

SENS ANNOUNCEMENT

(the “Announcement”)

ISSUER



METAL FABRICATORS ZAMBIA PLC (“ZAMEFA”)

[Incorporated in the Republic of Zambia]

Company registration number: 5079
Share Code: ZAMEFA
ISIN: ZM0000000243
Authorised by Kangwa D. Bwalya – Managing Director

SPONSOR



Stockbrokers Zambia Limited

[Founder Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

RISK WARNING

The Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 22 November 2021



METAL FABRICATORS OF ZAMBIA PLC

[Company incorporated in the Republic of Zambia]

Company Registration Number: 5079

Share Code: ZAMEFA

ISIN: ZM0000000243

["ZAMEFA" or "the Company"]

In compliance with the Securities Act No. 17 of 2016 and the Listing Requirements of the Lusaka Securities Exchange, Metal Fabricators of Zambia PLC (ZAMEFA) announces its separate and consolidated results for the year ended 30th September 2021.

Extract from Statement of Profit or Loss and other Comprehensive Income

	Group		Company	
	Year ended 30-Sep-2021 Zmw'000	Year ended 30-Sep-2020 Zmw'000	Year ended 30-Sep-2021 Zmw'000	Year ended 30-Sep-2020 Zmw'000
Revenue	2 424 306	995 289	2 424 306	995 289
Gross profit	122 205	57 475	122 205	57 475
Operating Income	42 911	1 456	42 960	1 493
Net Finance costs	(21 579)	(33 608)	(21 579)	(33 608)
Net foreign exchange gain/(loss)	44 471	(200 788)	44 032	(200 507)
Profit/(Loss) before income tax	65 803	(232 940)	65 413	(232 622)
Taxation	(13 758)	(1 428)	(13 650)	(1 352)
Profit/(Loss) for the year	52 045	(234 368)	51 763	(233 974)
Other comprehensive income				
<i>Items that will be reclassified subsequently to the profit or loss</i>				
Exchange loss on translation of foreign operation	(96)	(1 180)	-	-
Total comprehensive profit/(loss) for the period	51 949	(235 548)	51 763	(233 974)
Earnings/(Loss) per Ordinary share	1.92	(8.65)	1.91	(8.64)

Extract from Statement of Financial Position

	Group		Company	
	30-Sep-2021	30-Sep-2020	30-Sep-2021	30-Sep-2020
	Zmw'000	Zmw'000	Zmw'000	Zmw'000
Assets				
Non-current assets				
Property, plant and equipment	127 442	129 336	127 442	129 336
Deferred tax assets	-	7 618	-	7 569
Total non-current assets	127 442	136 954	127 442	136 905
Current assets				
Other current assets	594 293	462 094	601 864	469 396
Cash and cash equivalents	41 101	27 761	38 417	25 738
Total current assets	635 394	489 855	640 281	495 134
Total assets	762 836	626 809	767 723	632 039
Equity and liabilities				
capital and reserves				
Share capital	271	271	271	271
Equity loan	365 000	365 000	365 000	365 000
Revaluation surplus	112 188	112 188	112 188	112 188
Share based payment reserve	208	208	208	208
Foreign currency translation reserve	(1 275)	(1 179)	-	-
Accumulated loss	(293 653)	(345 698)	(289 792)	(341 555)
Total equity	182 739	130 790	187 875	136 112
Non-current liabilities				
Deferred tax liabilities	6 139	-	6 081	-
Share based options	-	404	-	404
Retirement benefit obligations	7 156	6 846	7 156	6 846
Total non-current liabilities	13 295	7 250	13 237	7 250
Current liabilities				
Share based options	-	818	-	818
Trade payables	418 550	355 661	418 359	355 569
Bank overdrafts	148 252	132 290	148 252	132 290
Total current liabilities	566 802	488 769	566 611	488 677
Total liabilities	580 097	496 019	579 848	495 927

