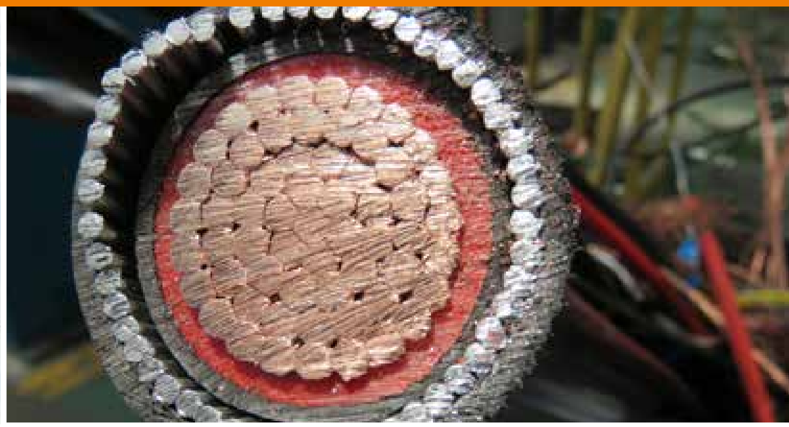
ZAMEFA

2022 ANNUAL REPORT



WWW.ZAMEFA.COM

Metal Fabricators of Zambia PLC

Annual Report

For the year ended 30 September 2022

Statement on Forward-Looking Information

This report contains forward-looking statements about the Company's performance and position. The words "intend", "aim", "anticipate", "estimate", "plan", "believes", "expects", "may", "should", "will", or similar expressions, commonly identify such forward-looking statements. We believe that while the forward-looking information contained herein is realistic at the time of publishing this report, actual results in future may differ from those anticipated. The Company and its Directors take no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the statements have been made.

Metal Fabricators of Zambia PLC
(Incorporated in Zambia)

Directors' report and annual financial statements
For the year ended 30 September 2022

Table of contents

Company Profile	
Corporate Name	Metal Fabricators of Zambia PLC
Trading As	ZAMEFA
Creation Date	1968
Company Status	Listed on the "Lusaka Securities Exchange"
Controlling Shareholder	Reunert International Investments (Mauritius) Limited (75%)
Authorised Share Capital	150,000,000 Shares
Activities	Manufacture of Copper Rod and Copper and Aluminum Electrical Conductors
Products	Low Voltage Cables (600/1000V)
	Building Wire
	Bare Copper Earth Wire
	Flexible Cables and Wires
	Aluminum Overhead Conductors
	Aerial Bundle Conductors
	Copper Rod
	Copper Shapes
Certifications	ISO 9001
	ISO 14001
	ISO 45001
	SABS Mark
	ZABS Mark
Website	www.ZAMEFA.com

Metal Fabricators of Zambia PLC

General Company information

Metal Fabricators of Zambia PLC (ZAMEFA) was incorporated in the Republic of Zambia under the Zambian Companies Act and is domiciled in Zambia. ZAMEFA was incorporated in 1968 and privatized in 1996. The Company was listed on the Lusaka Securities Exchange in September 2004.

Fabcorp (Pty) Limited was registered in 2008 and domiciled in the Republic of South Africa. It was a wholly owned subsidiary of Metal Fabricators of Zambia PLC.

The subsidiary had been dormant for a number of years and as a result, the Directors decided to place the company into voluntary liquidation. A liquidator was appointed by the Master of the High Court of South Africa on 11 November 2020. All the assets of the subsidiary, which consisted only of cash, were transferred to the trust account of the liquidator at the end of the prior year. As from 1 October 2021 the sole shareholder therefore had no power over the subsidiary, was not exposed, had no rights to variable returns from its involvement with the subsidiary and did not have the ability to use its power to affect its returns. The Master of the High Court approved the final liquidation and distribution account on 28 April 2022. As a result consolidated financial statements will not be prepared in 2022 and only the financial results for Metal Fabricators of Zambia PLC will be presented for approval at the Annual General meeting on 13 December 2022.

The controlling shareholder of ZAMEFA is Reunert International Investments (Mauritius) Limited, incorporated in Mauritius, a wholly owned subsidiary of Reunert Limited incorporated in South Africa and listed on the Johannesburg Stock Exchange (JSE). Reunert International Investments (Mauritius) Limited owns 75% of the total issued shares of ZAMEFA, and the remainder is held by a broad portfolio of investors comprising local, foreign institutions and individuals, including employees of the Company.

Reunert Limited the ultimate controlling company, has been at the forefront of the cable industry in the region for more than 60 years, supplying large volumes of cable to power and telecommunications utilities as well as the mining, agricultural and industrial sectors.

The Company continues to hold full certifications for ISO 9001 (quality management system), ISO 14001 (environmental management system) and ISO 45001 (occupational health and safety management system). Additionally the Company continues to hold the South African Bureau of Standards (SABS) and Zambia Bureau of Standards (ZABS) permits for its range of low voltage power distribution cables.

Exports continue to be the main source of revenue for the Company. During the period under review, exports accounted for 77% of the total sales revenue with sales to various Sub-Saharan countries.

<table>
<tr><th>REGISTERED OFFICE</th><th colspan="2">DIRECTORATE</th></tr>
<tr><td>Plot 1400
H. Figov Road
Luanshya
Republic of Zambia</td><td colspan="2">A.E. Dickson - Chairman, Non-Executive Director (Reunert Ltd Group CEO)
K.D. Bwalya - Managing Director
N.A. Thomson - Non-Executive Director (Reunert Ltd Group CFO)
L.A Corte - Non-Executive Director (Appointed 05 November 2021)
P.W. de Villiers - Non -Executive Director (Resigned 05 November 2021)
J. M. Chisanga - Independent Non-Executive Director
C. Kabaghe - Independent Non-Executive Director
L.J. du Plessis - Executive Director (Resigned 11 August 2022)</td></tr>
<tr><th>POSTAL ADDRESS</th><th colspan="2">MANAGEMENT TEAM</th></tr>
<tr><td>P.O. Box 90295
Luanshya
Republic of Zambia
Telephone +260 212 591000
+260 212 591114
Facsimile: +260 212 510023</td><td colspan="2">K.D. Bwalya - Managing Director
G.J.H. Steyn - Strategy & Integration Manager - Africa Operations
L. J. du Plessis - Commercial Director (Resigned 11 August 2022)
L. Braithwaite - Plant Manager (Appointed 1 May 2022)
E. Mangoni - Financial Controller
S. Sikombe - Human Resources Manager</td></tr>
<tr><th>AUDITORS</th><th>BANKERS</th><th>TRANSFER SECRETARIES</th></tr>
<tr><td rowspan="5">Deloitte & Touche
Deloitte Square
Plot # 2374/B
Thabo Mbeki Road
P.O. Box 30030 Lusaka
Tel: +260 211 228677/8
Fax: +260 211 226915</td><td rowspan="5">Rand Merchant Bank
ABSA Bank Zambia PLC
Citibank Zambia Limited
Standard Bank of South Africa Limited
First National Bank Zambia Limited
Stanbic Bank Zambia Limited</td><td>Sharetrack Zambia Limited</td></tr>
<tr><th>BROKERS</th></tr>
<tr><td>Stock Brokers Zambia Limited</td></tr>
<tr><th>CORPORATE SECRETARIES</th></tr>
<tr><td>BDO Zambia Limited</td></tr>
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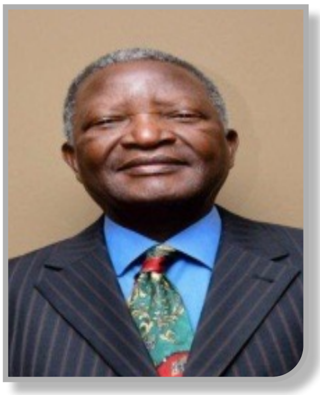
BOARD OF DIRECTORS

A.E. Dickson
Chairman



J. M. Chisanga
Independent Non-Executive Director

Chance Kabaghe
Independent Non-Executive Director

K.D Bwalya
Managing Director

N.A. Thomson
Non-Executive Director

L. A. Corte
Non Executive Director
(Appointed 5 November 2021)

L. J. Du Plessis
Executive Director
(Resigned 11 August 2022)

EXECUTIVE MANAGEMENT TEAM

K.D Bwalya
Managing Director

L. J. Du Plessis
Executive Director
(Resigned 11 August 2022)

L.Braithwaite
Plant Manager
(Appointed 1 May 2022)

G.J.H. Steyn
Strategy & Integration Manager Africa Operations

S. Sikombe
Human Resources Manager

E. Mangoni
Financial Controller

AE Dickson
Chairman

Board Matters

The 2022 financial year was negatively affected by a number of factors over which the Company had little control. Firstly, the increased volume of goods that needed to be moved around the world after most of the Covid-19 regulations had been relaxed, put enormous strain on the logistics systems worldwide. This resulted in abnormal delays in receiving raw material and spare parts for ZAMEFA. This challenge was evident throughout the year but specifically the last month of the year was negatively affected by the unavailability of sufficient LME registered grade A copper cathode required in the Company's production process. In addition, border posts also battled to manage the increased volumes which further delayed deliveries to our export customers.

Secondly, the volatility of metal prices during the year caused a number of customers to adopt "a wait and see" approach on placing orders in an effort to buy product at the lowest price which had a negative effect on volumes sold. On the positive side, the company did manage to collect just more than half of the overdue Value Added Tax (VAT) from the Zambia Revenue Authority (ZRA) and indications are that the remaining outstanding VAT balance will be collected soon.

During the year the following changes were made to the Board:

Mr du Plessis resigned from his employment with the Company and his resignation from the Board was accepted on 11 August 2022.

I wish to express my sincere thanks to Mr du Plessis for all his contributions to the Board and the company during the period that he served on the Board. He served the company with distinction and we wish him well in the next chapter of his career.

Company Performance

The financial results of the 2022 financial year were down on those achieved in the prior year. The decrease was mainly due to:

- a decrease in volumes sold in the 2022 financial year, compared to the prior year due to the reasons mentioned above;
- Cable orders which were expected to be received in the beginning of the year only materialised in the last month of the fourth quarter. This resulted in an unfavourable mix of product sold in the year with low margin copper rod sales accounting for more than 60% of volumes sold; and
- the foreign exchange profits realised in the prior year, did not repeat in the 2022 financial year.

The cash position of the Company improved from an overdraft at the end of the prior financial year to a positive bank balance mainly due to the improvement in the working capital of the Company and the collection of half of the overdue VAT from the ZRA.

The health and safety of our employees remained one of the most important values embraced by management and the Company. In living this value, the Company coined a phrase "Zero and beyond" which highlighted procedures with the aim to have zero reportable incidents within the Company, and to expand the safety behaviours to the homes and communities of our employees. The focus on health and safety paid off as the Company was recently able to celebrate a million hours of work without any lost time injuries.

With regards to Covid-19, for the immediate future, it appears as if the pandemic may be something of the past, as no new case has been reported for a number of months. The Company is, however, still motivating staff to get vaccinated while some of the Covid-19 prevention protocols like the sanitation of hands are still maintained.

The Company is ready to re-introduce all the necessary prevention protocols should there be a need.

ZAMEFA has continued to receive recognition for its consistent export efforts. At the annual awards giving ceremony of the Zambia Association of Manufacturers, ZAMEFA won the award for the "Most Progressive Exporter".

Our integrated quality management systems are based on relevant ISO certifications as well as certification from the South African Bureau of Standards (SABS) and the Zambian Bureau of Standard (ZABS). This confirms our commitment to produce world class quality products to meet the needs of our local and regional customers.

Appreciation

Our employees again have experienced a very challenging year and have exhibited great commitment. I would like to thank the employees and the ZAMEFA management team for their efforts. On behalf of the Board, I would like to thank all our customers for their support and give them our commitment that we will continue to strive to meet their requirements in the years ahead. I would like to thank the Board for their support, candid input and the exemplary manner in which they discharged their responsibilities.

Managing Director's report
For the year ended 30 September 2022

KD Bwalya

OVERVIEW

As the COVID-19 pandemic started receding in the country and the rest of the world, ZAMEFA's focus in 2022 was on strengthening relationships and planning for the future after the economic dislocations caused by the pandemic over the past two years. Although overall earnings for the 2022 financial year were lower than the prior year, a solid foundation had been laid during the year in our quest for manufacturing excellence and superior customer service. The Lean Enterprise System was redeployed and deepened, with specific emphasis on continuous process improvement, elimination of waste, reducing variations and addressing constraints. The Company's liquidity position also improved during the year after partial receipt of the long over-due VAT refunds from the Zambia Revenue Authority. With these improvements and a clearly articulated strategy in place, our focus in 2023 will be on delivering the strategy in collaboration with our partners for the benefit of all stakeholders.

Safety and wellbeing

Safety is at the centre of how we operate each and every day. Nothing matters more than the safety and wellbeing of our employees and contractors, and I am pleased that we have experienced another year of zero lost-time injuries at our facilities. While this is certainly good news, being able to go home to one's family safely at the end of a shift should be a given, not an achievement.

Over the last two years, in the wake of the COVID-19 pandemic, we have continued to prioritise the safety, health and wellbeing of our people and their families. I am grateful for the incredible teamwork, resilience, and active caring across our Company.

Financial Performance

The 2022 financial year was another challenging year, with most businesses still recovering from the effects of the prolonged COVID-19 disruptions. The outbreak of the Russia-Ukraine conflict has also presented additional challenges, particularly the high cost of energy which has in turn increased the cost of freight and other associated inputs. Set out in the table below are the financial highlights for the year ended 30 September 2022:

	Company		**Group**	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Revenue	**2,056,228**	2,424,306	-	2,424,306
Gross profit	**68,061**	122,205	-	122,205
(Loss) /profit before income tax	**(4,895)**	65,413	-	65,803
Net (loss)/profit	**(7,344)**	51,763	-	52,045
Non-current assets	**135,123**	127,442	-	127,442
Inventory	**186,185**	225,824	-	225,824
Cash and bank balances	**58,624**	38,417	-	41,101
Other current assets	**273,423**	376,040	-	368,469
Total assets	**653,355**	767,723	-	762,836
Current liabilities	**468,403**	571,540	-	571,731
Short term loans and bank overdrafts	**47,285**	148,252	-	148,252
Non-current liabilities	**4,421**	8,308	-	8,366
Equity	**180,531**	187,875	-	182,739
Acid test Ratio (Times)	**0.71**	0.73	-	0.72
EBITDA	**16,054**	89,636	-	90,026
(Loss) /Earnings per share	**(0.27)**	1.91	-	1.92

(a) Revenues

At **ZMW2 056 million**, this year's total revenues were 15% lower when compared to **ZMW2 424 million** delivered last year. This decrease was mainly driven by lower volumes due to logistical challenges as well as timing differences in the finalisation of certain contracts in the domestic market. Additionally, the volatility in the prices of our primary inputs (copper and aluminium) also adversely affected customer behaviour as certain export customers began postponing some of their orders. Total volumes delivered this year came in at 11 016 tons against 12 886 tons in the prior year.

