**Future minimum lease payments 2014**	**Interest 2014**	**Present value of minimum lease payments 2014**
Less than one year	**2,037**	**598**	**1,439**
Between one and five years	**6,793**	**945**	**5,848**
More than five years	**-**	**-**	**-**
	8,830	**1,543**	**7,287**

11. Change in investment in ACU

During the current financial year the iCapital dispute has been settled (Refer note 5). The settlement entailed a cash payment of US$2 million and a transfer of 18.5% of the ACU shares held by the company, after the conversion of the convertible Tranche A loan into 556,307,263 shares in ACU.

On 30 September 2013 the company announced that the Tranche A loan facility of US$8,379,100 would be converted into ordinary ACU shares at the conversion rate of 1 pence per ordinary share and at the exchange rate as set out in the conversion notice of US$1.5062 to 1GBP, which equates to new ordinary shares of 556,307,263. Immediately following the issue of the converted shares to the company, 247,575,741 of the converted shares will be transferred to iCapital in settlement of performance fees.

Due to the conversion of shares the Non-Controlling Interest decreased from 15.81% to 9.89% and the Group's equity interest in African Copper PLC increased from 84.19% to 90.11% and subsequently due to the transfer of 18.5% of the shareholding to iCapital the Non-Controlling Interest ("NCI") increased from 9.89% to 26.56% and the Group's equity interest in African Copper PLC decreased from 90.11% to 73.44%

The impact of the debt conversion and subsequent transfer of shares to iCapital on the abridged consolidated statement of changes in equity is a decrease in the opening NCI of US$5.406 million and a corresponding increase in equity attributable to owners of the company.

The following summarises the effect of the loan Conversion and transfer of ACU shares to iCapital in the Company's ownership interest in ACU:

	USD'000
Company's ownership interest at the beginning of the year	84,966
Equity settled share based payment	5,992
Share option reserve	69
Settlement of equity share based payment	5,406
Loan conversion	(2,978)
Transfer of shares to iCapital	8,384
Share of Comprehensive income	(27,574)
Loan conversion	2,096
Transfer of shares to iCapital	(5,902)
Loss for the year and other comprehensive income	(23,768)
Company's ownership interest at the end of the year	68,859

Notes to the abridged consolidated financial statements

12. Commitments

Contractual obligations	Total USD'000	2014 [d] USD'000	2015[d] USD'000	2016[d] USD'000	2017[d] and thereafter USD'000
Goods, services and equipment [a]	**4,828**	**4,828**	**-**	**-**	**-**
Exploration licences [b]	**1,801**	**1,801**	**-**	**-**	**-**
Operating lease agreements [c]	**107**	**56**	**29**	**10**	**12**
	6,736	**6,685**	**29**	**10**	**12**

a) The Group has a number of agreements with third parties who provide a wide range of goods and services and equipment. This includes commitments for capital expenditure.
b) Under the terms of ACU's prospecting licences, Matsitama is obliged to incur certain minimum expenditures.
c) ACU has entered into agreements to lease premises for various periods.
d) The period refers to the calendar year ended.

13. Related party transactions

There were no changes with respect to the nature or terms of related party transactions during the period to that previously reported apart from the settlement reached with iCapital which is described in the iCapital settlement note 5.

14. Dividends

No dividends were declared for the year under review.

15. Events after the reporting period

No event, material to the understanding of these financial statements, has occurred between the reporting date and the date of approval of the financial statements *except* for the Company obtaining an extension on a letter of support from its controlling shareholder, to the value of US$2.5 million as described in note 4.

16. Audit opinion

The consolidated financial statements, from which the abridged financial statements were derived, have been audited by KPMG Inc. Both the consolidated financial statements and the unqualified audit opinion with the emphasis of matter paragraph are available for inspection at the registered office of ZCI.

The emphasis of matter paragraph draws attentions to note 4 of the abridged consolidated financial statements which indicated that the group incurred a net loss of US$36.8 million for the year ended 31 March 2014. This condition, along with other matters as set forth in the note, indicates the existence of a material uncertainty that may cast significant doubt on the ability of the company and its subsidiaries to continue as going concerns. The audit opinion is not qualified in respect of this matter.

The auditor's report does not necessarily cover all of the information contained in this abridged report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

ZCI LIMITED

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Notes to the abridged consolidated financial statements

17. Mineral Resources and Mineral Reserves

Since the previous financial year no material changes to the Mineral Resources and Ore Reserves disclosed in the ZCI Integrated report for the year ended 31 March 2014 are expected other than depletion, due to continued mining activities.

18. Notice to members of annual general meeting

Notice is hereby given that the annual general meeting of members of ZCI Limited will be held at Hotel Novotel Luxembourg Kirchberg, Quartier Européen Nord Kirchberg, 6, rue du Fort Niedergrünewald, Luxembourg on Wednesday, 24 September 2014 at 14.00 CET (13.00 BST, 14.00 SAST).

19. Directors

With effect 31 August 2013, Edgar Hamuwele resigned as non-executive director and chairman of the ZCI Board, subsequently Professor Stephen Simukanga was appointed as chairman of the ZCI Board with effect from 26 September 2013. John Lungu has been appointed as a non-executive director with effect from 30 April 2014.

20. Directors' responsibility

The abridged report is extracted from audited information, but is not itself audited.

The directors take full responsibility for the preparation of the abridged report and the financial information has been extracted correctly from the underlying audited consolidated financial statements.

On behalf of the board of directors

Thomas Kamwendo
CEO – ZCI Limited

Willem Badenhorst
Financial Director

Directors: W Badenhorst, M Clerc*, T Kamwendo, J Lungu*, C O'Connor* and S Simukanga* (* non-executive)
Company secretary: J Kleynhans
Registered and postal address: Clarendon House, 2 Church Street, Hamilton, Bermuda
Telephone: +352 402 505 427
Fax: +352 402 505 66
Auditors: KPMG Inc
Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa
Sponsor: Bridge Capital Advisors (Pty) Limited, 27 Fricker Road, lllovo Boulevard, lllovo, 2196, South Africa
Website: www.zci.lu