

## 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: The Board of Directors

### 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: 21 May 2020**



## 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 six-month period ("Period") ended 31st March 2021.

### Extract from Statement of Profit or Loss and other Comprehensive Income

	Group		Company	
	Period ended 31-Mar-2021	Period ended 31-Mar-2020	Period ended 31-Mar-2021	Period ended 31-Mar-2020
	Zmw'000	Zmw'000	Zmw'000	Zmw'000
<b>Revenue</b>	<b>1 145 534</b>	395 867	<b>1 145 534</b>	395 867
<b>Gross profit</b>	<b>66 429</b>	12 091	<b>66 429</b>	12 091
Operating Income/ (loss)	<b>20 204</b>	(11 428)	<b>20 229</b>	(11 411)
Net Finance costs	<b>(10 092)</b>	(20 776)	<b>(10 092)</b>	(20 776)
Net foreign exchange losses	<b>(24 511)</b>	(176 577)	<b>(25 035)</b>	(176 045)
<b>Loss before income tax</b>	<b>(14 399)</b>	(208 781)	<b>(14 898)</b>	(208 232)
Income tax	-	-	-	-
<b>Loss for the year</b>	<b>(14 399)</b>	(208 781)	<b>(14 898)</b>	(208 232)
Other comprehensive income				
<i>Items that will be reclassified subsequently to the profit or loss</i>				
Exchange loss on translation of foreign operation	<b>(1 826)</b>	(704)	-	-
Total comprehensive loss for the period	<b>(16 225)</b>	(209 485)	<b>(14 898)</b>	(208 232)
<b>Loss per Ordinary share</b>	<b>(0.53)</b>	(7.71)	<b>(0.55)</b>	(7.69)

# Extract from Statement of Financial Position

	Group		Company	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
	Zmw'000	Zmw'000	Zmw'000	Zmw'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	128 014	130 980	128 014	130 980
Deferred tax assets	7 618	9 045	7 569	8 920
<b>Total non-current assets</b>	<b>135 632</b>	<b>140 025</b>	<b>135 583</b>	<b>139 900</b>
<b>Current assets</b>				
Other current assets	759 378	566 385	769 450	573 805
Cash and cash equivalents	31 288	23 557	27 681	21 171
<b>Total current assets</b>	<b>790 666</b>	<b>589 942</b>	<b>797 131</b>	<b>594 976</b>
<b>Total assets</b>	<b>926 298</b>	<b>729 967</b>	<b>932 714</b>	<b>734 876</b>
<b>Equity and liabilities</b>				
<b>capital and reserves</b>				
Share capital	271	271	271	271
Equity loan	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	(3 005)	(703)	-	-
Accumulated loss	(360 097)	(320 111)	(356 453)	(315 813)
<b>Total equity</b>	<b>114 565</b>	<b>(208 147)</b>	<b>121 214</b>	<b>(203 146)</b>
<b>Non-current liabilities</b>				
Long term loan	-	362 539	-	362 539
Share based options	-	596	-	596
Retirement benefit obligations	6 117	6 015	6 117	6 015
<b>Total non-current liabilities</b>	<b>6 117</b>	<b>369 150</b>	<b>6 117</b>	<b>369 150</b>
<b>Current liabilities</b>				
Share based options	-	818	-	818
Trade payables	642 026	456 095	641 793	456 003
Bank overdrafts	163 590	112 051	163 590	112 051
<b>Total current liabilities</b>	<b>805 616</b>	<b>568 964</b>	<b>805 383</b>	<b>568 872</b>
<b>Total liabilities</b>	<b>811 733</b>	<b>938 114</b>	<b>811 500</b>	<b>938 022</b>