The average ZMW/USD exchange rate for this financial year improved to ZMW17.12, representing a 19% appreciation of the local currency against the average rate for the prior financial year.

(b) Gross Profit

The gross profit (GP) amount of **ZMW68.1 million** this year was lower than last year's due to lower revenues recorded this year as well as lower GP margins driven by unfavourable changes in the sales mix.

(c) Net Profit

The Company recorded a net loss after tax of **ZMW7.34 million** this year primarily due to lower revenues and margins as alluded to in the preceding paragraphs. In addition to higher sales, last year's net profit also benefited from exchange gains recorded on US Dollar denominated net monetary liabilities following a sharp appreciation of the local currency (ZMW) after the August 2021 general elections.

(d) Liquidity

The closing liquidity position for this year, measured using the acid test ratio, marginally dropped to 0.71 from 0.73 last year. However, this cash position at the end of the year significantly improved over that at the end of the prior year to a positive net cash position of **ZMW11.3 million** compared to a negative net position of ZMW109.8 million. This improvement was delivered by strong working capital management measures and the partial collection of long overdue VAT refunds from the ZRA.

(ii) Manufacturing and Operational performance

Operations

The deployment of ZAMEFA's Lean Enterprise System was deepened further during the year under review. The focus areas were continuous process improvement, elimination of waste, reduction of variations and addressing constraints. In this regard, the Company embarked on the Six Sigma project in which a total of 12 employees were trained by an external firm of specialists.

As a result of the six sigma training and deepening of the Lean Enterprise System, a number of opportunities for improvement in the plant have been identified and ranked. Projects are in place to implement appropriate corrective actions and unlock the potential. With some large contracts for our products secured towards the end of the 2022 financial year, these opportunities will now be realised in 2023.

Quality

The Quality Management Systems based on ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 continue to be ZAMEFA's pillars to continue operating as a world-class company trusted by its customers and other stakeholders locally and internationally.

For the year under review, ZAMEFA successfully retained its certification status for its SHEQ (Safety, Health, Environment and Quality) Management System after passing a compliance audit conducted by Bureau Veritas in September 2022.

ZAMEFA has also continued to hold product quality marks of approval for both local and international standards. Locally, ZAMEFA cable products are approved by ZABS (Zambia Bureau of Standards ZS:688) and internationally by SABS (South African Bureau of Standards SANS1507 Parts 1, 2 & 3 and SANS 182).

Safety

Safety remains our Number 1 value and ZAMEFA's safety motto of "Zero and Beyond" aims not only to achieve high safety standards in our operations and facilities, but also to spread the safety culture into communities by ZAMEFA employees and service providers. The safety performance during the year was according to expectations and no lost-time injury was experienced. On the back of this result, the Company has once again exceeded 1 000 000 hours free of lost-time injuries which was attained in August 2022. As at the end of September 2022, a total of 1 072 287 hours had been worked since the last lost-time injury.

(iii) Human Resources

In the 2022 financial year, ZAMEFA continued to invest in the Company's talent development by identifying skills gaps in members of staff across the organization and finding solutions to address those gaps. A number of in-house training and development programs were structured and rolled-out in order to uplift the skills of the members of staff in all areas of the business so as to ensure continuity and sustainable succession in the organization. The Company continued to maintain a cordial working environment and striving to be an "Employer of Choice" with rewarding careers in the industry.

The Company also remained resolute in the implementation of the ZAMEFA Work Culture Model, anchored on the 6 core values of:

1. **Working safely and caringly:** the Company gives paramount attention to health, safety and our environment
2. **Constantly improving and innovating:** persistently seeking personal and operational excellence
3. **Valuing our people:** inspiring people to go further
4. **Taking ownership:** committed to and accountable for promoting the CBi Brand
5. **Focusing on customers:** believing in long lasting and sustainable relationships
6. **Building a sense of belonging:** strive for open and accessible communication and conversation

Average remuneration and number of employees

The total remuneration paid to employees during the year amounted to **ZMW59,028,000** (2021: ZMW43,483,000).

Manpower Status

The Company's man power status was as shown in the table below:

Type of Employment	**2022**	2021
Contract – Hourly		
Male	**172**	173
Female	**16**	13
Total – Contract Hourly	**188**	186
Contract -Salaried		
Male	**80**	80
Female	**25**	26
Salaried -total	**105**	106
Total employees	**293**	292
Students on attachment		
Male	**8**	2
Female	**7**	5
Students on attachment total	**15**	7
Total Compliment	**308**	299

(iii) Human Resources (continued)

The average number of employees during the year were as follows:

Month	Number	Month	Number
Oct-21	292	Apr-22	292
Nov-21	292	May-22	290
Dec-21	295	Jun-22	293
Jan-22	292	Jul-22	293
Feb-22	289	Aug-22	293
Mar-22	292	Sep-22	308

Our People

Key Human Resource sustainability risks and opportunities related to the following:

Material	Risk/Opportunity	Mitigating Measure
Staff	The Industrial Relations atmosphere at the Company was generally calm and cordial with no labour unrest recorded during the financial year under review. Management and the Union leadership, as social partners, held regular consultative meetings. Further, wage negotiations for the 2022/2023 cycle were successfully concluded in record time with only 3 sittings held. ZAMEFA continues to provide subsidized healthcare services to all employees and their immediate families. The Company also remained compliant to statutory requirements such as contributions for all its eligible employees to the National Pension Scheme Authority (NAPSA) and the National Health Insurance Management Authority (NHIMA).	Regular communication with the staff through Management updates as well as meetings with the Works Committee in which measures to mitigate potential risks are discussed and deployed in order to continually improve the performance of the Company.

Corporate Membership

ZAMEFA continues to actively participate in and contribute to various national and industry organizations. Our members of staff are encouraged to participate and share their knowledge in working groups and conferences arranged by these organisations. The Company continues to hold membership in the following organizations:

(a) Zambia Association of Manufacturers (ZAM)
(b) Zambia Federation Employers (ZFE)
(c') Engineering Institute of Zambia (EIZ)
(d) Zambia Institute of Chartered Accountants (ZICA)
(e') Zambia Institute of Marketing (ZIM)
(f) Zambia Institute of Human Resources Management (ZIHRM)
(g) American Chamber of Commerce (AMCHAN)

Our association with the above organizations provides opportunities to various members of our staff to engage and interact with diverse stakeholders.

Managing Director's report
For the year ended 30 September 2022

(iii) Human Resources (continued)

The Industrial Relations atmosphere at the Company was generally calm and cordial. Wage negotiations for the period 2022/2023 were successfully concluded in record time and the collective bargaining agreement signed.

(iii) Human Resources (continued)

(iii) Human Resources (continued)

The Company continued with its drive for excellence among its members of staff through investment in education, training and development. In this regard, a number of initiatives were undertaken and among the programs pursued was the Six Sigma Yellow Belt project in which a total of 12 employees from various disciplines across the factory underwent world-class training. The training program was conducted virtually by More & Better Consulting and delivered by the firm's Director General, Louis Rosette, of Mexico.

(iii) Human Resources (continued)

Appreciation of Mechanical Technician Eagan Silundu

The Company, in its continued quest to promote employee well-being and recognition, decided to set a new innovation when in February 2022 it recognised Mechanical Technician, Mr. Egan Silundu, with a special recognition award. Mr. Silundu, aged 50, who has diligently served ZAMEFA for a period of 22 years of unbroken service, is differently abled (as he is both deaf and dumb). He works as a Die-Shop Machinist in the Technical Department. A handover ceremony was held where Company Managing Director Mr. Kangwa Bwalya, presented Mr. Silundu with various gifts in recognition of his contribution to the Company despite being differently abled.

(iii) Human Resources (continued)

(iii) Human Resources (continued)

The Company sponsored a team of ZAMEFA ladies, supported by a few male colleagues, to celebrate the 2022 International Women's Day commemoration. During the same event the Company set up an exhibition stand displaying various ZAMEFA cables. The 2022 ceremony was graced by the Minister for Small & Medium Enterprises, Honourable Elias Mubanga, MP, who was accompanied by the Luanshya District Commissioner and His Worship the Mayor of Luansya.

(iii) Human Resources (continued)

(iii) Human Resources (continued)

As part of the regular Corporate Social Responsibility initiatives ZAMEFA undertakes, the Company was glad to welcome and host an entourage of 70 Senior Officers from the Zambia Defence Services Command and Staff College who came on an educational tour of our plant.

(iv) Corporate Governance

The Company recognises its responsibility for fostering a strong ethical environment so that its affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterised and reflected in the Code of Business Ethics and Policies, which is distributed throughout the Company and has been subscribed to by all employees.

The Board composition is balanced so that no one individual can dominate decision making. The depth of experience and diversity of the Board ensures robust deliberations on all issues of material importance to the Company. The roles of Chairman and Managing Director are separate. The Chairman is a Non-Executive Director appointed by the Board.

(v) Corporate Social Responsibility (CSR)

The Company remains committed to the principles of good corporate citizenship and has continued in its quest to invest in structured social programs to address specific needs of its surrounding communities in which it conducts business. Working in partnership with local government authorities the Company considers various social projects on the basis of sustainability and ability to benefit the majority of residents in the community.

As part of our corporate social responsibility program, we continued to render material and financial support to charitable and non-political institutions in the district of Luanshya. During the period under review, the Company made donations to charitable causes in an aggregate sum of **ZMW43,065** (2021:ZMW29,039).

(vi) Safety, Health,Environment and Quality

The Company is certified to ISO 14001: 2015 (Environmental Management System) ISO 9001:2015 (Quality Management System) and ISO 45001:2018 (Occupational Health and Safety Management system).

Beureau Veritas conducted a virtual external re-certification audit for the three (3) management system standards starting from 13th September to 15th September 2022. All the three systems have been sustained.

Monthly and bi- annual SHEQ Management review meetings are held to evaluate HSE performance. This has enhanced employee participation and consultation to SHEQ policies, legal and other compliance obligations.

Pro-active SHE tools such as Behavioral Based Safety system and work place inspections are used daily to address unsafe behaviors and unsafe conditions in the work place.

Zambia Environmental Management Agency (ZEMA) conducted an Environmental Audit and the plant was found to be compliant with the specified Licence conditions.

The Plant keeps on making improvements in areas of Machinery safety, Six Sigma, Industrial Hygiene and Occupational health.

Looking ahead

It has been an intense year on many levels. And as we look to the months and years ahead, we know there is still lots of hard work to be done. But we are very excited about the future. The country is on the right path to economic recovery and growth and as a Company we have a clearly articulated strategy to seize future opportunities and navigate shifting challenges. Our talented and dedicated people, all of whom want to make a difference, have shown they can succeed even in challenging conditions. Building on our strengths and learning from our past, we are determined to ensure that ZAMEFA thrives as an employer with rewarding careers and a trusted partner for our customers and other stakeholders.

We remain prepared to continue adjusting our activities to mitigate the adverse impact of changing societal challenges on the operations of the business while safeguarding the health and wellbeing of our employees and other stakeholders.

Thanks

I thank the Board for its support of the things we are aiming to achieve, the senior leadership team for their tenacity and friendship, every one of our employees for their resilience, and all our stakeholders for their spirit of engagement. Last but not least, a special word of gratitude, on behalf of my colleagues but also personally, to Mr. Johann du Plessis who led our Commercial team with dedication for more than a decade until his departure from the Company. We all wish him well.

Directors' report
For the year ended 30 September 2022

The Directors have pleasure in submitting to the shareholders, their report on the financial statements for Metal Fabricators of Zambia PLC for the year ended 30 September 2022.

The Company continued to be listed on the Lusaka Securities Exchange (LuSE). Its subsidiary company, Fabcorp (Pty) Limited, which has been dormant for sometime has been placed under voluntary liquidaton.

1 Principal activities

The principal activities of the Company continue to be the manufacture of copper rod and copper and aluminium electrical conductors for sale to customers in the domestic and foreign markets. The Company also continues to sell telecommunications cables which are sourced from within the Reunert group of companies.

In the opinion of the Directors, all the activities of the Company substantially fall within the manufacturing sector.

2 Share capital

The authorised and issued and fully paid share capital of the Company is

	2022 Number of Authorised shares	**Issued**	**Value**
The Company	150,000,000	27,090,099	ZMW 270,901

As at 30 September 2022, the shareholder analysis of the Company was as follows:

	2022	2021
Reunert International Investments (Mauritius) Limited	**20,317,580**	20,317,580
Private Individuals/Institutions	**6,772,519**	6,772,519
	27,090,099	27,090,099

3 Significant shareholding of the Company

As at 30 September 2022, shareholders with substantial shareholding (5% or more) in the Company's share capital were as follows:

Reunert International Investments (Mauritius) Limited - 75%
National Pensions Scheme Authority - 12.5%

4 Going Concern

During the year, the Company made a net loss of **ZMW7,344,000** (2021: profit of ZMW51,763,000). As at year end the Company's net current assets exceeded its current liabilities by **ZMW49,829,000** (2021: ZMW68,741,000).

Earnings for the year reduced compared to prior year. The reduction was mainly driven by the following:

- the decrease in volumes sold in the 2022 financial year, due to post Covid 19 logistical issues which resulted in delays in the receipt of imported raw materials as well as non availability of sufficient LME registered grade A Copper cathode;
- the weakening of the kwacha against the USD in the last quarter of the current financial year which resulted in the Company recording net foreign exchange losses for the 2022 financial year of **ZMW827,000** compared to the net foreign exchange gains of ZMW44,471,000 in the prior year; and

- the reduction in finance costs was mainly due to the improvement in the average exchange rate compared to the prior year. Despite the reduction in the current year, the finance cost for the 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 Company improved from an overdraft at the end of the prior financial year to a positive bank balance mainly due to the improvement in the working capital of the Company and the collection of half of the overdue VAT from the ZRA.

Based on the continued support from the majority shareholder and the expected enhanced cash flow that will arise through full settlement of the State arrears, which will reduce the Company's finance costs and its exposure to currency volatility, the Directors are of the opinion that the Company will continue to be a going concern for the next 12 months.

The table below highlights resources that were available to the Company for working capital financing as at 30 September 2022. (See note 19)

Bank	**Type of Facility**	**Maximum** US$'000'	**Utilised** US$'000'	**Available Amount** US$'000'
ABSA Bank Zambia PLC	Bank overdraft	3,500	-	3,500
Rand Merchant Bank Limited	Revolving facility	40,000	22,777	17,223

5 Investments in subsidiaries

Fabcorp (Pty) Limited was registered in 2008 and domiciled in the Republic of South Africa. It was a wholly owned subsidiary of Metal Fabricators of Zambia PLC.