Total equity and liabilities

762 836

626 809

767 723

632 039

Statement of changes in equity

Group

	Share capital	Equity Loan	Revaluation reserve	Accumulated loss	Foreign currency translation reserve	Share Based Reserve	Total
	Zmw'000	Zmw'000	Zmw'000	Zmw'000	Zmw'000	Zmw'000	Zmw'000
Year ended 30-Sep-2021							
At start of the year	271	365 000	112 188	(345 698)	(1 179)	208	130 790
Profit for the year	-	-	-	52 045	-	-	52 045
Foreign currency translation difference	-	-	-	-	(96)	-	(96)
At end of the year	271	365 000	112 188	(293 653)	(1 275)	208	182 739

Statement of changes in equity

Company

	Share capital	Equity Loan	Revaluation reserve	Accumulated loss	Share Based Reserve	Total
	Zmw'000	Zmw'000	Zmw'000	Zmw'000	Zmw'000	Zmw'000
Year ended 30-Sep-2021						
At start of the year	271	365 000	112 188	(341 555)	208	136 112
Profit for the year	-	-	-	51 763	-	51 763
At end of the year	271	365 000	112 188	(289 792)	208	187 875

	Group		Company	
	30-Sep-2021 Zmw'000	30-Sep-2020 Zmw'000	30-Sep-2021 Zmw'000	30-Sep-2020 Zmw'000
Statements of cash flows				
Cash flows from operating activities				
Cash generated from operations	19 707	46 421	19 046	46 480
Net Interest paid	(21 579)	(33 608)	(21 579)	(33 608)
Income tax paid	(0)	(1)	(0)	(1)
Net cash (used in) / generated from operating activities	(1 872)	12 812	(2 533)	12 871
Net cash outflow from investing activities	(750)	-	(750)	-
Net (decrease)/ increase in cash and cash equivalents	(2 622)	12 812	(3 283)	12 871
Movement in cash and cash equivalents				
At start of the year	(104 529)	(117 341)	(106 552)	(119 423)
Net (decrease)/ increase in cash and cash equivalents	(2 622)	12 812	(3 283)	12 871
At end of the year	(107 151)	(104 529)	(109 835)	(106 552)
Comprising of:				
Cash and bank balances	41 101	27 761	38 417	25 738
Bank overdraft	(148 252)	(132 290)	(148 252)	(132 290)
Net cash and cash equivalents	(107 151)	(104 529)	(109 835)	(106 552)

Summary of operating results

	Group		Company	
	Year ended 30-Sep-2021 Zmw '000	Year ended 30-Sep-2020 Zmw '000	Year ended 30-Sep-2021 Zmw '000	Year ended 30-Sep-2020 Zmw '000
Revenue	2 424 306	995 289	2 424 306	995 289
Operating Income	42 911	1 456	42 960	1 493
Profit (loss) for the period	52 045	(234 368)	51 763	(233 974)

Commentary

For the financial year ended 30th September 2021, the Group and the Company recorded profits resulting in the earnings per share ("EPS") of Zmw 1.92 and Zmw 1.91 respectively, compared to the losses recorded in prior year resulting in loss per share ("LPS") of (Zmw8.65) for the Group and (Zmw8.64) for the Company.

The increase in profit in the 2021 financial year result mainly from the 45% increase in volumes sold compared to the prior year.

In addition, the strengthening of the kwacha against the USD in the last quarter of the current financial year has resulted in the Group and Company recording net foreign exchange gains of K44.4 million and K44 million respectively for the 2021 financial year compared to the net foreign exchange losses in the prior year of K200.7 million for the Group and K200.5 million for the Company.

The finance costs reduced by 36% compared to the prior year mainly due to the conversion of the long-term loan from the majority shareholder into an equity loan bearing interest at 0%. The restructuring of the loan was concluded during the last quarter of the prior financial year. Despite the reduction in the current year, the finance cost for the Group and Company still exceeded the maximum finance cost deductible for tax purposes as defined in section 29 of the Income tax act of Zambia.

The cash position of the Group and Company remained in overdraft at the end of the current financial year mainly due to the increase in working capital required by the Group and Company as a result of the higher copper prices. In addition, the cash resources were negatively affected by the fact that none of the overdue VAT claims that existed at the end of the previous year end, were settled by the Zambia Revenue Authority during the year.

By Order of the Board

BDO Zambia Limited

COMPANY SECRETARIES

Issued in Lusaka, Zambia on 22 November 2021

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STOCKBROKERS ZAMBIA LIMITED	Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia

First Issued on 22 November 2021