Total equity and liabilities	<u>926 298</u>	<u>729 967</u>	<u>932 714</u>	<u>734 876</u>
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**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
<b>Period ended 31-March-2021</b>							
At start of the period	271	365 000	112 188	(345 698)	(1 179)	208	130 790
Loss for the period	-	-	-	(14 399)	-	-	(14 399)
Foreign currency translation loss	-	-	-	-	(1 826)	-	(1 826)
At end of the period	<b>271</b>	<b>365 000</b>	<b>112 188</b>	<b>(360 097)</b>	<b>(3 005)</b>	<b>208</b>	<b>114 565</b>

**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
<b>Period ended 31-March-2021</b>						
At start of the period	271	365 000	112 188	(341 555)	208	136 112
Loss for the period	-	-	-	(14 898)	-	(14 898)
At end of the period	<b>271</b>	<b>365 000</b>	<b>112 188</b>	<b>(356 453)</b>	<b>208</b>	<b>121 214</b>

	Group		Company	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
	Zmw'000	Zmw'000	Zmw'000	Zmw'000
<b>Statements of cash flows</b>				
<b>Cash flows from operating activities</b>				
Cash (used in) / generated from operations	(17 681)	49 946	(19 265)	49 642
Net Interest paid	(10 092)	(20 779)	(10 092)	(20 776)
Income tax paid	-	(1)	-	(1)
<b>Net cash (used in) / generated from operating activities</b>	<b>(27 773)</b>	<b>29 169</b>	<b>(29 357)</b>	<b>28 865</b>
Net cash outflow from investing activities	-	(322)	-	(322)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(27 773)</b>	<b>28 847</b>	<b>(29 357)</b>	<b>28 543</b>
<b>Movement in cash and cash equivalents</b>				
At start of the period	(104 529)	(117 341)	(106 552)	(89 075)
Net (decrease)/ increase in cash and cash equivalents	(27 773)	28 847	(29 357)	28 543
At end of the period	(132 302)	(88 494)	(135 909)	(90 880)
Comprising of:				
Cash and bank balances	31 288	23 557	27 681	4 106
Bank overdraft	(163 590)	(112 051)	(163 590)	(112 051)
Net cash and cash equivalents	(132 302)	(88 494)	(135 909)	(90 880)

## Summary of operating results

	Group		Company	
	Period ended 31-Mar-2021 Zmw '000	Period ended 31-Mar-2020 Zmw '000	Period ended 31-Mar-2021 Zmw '000	Period ended 31-Mar-2020 Zmw '000
Revenue	1 145 534	395 867	1 145 534	395 867
Operating Income/ (loss)	20 204	(11 428)	20 229	(11 411)
Loss for the period	(14 399)	(208 781)	(14 898)	(208 232)

## Commentary

For the six-month period ended 31 March 2021 the loss per share ("LPS") for the Group and the Company improved by 93% from the LPS achieved in the corresponding period of the prior year.

The improvement in the LPS is primarily due to the increase in volumes sold during the reporting period compared to the corresponding period in the prior year when limited copper cathode was available in Zambia.

In addition, the significant reduction in the overdue amounts due by the Zambia Revenue Authority ("ZRA") at the end of the previous financial, and the restructuring of the shareholders' loan into an equity loan in August 2020, reduced the Group's USD based liabilities. As a result, the effect of the ongoing weakening of the kwacha against the United States dollar ("USD") had a smaller negative effect in the reporting period than in the corresponding period of the prior year.

Revenue is 189% higher than achieved in the same period of 2020 mainly due to the impact of a significant portion of the groups revenue being earned in USD and as the kwacha has depreciated 48% against the United States dollar since the comparative period, the pass through to customers of a 27% increase in the copper price and a 70% increase in volumes compared to the first half of the prior financial year.

Financing costs reduced by 51% compared to the same period of 2020 due to the conversion of the interest bearing long term loan into an equity loan with an interest rate of 0%.

Group and Company's Loss per share for the period under review were (Zmw0.53) and (Zmw0.55) while the loss per share for the comparative period of 2020 were (Zmw7.71) for the Group and (Zmw7.69) for the Company.

By Order of the Board  
BDO Zambia Limited – Company Secretaries

Issued in Lusaka, Zambia on 21 May 2021

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