The subsidiary had been dormant for a number of years and as a result, the Directors decided to place the company into voluntary liquidation. A liquidator was appointed by the Master of the High Court of South Africa on 11 November 2020. All the assets of the subsidiary, which consisted only of cash, were transferred to the trust account of the liquidator at the end of the prior year. As from 1 October 2021 the sole shareholder therefore had no power over the subsidiary, was not exposed, had no rights to variable returns from its involvement with the subsidiary and did not have the ability to use its power to affect its returns. The Master of the High Court approved the final liquidation and distribution account on 28 April 2022. As a result consolidated financial statements will not be prepared in 2022 and only the financial results for Metal Fabricators of Zambia PLC will be presented for approval at the Annual General meeting on 13 December 2022.

6 Capital expenditure

The Company's capital expenditure strategy and decisions continued to be focused on minimizing and managing business risks, enhancing customer satisfaction and enhancing future business activities. The Company spent a total of **ZMW1,489,000** (2021: ZMW750,000) on capital expenditure.

7 Insurance

The Company has insured its operational assets against property damage and business interruption. The Company also maintains Directors liability insurance for its Directors in respect of their duties as Directors of the Company. Besides the foregoing, the Company has cover for employer's liability, public and product liability, group personal accident, group life assurance and motor vehicle. Total premiums paid during the period for the Company was **ZMW4,044,000** (2021: ZMW4,440,000).

8 Directors' Fees and Executive Management Remuneration

The Company paid **ZMW5,382,000** (2021: ZMW5,577,000) to Executive Managers as remuneration and **ZMW1,211,000** (2021:ZMW1,486,000) to the Independent Non-Executive Directors as Directors' fees. Non-Executive members of the Board were not entitled to any form of retirement benefits.

9 Corporate Governance

The Board recognises its responsibility for fostering a strong ethical environment throughout the Company so that its affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterised and reflected in the Code of Business Ethics and Policies, which is distributed throughout the Company and has been subscribed by all employees.

10 Meetings of directors

The table below sets out the number of **Board meetings** held by the Company during the period under review and those attended by each Director.

Director	Meetings held	Meetings attended
A. E. Dickson - Chairman	4	4
K. D. Bwalya - Managing Director	4	4
N. A. Thomson - Non-Executive Director	4	4
L. A. Corte - Non-Executive Director	4	4
L. J. du Plessis- Executive Director	4	3*
J. M. Chisanga - Independent Non-Executive Director	4	4
C. Kabaghe - Independent Non-Executive Director	4	4

*Resigned on 11 August 2022

11 Compliance

The Directors confirm that the Company is not in violation of any laws and regulations that would have a material adverse effect on the operation of the business and that the Company has obtained all material licences and permits that are necessary to enable it to carry out its business.

12 Post Balance Sheet events

The Directors are not aware of any material facts, circumstances or events which occurred between the date of the statement of financial position and the date of this report, which might influence an assessment of the Company's financial position or the results of its operation.

13 The Board

13.1 Membership

The membership of the Board as at 30 September 2022 was as follows;

Non-Executive Directors

A. E. Dickson - Chairman
N. A. Thomson
L. A. Corte (Appointed 05 November 2021)

Independent Non-Executive Directors

J. M. Chisanga
C. Kabaghe

Executive Directors

K. D. Bwalya
L. J. du Plessis (Resigned on 11 August 2022)

13 The Board (continued)

13.2 Board Governance

13.2.1 Overview

The Articles of Association of the Company provide for a Board of 8 members. As at 30th September 2022, the Board comprised of five non-executive Directors (including the Chairman). Two of the non-executive Directors are independent Directors. The Board had two executive Directors, composed of the Managing Director and the Commercial Director.

The Board has a Charter which clearly establishes its role and responsibilities. The primary role of the Board is to provide strategic guidance to the Company and effective oversight of management and Company performance. To assist in the performance of its role, the Board has established a number of Committees which have specific roles and responsibilities in key areas.

Board meetings are held quarterly while Audit and Risk Committee meetings are held three times a year with special or additional meetings held as necessary. The remunerations and nominations committee holds its meeting twice a year. Briefing material is provided to each director at least seven days prior to each meeting. The Company Secretary is responsible for coordinating the timely completion and dispatch of Board meeting agendas and briefing material, and ensuring that Board procedures and applicable laws on Board functions are complied with. The Company Secretary also advises the Board on governance issues.

During the year, the Board, accepted the following board charter :

13.2.2 Board Charter

13.2.2.1 Introduction

The Board of Directors ("the Board") of Metal Fabricators of Zambia PLC ("the Company") primarily derives its authority in respect of responsibilities and duties to the Company from:

- the Companies Act, 2017 (no 10 of 2017) ("the Companies Act")
- the LuSE Listings Requirements
- the Company's Memorandum and Articles of Association
- the Zambian common law

13.2.2.2 Purpose

The purpose of this Charter is to amplify certain aspects of the Board's duties and responsibilities. The Charter does not provide a list of such duties or responsibilities nor does it replace any applicable requirement or prescription in the Companies Act, the LuSE Listings Requirements, the Memorandum and Articles of Association or other applicable Zambian law.

13.2.2.3 Chapter to form part of appointment terms This charter, as amended from time to time, forms part of each director's conditions of appointment as a director.

13.2.2.4 Integrity and reputation

Each of the Board members recognises that their professional and personal reputation has a direct and material impact on their involvement with the Company. Therefore, each of the directors undertakes to conduct themselves, both professionally and personally, with integrity, in accordance with the ethics and values of the Company and the laws of Zambia.

Each of the directors will conduct themselves at all times with due regard to the reputation and interests of the Company.

13 The Board (continued)

13.2 Board Governance (continued)

13.2.2.5 The Lusaka Securities Exchange (LuSE) Corporate Governance Code

Unless indicated otherwise, the Board considers itself bound to and is responsible for the implementation of the LuSE corporate governance code. The duties and responsibilities of the Board, its committees and the company secretary, as contemplated in the LuSE corporate governance code, apply to the Board (unless indicated otherwise) and, although not repeated in this charter, are binding on the Board and its individual members.

The Board is responsible to publish a report, at least annually, on the Company's compliance status of the LuSE corporate governance code.

13.2.2.6 Sustainability

In addition to its fiduciary duties, the Board recognises its responsibility to conduct and grow the Company and its interests in a sustainable manner, with due regard to all stakeholders.

13.2.2.7 Composition of the Board

In addition to applicable legislation and the Memorandum and Articles of Association, the Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

13.2.2.8 Retirement from the Board

At the annual general meetings of the Company, the non- executive directors will retire from the Board by rotation. At all annual general meetings held by the Company, one third of the non-executive directors, or, if one third is not a whole number, the next largest number than one third, shall retire from office.

The non-executive directors who retire by rotation shall be those who have been longest in office, but, as between those who were appointed on the same day, those to retire (unless they agree otherwise among themselves) be determined by lot.

The Company may, at a meeting at which a director retires by rotation, appoint a person to fill the office by ordinary resolution.

A retiring non-executive director is eligible for re-appointment. As provided for in section 101 (4) of the Companies Act, an executive director shall not, while holding that office, be subject to retirement by rotation.

Executive directors will retire from the Board no later than the shareholders' meeting after that executive director reaches the age of 65 and will thereafter only be eligible for election to the Board as non-executive director. The Board may extend the retirement age for executive directors in individual instances up to no more than 70 years of age if it believes such extension to be in the best interest of the Company.

13.2.2.9 Interaction with Shareholders

The Board must deliberate all matters that require shareholder approval before it refers these matters to shareholders for decision making. Where appropriate the Board may make recommendations to shareholders. The Board will provide material and accurate information to shareholders on matters to be considered by shareholders.

13 The Board (continued)

13.2 Board Governance (continued)

13.2.2.9 Interaction with Shareholders (continued)

The Chairman of the Board, the Chairman of the audit & risk committee, the Chairman of the remuneration & nomination committee, and all executive directors will be required to attend shareholders' meetings. Other directors must make themselves available to attend any shareholders' meetings and to answer questions posed by shareholders when requested to do so by the Chairman of the Board.

No director may interact with shareholders or the media in relation to any reputational or price sensitive matter affecting the Company, without prior approval by the Company's Chairman, or in his absence the Managing Director of African Cables who is a non-executive Director of the company.

13.2.2.10 Board Committees and Management

The Board is assisted in the governance of the Company by Board committees, executive management and is advised by the company secretary.

The Board monitors and evaluates the performance of the committees and individuals that either advise the board, or that exercise any delegated function or authority on behalf of the Board. In this regard:

- The Chairman of each Board committee is obliged to report to the Board on that committee's activities.
- The minutes of all committee meetings are provided to the Board for noting.
- The committees are obliged to report to the Board on pertinent findings of any evaluation conducted in respect of the performance of such committee

The Board is entitled to withdraw or amend its mandate to any committee or individual at any time that the Board deems it appropriate.

13.2.2.10.1 Annual Assessment

The Board and each Board committee are obliged to perform an annual assessment of their performance and effectiveness and to report the results of this assessment to the board. Unless the Board instructs otherwise, the assessment will be conducted through a self-assessment process.

The Chairman of the Board and the company secretary are subject to annual evaluations. The Board may, as and when it deems appropriate, conduct additional evaluations of the performance and effectiveness of the Board, any Board committee or any one or more of the members of the Board or any Board committee.

13.2.2.10.2 Board committees

The extent to which each committee exercises delegated authority and advises the Board is set out in that committee's terms of reference, relevant Board resolutions and legislation (to the extent applicable). The relevant administrative framework for each committee is contained in paragraphs 11.2 and 11.3 of the Charter, the relevant Board committee's terms of reference and applicable legislation (to the extent applicable).

13 The Board (continued)

13.2 Board Governance (continued)

13.2.2.10.2 Board committees (continued)

The following are standing committees of the Board:

- Audit & Risk committee
- Remuneration & Nomination committee

13.2.2.10.3 Review of Board committee's Terms of Reference

The terms of reference of any Board committee may be reviewed by that Board committee at any time on request by any of its members.

The terms of reference of all Board committees must be reviewed by these committees at least annually, calculated with reference to the date that the terms of reference were last approved by the Board.

Any amendment to the terms of reference that a Board committee deems appropriate will be recommended to the Board for consideration and approval, if the Board supports such amendment.

13.2.2.10.4 Other committees

The Executive committee, although not a Board committee, also assists and advises the Board.

The Board may appoint additional standing or ad hoc Board or non-Board committees to the extent that it deems appropriate.

13.2.2.10.5 Delegation of authority

The Board issues and annually reviews a formal delegation of authority document, which contains guidance to executive management and committees on particular aspects and levels of delegated authority in respect of transactions and the extent to which such authority is subject to consultation and information requirements.

13.2.2.11 Administration and Meetings

13.2.2.11.1 Frequency

The Board meets at least four times a year. Ad hoc meetings will be arranged in accordance with the requirements of the Memorandum and Articles of Association.

Electronic attendance by way of video conference or telephone conference (provided the media employed is enabling each attendee to participate effectively in the meeting) will be regarded as attendance in person. For the avoidance of doubt, the Chairman may chair the meeting electronically.

13.2.2.11.2 Board and Board committees: Annual work plan

The Board and each of the standing Board committees will agree an annual work plan for the manner in which and the proposed timing of the carrying out of its functions. This plan will inform the number, timing, agenda and length of Board or Board committee meetings, as the case may be. This work plan must be reviewed annually, but may be revised at any time when the Board or the relevant Board committee deems it appropriate.

13 The Board (continued)

13.2 Board Governance (continued)

13.2.2.11.3 Board and Board committees: Agenda, packs and minutes

The Chairman of the Board, with the assistance of the Managing Director of African Cables and the company secretary, will prepare an agenda for each Board meeting.

Board packs shall be circulated to directors and any invitees to the meeting at least five working days prior to each meeting.

The ZAMEFA company secretary shall be the secretary of the Board and the Board Committees.

The minutes of a Board and Board committee meeting shall:

- Be completed as soon as possible after the meeting and circulated to the Chairman of the Board or the Board committee, as the case may be, for review and comment.
- The minutes must be formally considered and approved, subject to amendment as required, by the Board or the Board committee, as the case may be, at its next scheduled meeting.

13.2.2.12 Rights of individual Directors

Typically the interests of the Company are best served if the Board functions as a team. However, any director may request a meeting with the chairman of the Board.

Any director may, after consultation with the Chairman of the Board, obtain such external professional advice, at the expense of the Company, as is reasonably necessary for such director or group of directors to discharge their duties to the Company.

Any director may request the Managing Director of African Cables who is a non-executive Director of the Company, to arrange such training or information sessions as is reasonably necessary for such director or any group of directors to discharge its duties to the Company.

13.2.2.13 Dealing in the Securities of the Company

In terms of the LuSE Listings Requirements, the Company is required to notify the LuSE when any director deals in the Company's securities. Directors will provide the assistance and information required by the Company to comply with this requirement.

All senior executives of the Company must obtain permission from the Managing Director of African Cables before dealing in the Company's securities.

All directors of the Company, other than the Chairman of the Board, must obtain written permission from the Chairman of the Board before dealing in the Company's securities. The company secretary must be notified, in writing, on conclusion of any securities dealings.

The Chairman of the Board must obtain written permission from the Managing Director of African Cables, in consultation with the Chairman of the remuneration committee, before dealing in the Company's securities. The company secretary must be notified, in writing, on conclusion of any securities dealings.

Notwithstanding the above, no director who is aware of unpublished price-sensitive information or any immediate family member of such director may deal in the Company's securities.

13.2.2.14 Approval of this Charter

This Charter was reviewed, updated and approved by the Board on 13 May 2022

14 Corporate Governance statement

The table below shows the composition of Board Committees as at 30th September 2022.

Board Committees

Audit and Risk Committee

Members

J. M. Chisanga (Chairperson)

A. E. Dickson

N. A. Thomson

K. D. Bwalya

Responsibilities/functions

The Committee provides oversight on the effectiveness of the Company's operational and financial reporting systems and accuracy of information, and sees that the Company's published Financial Statements represent a true and fair reflection of the results of its operations and its financial numbers and cash flows for the year then ending. The Committee is responsible for ensuring that appropriate accounting policies, controls and compliance procedures are in place in the Company and that compliance management and other internal control activities are operating effectively. The committe reviews the Company's going concern statement and its solvency and liquidity position and makes recommendations to the Board as appropriate.

Remunerations & Nomination Committee

Members

A. E. Dickson (Chairman)

C. Kabaghe

K. D. Bwalya

Responsibilities/functions

Provides strategic guidance and oversight of/over people's management in the Company and is responsible for formulating remuneration policies and principles that promote the success of the Company; for management appointments, organisation structure, reviewing arrangements for succession planning and management development, and determining the remuneration of employees.

The table below shows attendance of each Director and alternate Director at Board and Committee meetings held during the year.

Director	Board	Audit & Risk**	Rem & Nom***
A. E. Dickson - Chairman	4	3	2
K. D. Bwalya -Managing Director	4	3	2
N. A. Thomson - Non-Executive Director	4	3	N/A
L. A. Corte - Non-Executive Director	4	N/A	N/A
L. J. du plessis - Executive Director	3*	N/A	N/A
J. M. Chisanga - Independent Non-Executive Director	4	3	N/A
C. Kabaghe - Independent Non-Executive Director	4	N/A	2

*Resigned from the Board on 11 August 2022

** The Audit and risk committee is scheduled to meet three times per year.

*** The Remuneration and Nomination committee meets twice per year.

15 ZAMEFA's Compliance status of Corporate governance rules

Metal Fabricators of Zambia PLC

Directors' report
For the year ended 30 September 2022

A review of ZAMEFA's compliance with the LuSE Corporate Governance Code as at 30 September 2022, showed that compliance rate was at 100%. The summary of the compliance status is shown in the table below:

Category	Total Rules	Applicable to ZAMEFA	Non applicable to ZAMEFA	Full compliance	Partial compliance	Non compliance	% N/A	% FC	% PC	% NC
General matters	15	15	-	15	-	-	-	100%	0%	0%
Chairman & CEO	5	5	-	5	-	-	-	100%	0%	0%
Executive & NED's	4	4	-	4			-	100%	0%	0%
Directors compensation	9	9	-	9	-	-	-	100%	0%	0%
Share & share dealings	4	4	-	4	-		-	100%	0%	0%
Board meetings	4	4	-	4	-	-	-	100%	0%	0%
Board evaluations	1	1	-	1	-		-	100%	0%	0%
Company Secretary	4	4	-	4	-		-	100%	0%	0%
Board Committees	10	10	-	10	-	-	-	100%	0%	0%
Legal & compliance	2	2	-	2	-	-	-	100%	0%	0%
External audit	6	6	-	6	-	-	-	100%	0%	0%
Internal audit	12	12	-	12	-	-	-	100%	0%	0%
Risk	7	7	-	7	-	-	-	100%	0%	0%
Integrated sustainability reporting	7	7	-	7	-	-	-	100%	0%	0%
Disclosure & stakeholder reporting	4	4	-	4	-	-	-	100%	0%	0%
Organisation integrity	6	6	-	6	-	-	-	100%	0%	0%
	100	100	-	100	-	-	-	100%	0%	0%

16 Auditors

The Company's auditors, Messrs Deloitte & Touche, have indicated their willingness to continue in office. Therefore, in accordance with the Companies Act, a resolution for their reappointment will be proposed at the Annual General Meeting.

By order of the Board

BDO Zambia Limited
Company Secretary
Lusaka

Directors' Statement of Responsibilities
For the year ended 30 September 2022

Directors' responsibilities in respect of the preparation of financial statements

The Companies Act, 2017, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act, 2017.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2017 and the Securities Act, 2016.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, and for such internal controls as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. In addition, the Directors are responsible for preparing the Directors' report.

The Directors are of the opinion that the financial statements set out on pages 36 to 74 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards, the Companies Act, 2017 and the Securities Act, 2016. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act, 2017.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern for at least twelve (12) months from the date of this statement.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework described above.

Approval of the financial statements

The financial statements of the Company, set out on pages 36 to 74, were approved by the Board of Directors on 11 November 2022 and signed on its behalf by:

Director

Date: 11 November 2022

Director

Date: 11 November 2022

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the members of

Metal Fabricators of Zambia PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Metal Fabricators of Zambia PLC (the "Company") set out on pages 36 to 74, which comprise the statement of financial position as at 30 September 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act, 2017 and Securities and Exchange Commission.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)") and other independence requirements applicable to performing audits of financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How the matter was addressed during the audit
Valuation and existence of inventory	
Note 15 to the financial statements indicates that the Company had inventory amounting to **K186 million** as at the year end. The Company's valuation of metal inventory is done in excel spreadsheets which is prone to human error and determination of quantities is subject to judgement. Further, the main raw material copper is highly marketable and is susceptible to theft.	In considering the valuation and existence of inventory, various procedures were performed including, but not limited to the following: **Metal stocks** • We assessed the design, implementation and operating effectiveness of the controls around the valuation of inventory; • We attended the year end stock count where a 100% physical count was conducted for metal stocks. We reconciled the counted inventory to the final valuation worksheet and investigated any significant book to physical count adjustments

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed during the audit</th></tr>
<tr><td colspan="2">Valuation and existence of inventory</td></tr>
<tr><td>Further, significant challenges were experienced in the confirmation of engineering consumable inventory valued at K26.7 million, as disclosed in note 15.

Consequently, we considered the valuation and existence of inventory a key audit matter.</td><td>• We assessed the appropriateness of the inventory values by considering the cost of the raw materials used, standard quantities applied in manufacturing a product , and the reasonableness of the overheads allocated to the product;
• We re-performed the calculation of the weighted average cost for a sample of selected inventory items; and
• With the help of our IT specialists, we tested the General Computer Controls around MIDAS system. This is the system where standard parameters for the make up of cables used in the valuation of cables are stored. We investigated the changes noted in the standard parameters from prior year as applicable.
In respect of engineering spares,we:
• Recounted the engineering consumables inventory on 4 November 2022;
• Carried out roll back procedures by tracing the movements, which represented; receipts and issues, in inventory between 1 October 2022 to 4 November 2022
• Reconciled the quantities back to what should have been recorded as at 30 September 2022;
• Compared our reconciled quantities to the company's recorded quantities as per the final valuation report;and
• Investigated and resolved all differences noted.
Based on the work done, we obtained reasonable assurance around the valuation and existence of inventory.</td></tr>
<tr><th>Key audit matters</th><th>How the matter was addressed during the audit</th></tr>
<tr><td colspan="2">Valuation of expected credit losses on trade receivables</td></tr>
<tr><td>As at 30 September 2022, gross trade receivables amounted to K244 million for the Company, against which an expected credit loss (ECL) of K44.6 million was raised.

As included in note 16, the ECL on trade receivables amounting to K44.6 million (2021:K64.3 million) is an area where the most significant judgements were required as it incorporates forward looking information into the ECL model prepared by management.

Related disclosures in the financial statements include the following;

a) Provision for expected credit losses of trade receivables section of the significant accounting judgements and estimates

b) Trade receivables accounting policy

c) Note -16 -Trade and other receivables</td><td>We performed various procedures, including the following;
• Evaluated the design and implementation and operating effectiveness of the controls around the valuation of expected credit losses on trade receivables;
• We performed procedures in order to assist our understanding of the methodology applied by management in their IFRS 9 model;
• Assessed whether the ECL model developed by management is consistent with the requirements of IFRS 9;
• Tested the accuracy and completeness of underlying data used in the model and the arithmetical accuracy of the computation of ECL
• Tested the key assumptions and judgements such as those used to calculate the likelihood of default and loss on default by comparing to historical data. We also considered the appropriateness of forward looking factors (marcoeconomic factors) used to determine expected credit losses;
• We assessed the disclosures in the annual financial statements relating to the expected credit losses on trade receivables in terms of the disclosure requirements of IFRS 9: Financial Instruments and IFRS 7: Financial Instruments disclosures.
Based on the procedures performed, we concluded that the probability of default and loss given the default applied, was appropriate.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (continued)

Other information

The Directors are responsible for the other information. The other information comprises the Chairman's statement, Managing Director's report, Directors' Report as required by the Securities and Exchange Commission and the Companies Act, 2017 and the statement of responsibility which we obtained prior to the date of this audit report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed,we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by of the Companies Act, 2017 and the Securities and Exchange Commission, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Sections 250(2) and 259 (3) of the Companies Act, 2017 require that in carrying out our audit, we consider and report on whether:

- There is a relationship, interest or debt which we as the Company's auditors, have with and in Metal Fabricators of Zambia PLC;
- There are serious breaches by the Company's Directors of the corporate governance principles or practices contained in part VII sections 82 to 112 of the Companies Act, 2017; and
- There is an omission in the financial statements as regards particulars of loans made to a Company officer (a Director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

  Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act of Zambia requires that we report on whether:

- The annual financial statements of the Company have been properly prepared in accordance with Securities and Exchange Commission rules:
- The Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Company's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no reportable matters.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
Date: 23 November 2022

Alice Jere Tembo
Audit Partner
PC No.: AUD/F000433

Statements of profit or loss and other comprehensive income

	NOTES	Company 2022 K '000	2021 K '000	Group 2022 K '000	2021 K '000
Revenue	6	**2,056,228**	2,424,306	-	2,424,306
Cost of sales		**(1,988,167)**	(2,302,101)	-	(2,302,101)
Gross profit		**68,061**	122,205	-	122,205
Distribution costs		**(26,400)**	(29,882)	-	(29,882)
Administrative expenses		**(42,176)**	(33,365)	-	(33,414)
Expected credit gains /(losses)	16	**14,657**	(15,998)	-	(15,998)
Operating income	7	**14,142**	42,960	-	42,911
Finance costs	9	**(18,212)**	(21,580)	-	(21,580)
Interest income	9	**2**	1		1
Net foreign exchange (losses) /gains		**(827)**	44,032	-	44,471
(Loss) /profit before income tax		**(4,895)**	65,413	-	65,803
Taxation	10	**(2,449)**	(13,650)	-	(13,758)
(Loss) /profit for the year		**(7,344)**	51,763	-	52,045
Other comprehensive income					
Items that will be reclassified subsequently to the profit and loss					
Exchange difference on translation of foreign operation		**-**	-	-	(96)
Total other comprehensive loss for the year		-	-	-	(96)
Total comprehensive (loss) /income for the year		**(7,344)**	51,763	-	51,949
(Loss) /earnings per share					
Basic and diluted (Kwacha per share)	11	**(0.27)**	1.91	-	1.92

Statements of financial position

	NOTES	Company 2022 K'000	Company 2021 K'000	Group 2022 K'000	Group 2021 K'000
Assets					
Non-current assets					
Property, plant and equipment	13	**135,123**	127,442	-	127,442
Total non-current assets		**135,123**	127,442	-	127,442
Current assets					
Inventories	15	**186,185**	225,824	-	225,824
Trade and other receivables	16	**273,423**	376,040	-	368,469
Cash and bank balances	17	**58,624**	38,417	-	41,101
Total current assets		**518,232**	640,281	-	635,394
TOTAL ASSETS		**653,355**	767,723	-	762,836
Equity and liabilities					
Capital and reserves					
Share capital	20	**271**	271	-	271
Equity loan	19	**365,000**	365,000	-	365,000
Revaluation surplus	21	**112,188**	112,188	-	112,188
Holding company Share based option reserve	22	**208**	208	-	208
Foreign currency translation reserve		**-**	-	-	(1,275)
Accumulated losses		**(297,136)**	(289,792)	-	(293,653)
Total equity		**180,531**	187,875	-	182,739
Non current liabilities					
Deferred tax liabilities	24	**3,100**	6,081	-	6,139
Retirement benefit obligation	25	**1,321**	2,227	-	2,227
Total non current liabilities		**4,421**	8,308	-	8,366
Current liabilities					
Bank overdrafts	19	**47,285**	148,252	-	148,252
Contract, Trade and other payables	18	**412,568**	418,359	-	418,550
Retirement benefit obligation	25	**5,568**	4,929	-	4,929
Current tax liabilities	10	**2,982**	-	-	-
Total current liabilities		**468,403**	571,540	-	571,731
Total liabilities		**472,824**	579,848	-	580,097
TOTAL EQUITY AND LIABILITIES		**653,355**	767,723	-	762,836

The financial statements on pages 36 to 74 were approved for issue by the Board of Directors on 11 November 2022 and signed on its behalf by:

Director **Director**

Statements of changes in equity

Company

	Share capital	Revaluation reserve	Share based option reserve	Accumulated losses	Total
	K '000	K '000	K '000	K '000	K '000
Year ended 30 September 2021					
At start of the year	365,271	112,188	208	(341,555)	136,112
Profit for the year	-	-	-	51,763	51,763
At end of the year	365,271	112,188	208	(289,792)	187,875
Year ended 30 September 2022					
At start of the year	365,271	112,188	208	(289,792)	187,875
Loss for the year	-	-	-	(7,344)	(7,344)
At end of the year	**365,271**	**112,188**	**208**	**(297,136)**	**180,531**

Group

	Share capital	Revaluation reserve	Share based option reserve	Accumulated losses	Foreign currency translation reserve	Total
	K '000	K '000	K '000	K '000	K '000	K '000
Year ended 30 September 2021						
At start of the year	365,271	112,188	208	(345,698)	(1,179)	130,790
Profit for the year	-	-	-	52,045	-	52,045
Foreign currency translation difference	-	-	-	-	(96)	(96)
At end of the year	**365,271**	**112,188**	**208**	**(293,653)**	**(1,275)**	**182,739**

The subsidiary was placed under voluntary liquidation and therefore the Shareholders had no control during the year under review and therefore, no consolidation has been performed for the accounting year ended 30 September 2022. Please refer to note 23 for a reconciliation of entries that were processed.

Statement of cash flows

	Notes	Company 2022 K '000	Company 2021 K '000	Group 2022 K '000	Group 2021 K '000
Cash flows from operating activities					
Cash generated from operations	26	**143,321**	19,046	-	19,707
Interest received	9	**2**	1	-	1
Interest paid	9	**(18,212)**	(21,580)	-	(21,580)
Income tax paid	10	**(2,448)**	-	-	-
Net cash generated from/(used by) operating activities		**122,663**	(2,533)	-	(1,872)
Cash flows from investing activities					
Purchase of property, plant and equipment	13	**(1,489)**	(750)	-	(750)
Net cash used in investing activities		**(1,489)**	(750)	-	(750)
Cash flows from financing activities					
Net cash (used in)/ from financing activities		**-**	-	-	-
Net increase/ (decrease) in cash and cash equivalents		**121,174**	(3,283)	-	(2,622)
Movement in cash and cash equivalents					
At start of the year		**(109,835)**	(106,552)	-	(104,529)
Effects of exchange rates movements		**(23)**	(28,742)	-	(28,742)
Movement in cash and cash equivalents		**121,197**	25,459	-	26,120
At end of the year	17	**11,339**	(109,835)	-	(107,151)
Comprising of:					
Cash and bank balances		**58,624**	38,417	-	41,101
Bank overdraft		**(47,285)**	(148,252)	-	(148,252)
Net cash and cash equivalents		**11,339**	(109,835)	-	(107,151)

Notes to the financial statements

1. Reporting Entity

Metal Fabricators of Zambia PLC (ZAMEFA) is a Public Company incorporated in the Republic of Zambia. The address of its registered office and principal place of business is disclosed on page 2. The principal activities of the Company are disclosed in the report of the Directors on page 21.

2. Adoption of new and revised Standards

2.1 New and amended Standards that are effective for the current year

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.1.1 Impact of the initial application of Interest Rate Benchmark Reform

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rate (IBOR) to alternative benchmark interest rates (also referred to as ' risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Company has not restated the prior year. Instead, the amendments have been applied prospectively.

Details of the non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Company to manage the risks relating to the reform and the accounting impact appear in note 19.

The amendments are relevant for bills or exchange of the company extending beyond 2021 which reference LIBORs and are subject to the interest rate benchmark reform.

As a result of the phase 2 amendments:

When the contractual terms of the Company's related party borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Company changes the basis for determining the contractual cashflows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.

2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Ammendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Notes to the financial statements (continued)

3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS).

(b) Basis of accounting

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are subsequently measured at revalued amounts or fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset of liability at the measurement date.

Fair value for the measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly ; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Zambian Kwacha (ZMW), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 5.

Going concern

The Company made a loss after tax of **ZMW7,344,000** (2021: profit of ZMW51,763,000) during the year ended 30 September 2022, mainly due to lower revenues recorded this year as well as lower GP margins driven by unfavorable changes in the sales mix. Last year's net profit also benefited from exchange gains recorded on US Dollar denominated net monetary liabilities following a sharp appreciation of the local currency (ZMW) after the August 2021 general elections. As at 30 September 2022, the Company's residual equity amounted to **ZMW180,531,000** (2021: ZMW187,875,000).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Company to continue as a going concern is dependent on a number of factors. The most significant of these being the ability of the Company to continue to generate operational profits higher than the financing costs. This will be achieved through the Company continuing to maintain normal operating levels achieved during the 2021 financial year.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(b) Basis of accounting (continued)

Going concern (continued)

Further, the Company continues to have access to funding for the ongoing operations of the Company from Rand Merchant Bank due to the parent guarantees provided by the Company's ultimate controlling shareholders, Reunert Limited. The holding company further confirmed its continued undertaking and ability to provide financial support in the forth coming financial year by continuing to guarantee the Company's bank lines of credit and credit facilities with suppliers as and when required, thereby enabling the Company to settle its obligations as and when they fall due.

On the basis of cash flow information prepared by the Directors and after consultation with its majority shareholder, the Directors consider that the Company will continue to operate for the foreseeable future within the available financial resources. Accordingly, the Directors are of the opinion that the preparation of these financial statements on the going concern basis is appropriate.

(c) Basis of Consolidation

In the current year, no consolidated financial testaments have been prepared. The consolidated financial statements in the prior years incorporated the financial statements of the Company and its then 100% subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The subsidiary had been dormant for a number of years and as a result, the Directors decided to request a voluntary liquidation of the same. The liquidator was appointed by the Master of the High Court of South Africa on 11 November 2020. All the assets of the subsidiary, which consisted only of cash, was transferred to the trust account of the liquidator at the end of the prior year. As from 1 October 2021 the shareholders therefore had no power over the subsidiary, was not exposed, or had no rights to variable returns from its involvement with the subsidiary and did not have the ability to use its power to affect its returns. The Master of the High Court has approved the final liquidation and distribution account on 28 April 2022. As a result consolidated financial statements will not be prepared in 2022 and only the financial results for Metal Fabricators of Zambia PLC will be presented for approval at the Annual General meeting on 13 December 2022.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(c) Basis of Consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

When the Company loses control of a subsidiary as has happened with ZAMEFA during the year, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Revenue recognition

The Company recognises revenue from the following major source:

Sale of copper rod, wire and cable

The Company sells goods to both third party and related customers. Revenue is recognised when the Company has fulfilled its performance obligations based on the sales order, being at the point when goods are delivered at the customer's premises for CIF sales, while for FOB sales the performance obligations are performed once the goods are collected from ZAMEFA PLC premises. Revenue on the sale of these goods is measured at the effective selling price of the items sold net of value-added tax (VAT) after subtracting discounts and rebates granted to customers. For contracts that permit returns, rebates or discount, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur as a result of such items. Payment of the transaction price is due within forty five (45) calender days after the delivery of the goods.

Contract assets and liabilities

Contract assets and liabilities result from agreements entered into with customers that contain both products and services as deliverables. When revenue recognised in respect of a customer contract exceeds the amounts received or receivable from a customer, a contract asset is recognised. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Company receives an advance payment from a customer, a contract liability is recognised.

Contract assets and liabilities are only raised where the payment terms are expected to be in line with normal credit terms after invoicing.

A financing component may exist in the contract on which contract assets or liabilities are recognised. Contract liabilities include a contract with a customer that contains a significant financing component. If the contract exceeds 12 months, the customer obligation is considered to include a financing component. If a significant financing component is provided to the customer, the transaction price is reduced and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant customer's credit risk. Typically however, the timing of receipt of payment is generally less than 12 months after the satisfaction of the performance obligation. All contract assets are subject to an impairment test under IFRS 9.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(e) Foreign currencies

In preparing financial statements, transactions in currencies other than the Zambian Kwacha are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

(f) Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at least every five years such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees that are capitalized in accordance with Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use.

Depreciation on revalued buildings is recognized in the profit and loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Leasehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets (other than leasehold land and properties under construction) less their residual values over their useful lives, using the straight-line method as follows:

- Buildings 10 Years
- Plant and machinery 10 Years
- Furniture, fixtures and fittings 4 - 10 years
- Motor vehicles 4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal on impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses Obsolete, redundant, and slow-moving inventory is identified on a regular basis and is impaired to its estimated net realisable value. Consumables are written down with regard to their age, condition and utility.

Engineering spares and indirect materials relate to normal consumables, while goods in transit are mainly raw materials despatched by suppliers but not delivered to Zamefa at the balance sheet date.

(h) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Classification of financial assets (continued)

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(b) Writeoff policy

The Company may write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the trade receivables has crossed the law of limitation period past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(c) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, (Management typically considers trade receivables aged in excess of 90 days past due (where the excessive ageing is not caused by administrative delays that are within the control of the Company), and those handed over to the Company's attorneys for legal collection processes, to be in default), loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forwardlooking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forwardlooking information.

3 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

(c) Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(d) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(b) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

(d) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(i) Employee benefits

Retirement benefits costs and termination benefits

The Company and all its employees contribute to the National Pension Scheme Authority (NAPSA), which is a defined contribution scheme. The Company's contributions to the defined contribution schemes are charged to the profit or loss in the year to which they relate. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company also operates a staff gratuity scheme for its employees. Under this scheme, the employees are entitled to gratuity payment based on the number of years worked and their terminal salaries at end of contract. The liability recognised in the statement of financial position in respect of the gratuity scheme is the past service cost that the Company would have incurred at the reporting date.

(j) Share-based payments

The Reunert group issues equity-settled options to certain employees in the Group. Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured by use of a modified binomial option pricing model. The expected lives used in the model have been adjusted,based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period..

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on surpluses arising from the revaluation of property, plant and equipment.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 Summary of significant accounting policies (continued)

(k) Income tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(l) Provisions

Provisions are recognised when the Company has a present legal and constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Capital and reserves

(i) Share capital

Ordinary shares are classified as equity.

(ii) Equity loan

The terms of the loan now make it a non-monetary item and as such, is recognised in statement of financial position under equity. It is not revalued to period end exchange rates rather, the loan remains revalued at the exchange rate ruling on the date when it was converted to an equity loan.

(iii) Revaluation reserve

The surplus arising on revaluation of property, plant and equipment is recognised in other comprehensive income. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred directly to retained earnings. No transfer is made from the revaluation to retained earnings except when an asset is derecognised.

(iv) Share based option reserve

Refer to note 3 (j)

(v) Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Company's subsidiary based in South Africa from their functional currencies to the entity's presentation currency (i.e. Zambian Kwacha) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(o) Dividends

Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(p) Trade payables

Trade payables include the balances payable to suppliers under reverse factoring arrangements with banks. These balances are classified as trade payables and the related payments as cash flows from operating activities, since the payments are made to the banks under the same conditions as those agreed with the supplier, the company bound by the obligation to make payment does not agree an extension with the banks beyond the due dates agreed with the supplier, and there are no special guarantees to secure the payments to be made.

(q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with the financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(r) Comparatives

Where necessary, comparatives figures have been adjusted to conform to changes in presentation in the current year.

4 Financial risk management

The Company's activities expose it to a variety of financial risks, including credit risk, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

<u>Market risk</u>

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risks arising from various currency exposures especially with respect to the United States Dollar and the South African Rand.

A 5% decrease/increase represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis below includes only outstanding foreign currency denominated monetary items at year end.

Notes to the financial statements (continued)

4 Financial risk management (continued)

Foreign Currency exposure

	Liabilities		Assets	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
United States Dollar	**425,084**	537,361	**286,871**	345,763
South African Rand	**15,694**	10,145	**3,757**	8,034
	440,778	547,506	**290,628**	353,797

At 30 September 2022, if the Kwacha had weakened/strengthened by 5% against the US Dollar with all other variables held constant, post tax loss/profit for the year for the company would have been **ZMW5,874,054** higher/lower (2021: ZMW7,558,121 higher/lower), mainly as a result of US Dollar denominated payables, receivables, bank balances and borrowings.

At 30 September 2022 if the Kwacha had weakened/strengthened by 5% against the South African Rand with all other variables held constant, post tax loss/profit for the year for the Company would have been **ZMW507,337** lower/higher (2021: ZMW83,385 lower/higher) mainly as a result of Rand denominated trade payables, receivables and bank balances.

(ii) Interest rate risk

The Company's only interest bearing assets are short term bank deposits. The Company has borrowings at floating rates. At 30 September 2022, an increase/decrease of 50 basis points would have resulted in an decrease/increase in post-tax profit of **ZMW1,529,525** (2021: ZMW1,968,442 decrease/increase).

Credit risk

Credit risk arises mainly from trade and other receivables. The credit risk on liquid funds is limited because counter parties are banks with high credit rating. Exposure to credit risk is managed through trading with customers with an appropriate credit history, regular review of credit limits and debtors recoverability. The Board of Directors is involved in the review of debtors' position.

The Company's maximum exposure to credit risk at 30 September 2022 is as follows:

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Trade receivables	**198,420**	259,481	**-**	251,910
Cash and bank balances	**58,624**	38,417	**-**	41,101
Sundry receivables	**1,240**	1,029	**-**	1,029
	258,284	298,927	**-**	294,040

Notes to the financial statements (continued)

4 Financial risk management (continued)

Foreign Currency exposure

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Company		Group	
	1-12 months		**1-12 months**	1-12 months
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
At 30 September :				
- Trade and other payables	**398,056**	402,920	**-**	403,112
- Borrowings	**47,285**	148,252	**-**	148,252
- Retirement benefit obligation*	**5,568**	4,929	**-**	4,929
	450,909	556,101	**-**	556,101

***The long term portion of retirement benefit obligation maturing after 12 months amounts to ZMW1.8 million.**

The table below analyses the Company's financial assets that are receivable on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Company		Group	
	1 – 3 months		**1 – 3 months**	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Receivables	**199,660**	260,510	**-**	252,939
Cash and bank balances	**58,624**	38,417	**-**	41,101
	258,284	298,927	**-**	294,040

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new capital.

Notes to the financial statements (continued)

4 Financial risk management (continued)

Capital risk management *(continued)*

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total funds. Total debt is calculated as total non current liabilities plus total current liabilities. Total funds comprises of total equity plus total non current liabilities plus total current liabilities.

	Company		Group	
	2022	2021	**2022**	2021
The gearing ratio at year end was as follows:	**K '000**	K '000	**K '000**	K '000
Total liabilities as per statement of financial position	**472,824**	579,848	**-**	580,097
Total equity and liabilities as per statement of financial position	**653,355**	767,723	**-**	762,836
Gearing ratio	**72.4%**	75.5%	**-**	76.0%

Categories of financial instruments

Financial assets

Receivables and cash and cash equivalents	**258,284**	298,927	-	294,040
Financial liabilities				
At amortized cost:				
Payables and borrowings	**445,341**	551,172	-	551,364

Notes to the financial statements (continued)

4 Financial risk management (continued)

Fair value measurements

Fair value of financial assets and financial liabilities that are not measured at fair value (but where fair value disclosures are required).

Except as detailed in the table below, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate fair values.

	Company			
	2022		2021	
	K '000		K '000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Trade and other receivables	**199,660**	**199,660**	260,510	260,510
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	**47,285**	**47,285**	148,252	148,252
Trade and other payables	**398,056**	**398,056**	402,920	402,920
	445,341	**445,341**	551,172	551,172

	Group			
	2022		2021	
	K '000		K '000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Trade and other receivables	-	-	252,938	252,938
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	-	-	148,252	148,252
Trade and other payables	-	-	403,112	403,112
	-	-	551,364	551,364

Notes to the financial statements (continued)

4 Financial risk management (continued)

Company

	Fair value hierarchy at 30 September 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	K '000	**K '000**	**K '000**	**K '000**
Financial assets				
Financial assets held at amortisation cost				
Trade and other receivables	-	**199,660**	-	**199,660**
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	-	**47,285**	-	**47,285**
Trade and other payables*	-	**398,056**	-	**398,056**
	-	**445,341**	-	**445,341**

	Fair value hierarchy at 30 September 2021			
	Level 1	Level 2	Level 3	Total
Financial assets	K '000	K '000	K '000	K '000
Financial assets held at amortisation cost				
Trade and other receivables	-	260,510	-	260,510
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	-	148,252	-	148,252
Trade and other payables*	-	402,920	-	402,920
	-	551,172	-	551,172

* This excluded statutory obligations P.A.Y.E , withholding tax, N.A.P.S.A, NHIMA and skills levy

Notes to the financial statements (continued)

4 Financial risk management (continued

Group

	Fair value hierarchy at 30 September 2021			
	Level 1	Level 2	Level 3	Total
Financial assets	K '000	K '000	K '000	K '000
Financial assets held at amortisation cost				
Trade and other receivables	-	252,938	-	252,938
Financial liabilities				
Financial liabilities held at amortised cost:				
Bank overdraft	-	148,252	-	148,252
Trade and other payables*	-	417,058	-	417,058
	-	565,310	-	565,310

* This excluded statutory obligations P.A.Y.E , withholding tax, N.A.P.S.A, NHIMA and skills levy

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions are as follows:

(i) Income taxes

The Company's current tax liability of ZMW2.98 million relates to management's judgment of the estimated amount of tax payable on the open tax computations where liabilities remain to be agreed with the Zambia Revenue Authorities, The Company evaluates uncertain tax items, where a tax item is subject to interpretation and remains to be agreed. Principally the uncertain tax items for which a provision is made, relate to the interpretation of tax legislation regarding the treatment of disallowed and allowable expenses for transactions that have been entered into the normal course of business. Provisions established for uncertain items are made using a best estimate of the tax expected to be paid based on a qualitative assessment or all relevant information. See note 10, for additional disclosure of managements' judgement on deferred tax.

(ii) Calculation of loss allowance on trade receivables

When measuring ECL the Company uses reasonable and supportable forward-looking information which is based on assumption for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising in default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cashflows from collateral credit enhancement. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

(iii) Estimate of assets lives, residual values and depreciation methods and impairments review

Property, plant and equipment are depreciated over their useful life taking into account residual values. Useful lives, residual values and carrying amount are assessed annually. Useful lives are affected by technology innovations, maintenance programmes and future productivity. Future market conditions determine the residual values. Depreciation is calculated on a straight line basis which may not represent the actual usage of the asset. The carrying amount of the asset may be sensitive to a range of characteristics and the key sorce of estimation and uncertainty include cash flow projections. In performing impairment reviews, the Company asseses the recoverable amount of its assets with reference to fair value less costs to disposal. There is judgement in determining the assumption that are considered to be reasonable with those that would be applied by market participants.

Notes to the financial statements (continued)

6 Analysis of sales by category

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Copper rod				
Export	**1,184,595**	1,523,849	**-**	1,523,849
	1,184,595	1,523,849	**-**	1,523,849
Wire and Cables				
Zambia	**551,486**	479,982	**-**	479,982
Export	**320,147**	420,475	**-**	420,475
	871,633	900,457	**-**	900,457
Total Sales	**2,056,228**	2,424,306	**-**	2,424,306

Included in sales are revenues of approximately **ZMW 257 million** (2021: ZMW 559 million) which arose from sales to the Company's largest customer. No other single customer contributed 10 percent or more to the Company's revenue either in 2022 or 2021.

7 Breakdown of expenses by nature

The following items have been charged in arriving at operating profit:

	Company		Group	
	2022	2021	**2022**	2021
Cost of Sales	**K '000**	K '000	**K '000**	K '000
Inventory expensed	**1,906,314**	2,226,698	-	2,226,698
Inventory Write down to net realisable value	**574**	2,900	-	2,900
Employee Benefits	**33,672**	27,592	-	27,592
Machine Repairs	**25,689**	22,497	-	22,497
Electricity and Water	**12,412**	13,308	-	13,308
Other expenses	**9,506**	9,106	-	9,106
	1,988,167	2,302,101	-	2,302,101
Distribution Costs				
Transportation Charges	**12,626**	17,038	-	17,038
Employee Benefits	**4,761**	3,492	-	3,492
Other Expenses	**9,013**	9,352	-	9,352
	26,400	29,882	-	29,882
Administration costs				
Employee Benefits	**20,594**	12,399	-	12,399
Directors' fees	**1,211**	1,487	-	1,487
Audit Fees	**951**	725	-	725
Safety expenses	**3,084**	2,312	-	2,312
Computer expenses	**2,649**	1,466	-	1,466
Other Expenses	**13,687**	14,976	-	15,025
	42,176	33,365	-	33,414
Expected credit gains /(losses)	**(14,657)**	15,998	-	15,998
Total	**2,042,086**	2,381,346	-	2,381,395

Notes to the financial statements (continued)

8 Employee benefits expense

The following items are included within employee benefits expense:

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Salaries and wages	**48,522**	36,108	**-**	36,108
Retirement benefits costs:				
- Termination benefits and long service gratuities (Note 25)	**7,339**	4,582	**-**	4,582
- National Pension Scheme Authority	**3,167**	2,793	**-**	2,793
	59,028	43,483	**-**	43,483

The number of persons employed by the Company at year-end was **308** (2021: 299)

9 Finance costs

Interest on letters of credit	**(16,187)**	(15,870)	**-**	(15,870)
Interest on bank overdrafts	**(2,025)**	(5,710)	**-**	(5,710)
Finance costs	**(18,212)**	(21,580)	**-**	(21,580)
Interest income	**2**	1	**-**	1
Net finance costs	**(18,210)**	(21,579)	**-**	(21,579)

10 Income tax expense

Current income tax	**5,430**	-	**-**	-
Deferred income tax (note 24)	**(2,981)**	13,650	**-**	13,758
Income tax charge	**2,449**	13,650	**-**	13,758
Included under current liabilities				
Payable in respect of the current year	**5,430**	-	**-**	-
Paid during the year	**(2,448)**	-	**-**	-
At end of the year	**2,982**	-	**-**	-
Reconciliation of the tax charge				
(Loss)/ profit before income tax	**(4,895)**	65,413	**-**	65,803
Tax at **30%** and **15%**	**(734)**	9,812	**-**	9,870
Tax effect of expenses not deductible for tax purposes:				
Unrecognised deferred tax asset on interest	**2,732**	3,237	**-**	3,237
Non cash benefits	**30**	186	**-**	186
Disallowed expenses	**421**	415	**-**	465
Income tax charge	**2,449**	13,650	**-**	13,758

Notes to the financial statements (continued)

10 Income tax expense (continued)

Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 31 December 2013. Self-assessment tax returns have been filed with ZRA for the subsequent year ends. The Company has fully utilised the accumulated tax losses of **ZMW7.27 million** brought forward from prior years.

Tax losses analysis

	Company		Group	
	2022	2021	**2022**	**2021**
	K'000	K'000	**K'000**	K'000
2018 tax losses to expire in 2023	**-**	4,193	**-**	4,193
2020 tax losses to expire in 2025	**-**	3,080	**-**	3,080
Tax losses carried forward	**-**	7,273	**-**	7,273

In 2019, the government introduced a new method of computing interest disallowed when determining the taxable profits of a business. Under the introduced method, allowable interest is limited to 30% of a company's earnings before interest, tax, depreciation and amortisation. The company has accumulated disallowed interest of ZMW73.36million (2021: ZMW93.17million) which are available for carry forward up to a maximum period of five years for offset against future profits from the same business source.

The company recognises deferred tax assets to the extent that it is reasonably certain or virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realised. At each balance sheet date, the company re-assesses the unrecognised deferred tax assets and recognises previously unrecognised deferred tax assets when the condition is fulfilled. Based on the assessment, only ZMW33.57million was recognised as at 30 September 2022.

Restricted Interest Analysis

	Company		Group	
	2022	2021	**2022**	**2021**
	K'000	K'000	**K'000**	**K'000**
2019 restricted interest to expire in 2024	**-**	19,764	**-**	19,764
2020 restricted interest to expire in 2025	**33,569**	33,609	**-**	33,609
2021 restricted interest to expire in 2026	**21,580**	21,580	**-**	21,580
2022 restricted interest to expire in 2027	**18,212**	18,212	**-**	18,212
Tax losses carried forward	**73,361**	93,165	**-**	**93,165**

11 Loss / earnings per share

	Company		Group	
	2022	2021	**2022**	2021
	K'000	K'000	**K'000**	K'000
Net (loss) / profit for the year	**(7,344)**	51,763	**-**	52,045
Weighted average number of ordinary shares in issue (thousands)	**27,090**	27,090	**-**	27,090
Basic and diluted (loss)/profit per share (Kwacha)	**(0.27)**	1.91	**-**	1.92

Notes to the financial statements (continued)

12 Dividends

At the Annual General Meeting to be held on 13 December 2022, the Directors propose a dividend payment of Nil per share in respect of the year ended 30 September 2022. Nil dividend was proposed in respect of the period ended 30 September 2021.

13 Property, plant and equipment

	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures & equipment	Capital Work in progress	Total
	K '000	**K '000**	**K '000**	**K '000**	**K '000**	**K '000**
COST OR VALUATION						
Balance at 30 September 2020	**132,200**	**100,669**	**2,214**	**6,343**	**-**	**241,426**
Additions	-	-	-	-	750	750
Balance at 30 September 2021	**132,200**	**100,669**	**2,214**	**6,343**	750	**242,176**
Additions	-	-	-	-	1,489	1,489
Strategic spares transferred from Inventory (note 15)	-	-	-	-	8,930	8,930
Reclassifications	-	-	-	750	(750)	-
Balance at 30 September 2022	132,200	100,669	2,214	7,093	10,419	252,595
ACCUMULATED DEPRECIATION						
Balance at 30 September 2020	**2,864**	**100,669**	**2,214**	**6,343**	-	**112,090**
Charge for the year	2,644	-	-	-	-	2,644
Balance at 30 September 2021	**5,508**	**100,669**	**2,214**	**6,343**	-	**114,734**
Charge for the year	2,644	-	-	94	**-**	2,738
Balance at 30 September 2022	**8,152**	**100,669**	**2,214**	**6,437**	**-**	**117,472**
CARRYING AMOUNT						
Balance at 30 September 2022	**124,048**	**-**	**-**	**656**	**10,419**	**135,123**
Balance at 30 September 2021	126,692	-	-	-	750	127,442

In accordance with Section 246 of the Companies Act, 2017 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the Company.

Leasehold land and buildings with a carrying amount of **ZMW124 million** (2021: ZMW127 million) have been pledged to secure borrowings of the Company (See note 19). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Notes to the financial statements (continued)

13 Property, plant and equipment (continued)

The Company's leasehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation of the Company's leasehold land and buildings was performed by Bitrust Real Estate Limited on 1 September 2019, independent valuers not related to the Company. Bitrust Real Estate are members of the Valuation Surveyors Registration Board, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the leasehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The Directors have carried out an assessment of the fair value of leasehold land and buildings at year end, taking into account the most recent independent valuation. The fair values determined are not materially different from the amounts disclosed.

There has been no change to the valuation technique during the year.

At 30 September 2022

	Level 2	**Level 3**	**Fair Value as at 30/09/2022**
	K '000	**K '000**	**K '000**
Land and Buildings	**-**	**124,048**	**124,048**

At 30 September 2021

	Level 2	Level 3	Fair Value as at 30/09/2021
	K '000	K '000	K '000
Lands and Buildings	-	126,692	126,692

In the opinion of the Directors, the amounts at which the property, plant and equipment are stated are not in excess of those recoverable from their future use. If the buildings were stated on the historical cost basis, the amounts would be as follows:

	2022	2021
	K '000	K '000
Cost	**14,718**	14,718
Accumulated depreciation	**(3,263)**	(2,968)
	11,455	11,750

Sensitivity analysis of Property, Plant and Equipment (PPE) is performed to measure favorable and unfavorable changes in the fair value of PPE which are affected by unobservable parameters. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or most unfavorable.

	Valuation techniques	**Significant unobservable inputs(s)**	**Sensitivity**
Leasehold land and buildings	Depreciated replacement method	Depreciation factor, considering the nature of property and prevailing market condition.	A slight increase in the depreciation factor used would result in a significant decrease in the fair value and vice versa.
		Monthly market rate, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property.	A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

Notes to the financial statements (continued)

14 Capital commitments

There were Capital commitments of **ZMW 2.3 million** as at the end of September 2022 (2021: nil) contracted but not provided for in the financial statements.

15 Inventories

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Finished goods	**61,911**	98,524	**-**	98,524
Raw materials	**54,813**	56,909	**-**	56,909
Work in progress	**35,931**	36,976	**-**	36,976
Engineering stores	**26,657**	31,521	**-**	31,521
Indirect materials	**8,847**	4,837	**-**	4,837
Goods in transit	**1,500**	-	**-**	-
Provision for Obsolete Stock	**(3,474)**	(2,943)	**-**	(2,943)
	186,185	225,824	**-**	225,824

The cost of inventories expensed during the year is as disclosed under Note 7. The cost of inventories recognised as an expense includes **ZMW 0.5 million** (2021: ZMW2.9 million) in respect of write-downs of inventory to net realisable value.

Inventory amounting to **ZMW8.93 million** has been transferred to property, plant and equipment as these are considered to be strategic in nature in line with IAS 16

16 Trade and other receivables

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Trade receivables	**242,925**	316,255	-	316,255
Amounts due from related companies (Note 28)	**-**	7,571	-	-
Loss allowance on trade receivables	**(44,505)**	(64,345)	-	(64,345)
	198,420	259,481	-	251,910
VAT recoverable	**62,414**	105,794	-	105,794
Prepayments	**11,349**	9,737	-	9,737
Sundry receivables	**1,240**	1,028	-	1,028
	273,423	376,040	-	368,469

Notes to the financial statements (continued)

16 Trade and other receivables (continued)

The following shows the movement recognised and other receivables in accordance with the simplified approach set out in IFRS 9:

Analysis of movement in impairment

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Balance as at start of the year	**64,345**	48,347	-	48,347
Amounts recovered	**(6,401)**	-	-	-
Amounts written-off	**(5,183)**	-	-	-
Foreign exchange movements	**(1,913)**	-	-	-
Net re-measurement of loss allowance	**(6,343)**	15,998	-	15,998
At end of the year	**44,505**	64,345	-	64,345

The average credit period on sale of goods is forty five (45) days. No interest is charged on the trade receivables.

The Company always measure the loss allowance for trade recievables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using provision matrix by reference to past default experience of the debtor and an analysis of the debtor 's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised an expected credit loss allowance of 0.02429% against all third party receivables as at year end. The reduction in the expected credit loss allowance is due to improved cash collection in the current year, recoveries of amounts previously provided for (K6.4million) and amounts written off against loss allowance (K5.2 million).

There has been no changes in the estimation techniques or significant assumptions made during the current reporting period.

The following table shows the total receivables as per each aging bracket and the expected credit loss.

30-Sep-22	**Current**	**30 days**	**60 days**	**90 days**	**Over 90 days**	**Total**
	K'000	K'000	K'000	K'000	K'000	K'000
	187,078	-	23,827	-	32,020	**242,925**
Expected credit loss rate						**0.02429%**
Life time ECL						**59**

30-Sep-21	**Current**	**30 days**	**60 days**	**90 days**	**Over 90 days**	**Total**
	K'000	K'000	K'000	K'000	K'000	K'000
	219,918	31,055	2,992	4,332	57,958	**316,255**
Expected credit loss rate						**2.28645%**
Life time ECL						**7,231**

The Directors believe that the carrying value of trade and other receivables approximates their fair value.

Notes to the financial statements (continued)

16 Trade and other receivables (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed	Individually assessed	Total
	K'000	K'000	K'000
Balance as at 1 October 2020	(5,642)	(42,705)	(48,347)
Net re-measurement of loss allowance	(1,589)	(16,936)	(18,525)
Amounts recovered	-	2,527	2,527
Balance as at 30 September 2021	**(7,231)**	**(57,114)**	**(64,345)**
Net re-measurement of loss allowance	-	1,084	1,084
Amounts recovered	7,172	6,401	13,573
*Amounts written-off	-	5,183	5,183
Balance as at 30 September 2022	**(59)**	**(44,446)**	**(44,505)**

*The amounts written off were processed from Expected credit loss allowance recognised in prior years and therefore do not have an impact on the income statement for the current year.

17 Cash and cash equivalents

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Bank balances	**58,500**	38,288	**-**	40,972
Cash in hand	**124**	129	**-**	129
Cash and bank balances	**58,624**	38,417	**-**	41,101
Bank overdraft (Note 19)	**(47,285)**	(148,252)	**-**	(148,252)
Net Cash and cash equivalents	**11,339**	(109,835)	**-**	(107,151)

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances net of bank overdrafts as above.

Bank balances are held in United States Dollars, South African Rands and Zambian Kwacha current accounts.

18 Contract liabilities, trade and other payables

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
RMB payable	**312,603**	366,095	**-**	366,095
Third party trade payables	**21,449**	20,832	**-**	21,023
Accrued expenses and other payables	**11,660**	16,729	**-**	16,729
Contract liabilities	**12,844**	13,946	**-**	13,946
Inter-Company trade payable	**54,012**	757	**-**	757
	412,568	418,359	**-**	418,550

Notes to the financial statements (continued)

18 Contract liabilities, trade and other payables **(continued)**

Contract liabilities represent customer payments received in advance of the delivery of copper cables that are expected to be recognised as revenue in the financial year ended 30 September 2022.

Trade payables are obligations to pay for goods and services. As at 30 September 2022, **76%** (2021: 88%) of total trade payables of **ZMW 412.6 million** (2021: ZMW 418.3 million) include liabilities under supplier financing arrangements with maturities beyond 90 days. The carrying value of trade payables approximates fair value.

The carrying amount of the payables and accrued expenses approximate to their fair values. Third party trade payables are mainly made up of United States Dollars denominated payables arising from purchase of other direct and indirect materials. Certain payables of copper cathode purchases attract interest at floating rates.

19 Borrowings

	Company		Group	
	2022	2021	**2022**	2021
Secured - at amortised cost	**K '000**	K '000	K '000	K '000
(i) Bank overdraft (note 17)	**47,285**	148,252	-	148,252

The Company has overdraft facilities with ABSA Bank Zambia Plc of **US$3.5 million** (2021: US$3.5million) and Rand Merchant Bank Limited (RMB) **US$40 million** (2021: US$40 million) respectively. The ABSA Bank Zambia Plc overdraft facility is secured against a floating debenture covering all the Company's assets and a mortgage over property on Plot No. 1400 Luanshya while the one from Rand Merchant Bank Limited is secured by a parent company guarantee from Reunert Limited. The overdraft facility for ABSA Bank Zambia Plc carries interest at 3 months Secured Overnight Financing Rate (SOFR) plus 5.5% per annum whereas that from Rand Merchant Bank Limited of US$40 million carries interest at 3 months Secured Overnight Financing Rate (SOFR) plus 3.05% per annum.

The Company transitioned its LIBOR linked **USD43.5 million** bank overdraft facilities to SOFR in the third quarter of the financial year. There are no additional costs and other terms amended as part of the transition. The Company accounted for the change to SOFR using the practical expedient introduced by the phase 2, which allows the Company to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. The loss on contact modification is immaterial.

The equity loan from Reunert Finance Company proprietary Limited is repayable in part or fully when the Company determines that it is able to make such payment, having due regard to the solvency test specified in the Companies Act No. 10 of 2017 of Zambia. The equity loan is recognised in the statement of financial position under equity.

20 Share capital

	2022	2021
	K '000	K '000
Authorised:		
150,000,000 (150,000,000 :2021) ordinary shares of **K 0.01** each	**1,500**	1500
Issued and fully paid:		
27,090,099 ordinary shares of **K 0.01** each	271	271

Notes to the financial statements (continued)

21 Revaluation surplus

The revaluation surplus represents the surplus on the revaluation of buildings net of deferred income tax and is non-distributable.

22 Share-based payment reserves

	2022	2021
	K '000	K '000
As a result of IFRS 2- Share- based payment		
At the beginning and end of the year	**208**	208
Share-based payment - non current		
At the beginning of the year	-	404
Share option reserve reversed during the year	-	(404)
At the end of the year	-	-
Share-based payment - current		
At the beginning of the year	-	818
Share option reserve reversed during the year	-	(818)
At the end of the year	-	-

Conditional Share Plan

No performance conditions are attached to the retention options. 50% of the retention options issued from November 2013 vest after four years from the date of issue and the remaining 50% after five years.

The fair value of retention shares granted to employees is measured by use of a log normal method and the fair value of the performance shares granted to senior executives is valued using a bespoke Monte Carlo simulation model.

Notes to the financial statements (continued)

22 Share-based payment reserves (continued)

Conditional Share Plan (continued)

	Fair value per unit on inception	Number of units unvested at the beginning of the year	Units granted during the year	Units vested during the year	Units expired/ forfeited during the year	Number of units unvested at end of the year
2022						
		K '000'	K '000'	K '000'	K '000'	**K '000'**
Issued on 21 November 2016 (2016)						
Key - retention	**49.57**	**4**	**-**	**-**	**-**	**4**
Issued on 20 November 2017 (2017)						
Key - retention	**47.21**	**5**	**-**	**-**	**-**	**5**
Issued on 20 November 2018 (2018)						
Executive - retention	**59.25**	**4**	**-**	**-**	**-**	**4**
		13	-	-	-	**13**
2021						
Issued on 21 November 2016 (2016)						
Key - retention	**49.57**	**4**	**-**	**-**	**-**	**4**
Issued on 20 November 2017 (2017)						
Key - retention	**47.21**	**5**	**-**	**-**	**-**	**5**
Issued on 20 November 2018 (2018)						
Executive - retention	**59.25**	**4**	**-**	**-**	**-**	**4**
		13	-	-	-	**13**

The valuations were performed by Financial Modelling Agency.

The fair value of the CSP for key employees and executives with retention options was calculated by assuming the share price movement follows a log-normal distribution over the vesting period. The value at vesting date was discounted back to the valuation date.

The fair value of the CSP for executive employees with performance conditions was calculated using a Monte Carlo simulation technique.

The volatility of the return on the company share was estimated as the annualised standard deviation of daily log returns of the share price over the four years prior to the valuation date. No forfeitures were used in the models.

Notes to the financial statements (continued)

22 Share-based payment reserves (continued)

Conditional Share Plan (continued)

The inputs into the models were as follows:

	Share price at issue	Expected volatility	Expected option life	Expected dividend yield	Risk free interest rate
	R	%	Years	%	%
Conditional share plan					
2012					
Retention					
Performance					
2016					
Retention	61.50	24.37	4/5	5.39	The risk free rate for the key and executive options varies from 7.45% (year 1) to 7.88% (year 5) and is and is based on the ZAR zero coupon swap curve produced by BESA on 21 November 2016
Performance	61.50	24.37	4	5.39	
2017					
Retention	65.46	22.96	4/5	7.28	The risk free rate for the key and executive options varies from 7.22% (year 1) to 8.04% (year 5) and is and is based on the ZAR zero coupon swap curve produced by BESA on 20 November 2017
Performance	65.46	22.96	4	7.28	
2018					
Retention	76.58	23.93	4/5	5.79	The risk free rate for the key and executive options varies from 7,19% (year 1) to 7,90% (year 5) and is and is based on the ZAR zero coupon swap curve produced by BESA on 20 November 2017

23 Disposal of a Subsidiary

Details of the Group's material subsidiaries at the end of the reporting period are as follows;

Name of subsidiary	Principal activity	Place of operation	Proportion of ownership interest and voting power held by the Group
Fabcorp Proprietary Limited	Sale of Copper Rod	South Africa	**100%**

Fabcorp (Pty) Limited was placed under voluntary liquidation as disclosed in general company information on page 6.

At the end of September 2021 Fabcorp's Statement of Financial Position was as follows:

Current Assets	**K'000**
Deferred Tax	50
Cash	2,684
	2,734
Equity and liabilities	
Retained Earnings	(5,028)
Intercompany Accounts Payable	7,571
Accounts Payable	191
	2,734

On liquidation, ZMW2.4 million of the cash were used to pay a portion of the Inter Company Payable which was due to ZAMEFA. The balance of ZMW0.2 million was used to pay the liquidator for liquidation fees. The difference between the amount payable to ZAMEFA and what was paid, amounting to ZMW5.1 million was written off in the books of Fabcorp. In the Accounts Receivable of ZAMEFA, this shortfall was already included in the provision for the Estimated Credit Loss in the prior year.

Notes to the financial statements (continued)

24 Deferred tax

Deferred tax is calculated using the enacted income tax rates of 30% and 15%.

The following are the major deferred tax liabilities and assets recognised by the Group and Company and the movement thereon, during the current and prior reporting periods:

Deferred tax

Company

Year ended 2022	At 01.10.2021	Recognised in profit or loss	At 30.09.2022
	K '000	K '000	K '000
Deferred tax liabilities			
Property, plant and equipment:			
- on historical cost basis	(1,033)	(297)	(1,330)
- on revaluation surpluses	17,496	-	17,496
	16,463	(297)	16,166
Deferred tax assets			
Unrealised exchange (losses)/gains	9,717	(9,699)	18
Provisions	(19,010)	5,926	(13,084)
Tax losses	(1,089)	1,089	-
	(10,382)	(2,684)	(13,066)
Net deferred tax liability	**6,081**	**(2,981)**	**3,100**

Year ended 2021	At 01.10.2020	Recognised in profit or loss	At 30.09.2021
	K '000	K '000	K '000
Deferred tax liabilities			
Property, plant and equipment:			
- on historical cost basis	(740)	(293)	(1,033)
- on revaluation surpluses	17,496	-	17,496
	16,756	(293)	16,463
Deferred tax assets			
Unrealised exchange (losses)/gains	(130)	9,847	9,717
Provisions	(18,634)	(376)	(19,010)
Tax losses	(5,561)	4,472	(1,089)
	(24,325)	13,943	(10,382)
Net deferred tax (asset)/ liability	**(7,569)**	**13,650**	**6,081**

Notes to the financial statements (continued)

24 Deferred income tax (continued)

Group

Year ended 2021	**At 01.10.2020**	**Recognised in profit or loss**	**At 30.09.2021**
	K '000	**K '000**	**K '000**
Deferred tax liabilities			
Property, plant and equipment:			
- on historical cost basis	(740)	(293)	(1,034)
- on revaluation surpluses	17,496	-	17,496
	16,756	(293)	16,462
Deferred tax assets			
Unrealised exchange (losses)/gains	(130)	9,847	9,717
Provisions	(18,634)	(358)	(18,992)
Tax losses	(5,610)	4,562	(1,048)
	(24,374)	14,051	(10,323)
Net deferred tax (asset)/liability	**(7,618)**	**13,758**	**6,139**

25 Retirement benefit obligations

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
At start of the year	**7,156**	6,846	-	6,846
Charged to profit or loss (Note 8)	**7,339**	4,582	-	4,582
Payments during the year	**(7,606)**	(4,272)	-	(4,272)
At end of the year	**6,889**	7,156	-	7,156
Analysed as:				
Non-current	**1,321**	2,227	-	2,227
Current	**5,568**	4,929	-	4,929
Total	**6,889**	7,156	-	7,156

These obligations are accruals for gratuity which are calculated in accordance with Employment Code Act, No. 3 of 2019 of Zambia.

Notes to the financial statements (continued)

26 Cash generated from operations

Reconciliation of profit/ (loss) before income tax to cash generated from operations:

	Company		Group	
	2022	2021	**2022**	2021
	K'000	K'000	**K'000**	K'000
(Loss)/profit before income tax	**(4,895)**	65,413	-	65,803
Adjustments for:				
Interest income (Note 9)	**(2)**	(1)	-	(1)
Interest expense (Note 9)	**18,212**	21,580	-	21,580
Depreciation (Note 13)	**2,738**	2,644	-	2,644
(Decrease)/ Increase in Lifetime ECL	**(19,765)**	15,998	-	15,998
(Decrease)/Increase in retirement benefit obligations	**(267)**	310	-	310
Changes in working capital				
-Trade and other receivables	**122,382**	(104,058)	-	(103,789)
-Inventories	**39,639**	(44,408)	-	(44,408)
**Critical spares reclassified from Inventory	**(8,930)**	-	-	-
- Trade and other payables	**(5,791)**	62,790	-	62,888
Share based options- Non Current	**-**	(404)	-	(404)
Share based options- Current	**-**	(818)	-	(818)
Foreign Currency Translation Reserve movement	**-**	-	-	(96)
Cash generated from operations	**143,321**	19,046	-	19,707

**Non cash items, see Note 13

27 Contingent Liabilities

The Company has various pending legal proceedings at 30 September 2022. The Directors believe that there will be no material losses arising from the pending legal proceedings against the Company.

28 Related party transactions

The Company is a subsidiary of Reunert International Investments, a company incorporated in the Mauritius. The ultimate parent of the Company is Reunert Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange.

The Company has transacted with the following related Group companies:

Name of related party	Country of registration	Relationship
CBi-Electric: African Cables	Republic of South Africa	Fellow subsidiary
Reunert Finance Company Limited	Republic of South Africa	Fellow subsidiary

Notes to the financial statements (continued)

28 Related party transactions (continued)

(i) Purchase of goods and services

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
CBi-Electric: African Cables - Purchase of finished goods, raw materials and plant and machinery	**78,481**	99,923	-	99,923

(ii) Sale of goods and equipment

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
CBI Electric-African Cables	**17,009**	18	-	18
CAFCA (Up to 31st March 2021)	**-**	4,158	-	4,158
	17,009	4,176	-	4,176

(iii) Directors interests in the Company

As at 30 September 2022 the Directors shareholding interest in the Company, as recorded on the Lusaka Securities Exchange are as follows:

	2022	2021
K. D. Bwalya	**2,000**	2,000
Total ordinary issued shares of the company	**27,090,099**	27,090,099

(iv) Directors remuneration and key management personnel compensation

A list of members of the Board of Directors is shown on page 2 of the Annual Report under General Company information.

	2022	2021
	K '000	K '000
Salaries	**5,382**	5,577

Independent Non Executive Directors remuneration

Analysis is as follows:

Directors fees

JM Chisanga	**626**	768
C Kabaghe	**585**	718
	1,211	1,486

Notes to the financial statements (continued)

28 Related party transactions (continued)

(iv) Directors remuneration and key management personnel compensation (continued)

Executive Directors annual remuneration

Analysis is as follows:

	2022	2021
Johan du Plessis	**K'000**	K'000
Basic salary	**2,489**	2,923
Other allowances	**227**	266
Gratuity	**227**	772
Total	**2,943**	3,961
Kangwa D. Bwalya		
Basic salary	**1,542**	73
Other allowances	**897**	42
	2,439	115
Roseta Chabala (Resigned 30 April 2021)		
Basic salary	**-**	539
Other allowances	**-**	376
Gratuity	**-**	586
Total	**-**	1,501

(v) Outstanding balances arising from purchases of goods/services/Interest on Loans

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Payables to CBI Electric-African Cables	**54,012**	757	-	757
	54,012	757	-	757

(vi) Outstanding balances arising from sale of goods/services

Fabcorp (Pty) Limited*	**-**	-	-	7,571

* Placed under voluntary liquidation

Notes to the financial statements (continued)

28 Related party transactions (Continued)

(vii) Payable to related parties

	Company		Group	
	2022	2021	**2022**	2021
	K '000	K '000	**K '000**	K '000
Equity loan from Reunert Finance Company proprietary Limited: (Note 19)	**365,000**	365,000	**-**	365,000

The equity loan from Reunert Finance Company Proprietary Limited was denominated in United States Dollars and repayable in part or fully when the Company determines that it is able to make such payment, having due regard to the solvency test specified in the Companies Act, No. 10 of 2017 of Zambia. Interest on the loan is payable at zero percent. The terms of the loan make it a non-monetary item and as such, is recognised in the statement of financial position under equity. It is not revalued to period end exchange rates and remains revalued at the exchange rate ruling on the date when it was converted to an equity loan.

29. Segment reporting

The Board of Directors have determined the operating segments based on the information provided by management for the purposes of allocating resources and assessing performance. The Board considers the activities of the Company to substantially fall withing the same product range. The goods are distributed to similar classes of customers using similar distribution channels. The financial information reviewed by the Board includes revenue by product line, but operating expenses and assets are reported on a combined basis for the entire operating unit. The financial information does not include profit or loss information for the individual product lines. The Board assesses the performance of the Company based on EBITDA.

The segment information provided to the Board for the reportable segment for the year ended 30 September 2022 is as follows:

	Company		Group	
	2022	2021	**2022**	2021
	K'000	**K'000**	**K'000**	**K'000**
Sale of goods				
Copper rod				
Export	**1,184,595**	1,523,849	-	1,523,849
Wires and cables				
Local (Zambia)	**551,486**	479,982	-	479,982
Export	**320,147**	420,475	-	420,475
Total sales	**2,056,228**	**2,424,306**	-	**2,424,306**
Fixed and variable expenses	**(2,040,175)**	(2,334,670)	-	(2,334,670)
EBITDA	**16,053**	89,636	-	89,636
Interest income	**2**	1	-	1
Interest expenses	**(18,212)**	(21,580)	-	(21,580)
Depreciation	**(2,738)**	(2,644)	-	(2,644)
Income tax expenses	**(2,449)**	(13,650)	-	(13,650)
(Loss) profit after tax	**(7,344)**	51,763	-	51,763
Total assets	**635,355**	767,723	-	767,723
Total liabilities	**472,824**	579,848	-	579,848

30 Events after reporting date

There were no significant events after the reporting date that require additional disclosure or adjustment to the results presented.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Metal Fabricators of Zambia PLC in respect of the year ended 30 September 2022 will be held at the Radisson Blu Hotel, Lusaka, Zambia on 13 December 2022 at 10:00 hours to transact the following business:-

The proceedings will also be concluded electronically via the following:

Zoom video link provided below .

https://us06web.zoom.us/meeting/register/tZEucu-orjojGdHZp4Dgf682ANWkc5mDesjZ

Meeting ID: 853 5600 1935

Passcode: 272220

1. Minutes of the previous Annual General Meeting

To consider and adopt the minutes of the Annual General Meeting held on 22 February 2022.

2. Re-election of Directors

Resolution 2.1
Resolved that NA Thomson be and is hereby re-elected as a **Non-Executive** Director of the Company
(Refer to page 77 for CV)

Resolution 2.2
Resolved that JM Chisanga be and is hereby re-elected as a **Non-Executive** Director of the Company
(Refer to page 77 for CV)

3.1 Non-executive Directors remuneration

"Resolved that the increase of 7% in remuneration proposed hereunder in respect of independent non-executive directors, be and is hereby approved effective from 1 April 2023.

	Current fee per quarter in US$	Proposed fee per quarter in US$
Chairman of the Board	3,883	4,155
Chairman of the Audit Committee	3,206	3,430
Other independent **Non-Executive** Directors	2,816*	3,013

*Note that the current non-executive directors (other than the independent non-executive directors) do not and will not receive any remuneration for their services as directors. In the event that the board resolves to appoint an additional independent non-executive director, the quarterly fee of such a director will not exceed $ 2,816 up to 31 March 2023 where after it will increase to $3,013.

3.2 Directors' remuneration for ad hoc assignments

"Resolved that the chairman of the Remuneration Committee is hereby authorised to exercise discretion to pay additional fees to non-executive directors, of no more than US$3,013 (2020: $ 2,816) per director per annum, in the event that any non-executive director is involved in an ad hoc committee or other assignment on behalf of ZAMEFA that significantly exceeds the time commitments typically required from non-executive directors in the exercise of their duties to the Board and the standing committees on which they serve. Resolved further that, should the chairman have an interest in the matter, the above discretion will be exercised by the Remuneration Committee, excluding the interested individual or individuals."

"The authority granted herewith shall commence on 1 April 2023 and shall endure until the earlier of a superseding resolution being passed by shareholders, or two years from the date of passing of this resolution."

NOTICE OF ANNUAL GENERAL MEETING (Continued)

3.2 Directors' remuneration for ad hoc assignments (Continued)

INFORMATION PERTINENT TO RESOLUTION NO 3.2

In terms of the LuSE Corporate Governance Code for listed and quoted companies, directors may not receive fees for their services as directors without prior approval from shareholders. This constrains the ability of the Board to fairly remunerate directors for unforeseen matters that arise during the course of the year and that necessitates significant additional effort from particular directors. The purpose of this resolution no 3.2 is to provide the chairman of the Remuneration Committee with limited discretion to pay additional remuneration to independent non-executive directors, where warranted by the circumstances. In the event chairman of the Remuneration Committee is being considered for this additional remuneration, the Remuneration Committee, excluding the individuals concerned, will exercise this limited discretion.

Any remuneration paid to non-executive directors in terms of this resolution no 3.2 will be disclosed to shareholders as required by section 7.B.7 of the LuSE listing requirements.

The fees proposed in this resolution 3.2 is limited to services as directors and do not allow for consulting or other services to be provided to the group. In addition, Board and Board committee fees do not pertain only to the preparation for and attendance of meetings, but also assumes that the particular director will be reasonably available to consider matters that may arise during the course of the year. The payment of additional fees to non-executive directors can be made only in limited cirumstances.

4. Director's Report and Financial Statements

To receive and adopt:

- the Director's report - Page **21-31** of the Audited Financial Statements.

- the Audited Financial Statements for the year ended 30 September 2021, page **36-74** of the Audited Financial Statements

- the **report** thereon of the auditors - Page **32-35** of the Audited Financial Statements

5. Dividend

Resolved that the Board of Directors proposal not to pay a dividend be approved - note 12 on page **60** of the Audited Financial Statements.

6. Appointment of Auditors

To re-appoint Deloitte & Touche as the auditors of the Company for the 2023 financial year and to authorise the Directors to set their remuneration.

Information pertinent to Resolution no 6.

The Company's ultimate shareholder, Reunert Ltd, is a company listed on the Johannesburg Stock Exchange. In accordance with the mandatory requirement for audit firm rotation by the Independent Regulatory Board for Auditors in South Africa, Reunert has followed an extensive and competitive process to select a new audit firm for the Reunert Group's 2023/2024 Financial Year. KPMG Incorporated ("KPMG") has been identified as the preferred external auditor for the Group and will be proposed to the shareholders of Reunert Ltd at its 2024 annual general meeting and to the ZAMEFA shareholders at the 2023 annual general meeting, subject to the final approval of the Reunert shareholders.

7. Adoption of Company's Articles of Association

Resolved that the amended Articles of association which are aligned to the Company's Act of Zambia be approved.

8 Other Business

To transact such other business as may properly be transacted at an Annual General Meeting of members

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the company. Proxy forms should be forwarded to reach the Company's registered office or the Transfer Secretaries not less than 48 hours before the time appointed for holding the meeting.

BDO
Company Secretary
Lusaka

Notice to shareholders(Continued)

Curriculum vitae for Directors standing for re-election

1. NA Thomson

Mr Thomson served as partner with Ernst and Young for 18 years before joining Transnet Freight Rail as chief financial officer in 2005. In addition to the normal aspects of the finance portfolio, he chaired the investment committee and acquisition committees and was responsible for the negotiations of major commercial contracts.

In April 2012, Mr Thomson was appointed as group chief financial officer at Afrox Ltd. His responsibilities included the financial portfolio, treasury function, procurement and strategy. He joined Reunert Ltd as chief financial officer on 15 June 2015.

2. JM Chisanga

Mr. Chisanga is a Fellow of the Chartered Institute of Management Accountants (FCIMA, CGMA) – [he has held the position of Branch President in Zambia]; and the Zambia Institute of Chartered Accountants (FZICA) – [he has held the position of President of the Institute]. Both ZICA and CIMA have conferred recognition certificates for his contribution to the profession of accountancy. He is currently in private practice running a firm of accountants (JM Chisanga & Company) specialising in the provision of auditing, tax advisory and secretarial services. The firm also offers technical services in corporate governance. He is a member of the Institute of Directors of Zambia and the Institute of Directors of Southern Africa. Mr. Chisanga has vast experience having held senior positions in his long career including chief accountant, financial controller, director of finance and administration. He also has extensive experience at Board level having held and holding many board positions. Mr Chisanga is the holder of the following awards.

(i) Life time achievement – ZICA

(ii) Recognition award for contribution and impact to the Accountancy Industry- CIMA

Metal Fabricators of Zambia PLC

Form of Proxy

For the 2022 Annual General Meeting

I/We ....
(Name/s in block letters)

of..Address)

Being the shareholder/member of the above named company and entitled to vote

Number of votes

(1 Share = 1 vote)

Do hereby appoint

1. .... .of ....or failing him/her

2. ....of...or failing him/her

3. The Chairman of the meeting

As my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to held at Radisson blu Hotel, Lusaka, Zambia on 13 December 2022 at 10:00 AM and at any adjournment thereof as follows:

Agenda item	Mark with X where applicable		
	In favour	Against	Abstain
1. Adoption of the minutes of the previous Annual General Meeting			
2. Re-election of Directors **Resolution 2.1** "Resolved that NA Thomson be and is hereby re-elected as a **Non-Executive** Director of the Company"			
Resolution 2.2 "Resolved that JM Chisanga be and is hereby re-elected as a **Non-Executive** Director of the Company"			

Form of Proxy

For the 2022 Annual General Meeting (Continued)

<table>
<tr><td>Agenda item</td><td colspan="3">Mark with X where applicable</td></tr>
<tr><td></td><td>In favour</td><td>Against</td><td>Abstain</td></tr>
<tr><td>3. Non-executive Directors remuneration</td><td></td><td></td><td></td></tr>
<tr><td>Resolution 3.1

Resolved that the remuneration proposed hereunder in respect of Independent Non-Executive Directors, be and is hereby approved effective from 1 April 2023.
<table>
<tr><td></td><td>Current fee per quarter in US$</td><td>Proposed fee per quarter in US$</td></tr>
<tr><td>1. Chairman of the Board</td><td>3,883</td><td>4,135</td></tr>
<tr><td>2. Chairman of the Audit Committee</td><td>3,206</td><td>3,430</td></tr>
<tr><td>3. Other independent Non-Exective Directors</td><td>2,816*</td><td>3,013</td></tr>
</table>
*Note that the current Non-Executive Directors (other than the independent Non-Executive Directors) do not and will not receive any remuneration for their services as Directors. In the event that the Board resolves to appoint an additional independent Non-Executive Director, the quarterly fee of such a Director will not exceed US$2,816 up to 31 March 2023 whereafter, it will increase to US$3,013.</td><td></td><td></td><td></td></tr>
<tr><td>Resolution 3.2

“Resolved that the chairman of the Remuneration Committee is hereby authorised to exercise discretion to pay additional fees to Non-Executive Directors, of no more than US$ 3,013 (2020: $ 2,816) per director per annum, in the event that any Non-Executive Director is involved in an ad hoc committee or other assignment on behalf of ZAMEFA that significantly exceeds the time commitments typically required from Non-Executive Directors in the exercise of their duties to the Board and the standing committees on which they serve. Resolved further that, in the event that the Chairman of the Remuneration Committee is being considered for this additional remuneration, the Remuneration Committee, excluding the Chairman, will exercise this limited discretion.”</td><td></td><td></td><td></td></tr>
<tr><td>4. To receive and adopt:
- the Director’s report - page 21 – 31 of the AFS
- the audited financial statements for the period ended 30 September 2022 – page 40 – 74 of the AFS
- the report thereon of the auditors – page 32 – 39 of the AFS.</td><td></td><td></td><td></td></tr>
<tr><td>5. Dividend
Resolved that the Board of Directors proposal not to pay a dividend be approved- note 12 on page 60 of the AFS.</td><td></td><td></td><td></td></tr>
<tr><td>6. Appointment of Auditors
To re-appoint Deloitte & Touche as the auditors of the company for the 2023 financial year and to authorise the Directors to set their remuneration.</td><td></td><td></td><td></td></tr>
</table>

Form of Proxy

For the 2022 Annual General Meeting (continued)

Agenda item	Mark with X where applicable		
	In favour	Against	Abstain
7. Adoption of Company's Articles of Association			
Resolved that the amended Articles of association which are aligned to the Company's Act of Zambia be approved.			

Signed at____ on this_____________________day of___________________2022

Signature____

Assisted by me(where applicable) (see note 3)____

Full name/s of signatory/ies if signing in a representative capacity (See note 4) ______________________________________

For the 2022 Annual General Meeting (continued)

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his/her guardian.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the Company has already recorded that authority.
5. In order to be effective, proxy forms must reach the registered office of the Company or the Transfer Secretaries not less than 48 hours from the commencement of the meeting.
6. The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
7. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.

ZOOM HOUSE KEEPING RULES

1. Please ensure you log in with your First and Last name.
2. Shareholder's audio and video will remain off throughout the meeting to ensure a smooth meeting.
3. Please note that only the panelist's video will show.
4. During Questions and Answer time, you will be able to ask your questions via Q and A icon, members will also be able to vote for their favorite questions to enable to pick questions easily.
5. To propose a decision please raise your hand using the Hand icon and do the same to second the decision. The Hand raised first shall be the one placed on record after confirmation by the Auditor.
6. Questions shall be read out loud.

Notes

ZAMEFA