ZAMEFA

Metal Fabricators of Zambia Plc

ANNUAL REPORT 2021

Metal Fabricators of Zambia PLC
Annual Report
For the year ended 30 September 2021

Metal Fabricators Of Zambia Plc
(Incorporated in Zambia)

Directors' report and consolidated annual financial statements
For the year ended 30 September 2021

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Company Profile	
Corporate Name	Metal Fabricators of Zambia Plc
Trading As	ZAMEFA
Creation Date	1968
Company Status	Listed on the "Lusaka Securities Exchange"
Principal Shareholder	Reunert International Investments (Mauritius) Limited (75%)
Authorised Share Capital	150,000,000
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 (ZAMEFA) was incorporated in the Republic of Zambia under the Zambian Companies Act as a public limited liability Company and is domiciled in Zambia. ZAMEFA was incorporated in 1968 and privatized in 1996. The Company became listed on the Lusaka Securities Exchange in September 2004.

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

The principal 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 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 telecommunication utilities as well as the mining, agricultural and industrial sectors.

The Company continues to hold full certifications for ISO 9001 (quality management system) and ISO 14001 (environmental management system). During the year under review the Company successfully completed the reclassfication and transition from OHSAS 18001 to 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 80% of the total sales revenue with sales to various sub-saharan countries.

REGISTERED OFFICE

Plot 1400
H. Figov Road
Luanshya
Republic of Zambia

DIRECTORATE

A.E. Dickson - Chairman, Non-Executive Director (Reunert Ltd Group CEO)
K.D. Bwalya - Managing Director (Appointed 14 September 2021)
R.M. Chabala (Mrs) - Managing Director (Resigned 30 April 2021)
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

POSTAL ADDRESS

P.O. Box 90295
Luanshya
Republic of Zambia
Telephone: +260 212 591010
+260 212 591114
Facsimile: +260 212 510023

EXECUTIVE MANAGEMENT TEAM

K.D. Bwalya - Managing Director (Appointed 14 September 2021)
R.M. Chabala (Mrs) - Managing Director (Resigned 30 April 2021)
G.J.H. Steyn - Strategy & Integration Manager - Africa Operations
L. J. du Plessis - Commercial Director
E. Mangoni - Financial Controller
S. Sikombe - Human Resources Manager

AUDITORS

Deloitte & Touche
Deloitte Square
Plot # 2374/13
Thabo Mbeki Road
P.O. Box 30030
Lusaka
Tel: +260 211 228677/8
Fax: +260 211 226915

BANKERS

Rand Merchant Bank
ABSA Bank Zambia Plc
Stanbic Bank Zambia Limited
Citibank Zambia Limited
Standard Bank of South Africa Limited
First National Bank Zambia Limited

TRANSFER SECRETARIES

Sharetrack Zambia Limited

BROKERS

Stock Brokers Zambia Limited

CORPORATE SECRETARIES

BDO Zambia Limited

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
(Appointed 14 September 2021)

N.A. Thomson
Non-Executive Director

P. W. de Villiers
Non-Executive Director

L.J. Du Plessis
Executive Director

Executive Management Team

K.D Bwalya
Managing Director
(Appointed 14 September 2021)

L.J. Du Plessis
Executive Director

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

S. Sikombe
Human Resources Manager

E. Mangoni
Financial Controller

A.E. Dickson
Chairman

Board Matters

The 2021 financial year was a good turn around for the company from the previous few years in which losses were recorded. The turnaround coincided with changes in the Zambian political arena after the successful completion of the elections in August 2021. The seamless transfer of power to the winning party after the election results were published, is an example to the rest of the world and something on which all Zambians can be very proud. The new government has committed to a suite of business friendly macro economic policies and the Board is looking forward to the benefits that these policies may bring to the people of Zambia and the company.

During the year the following changes were made to the Board: Mrs Chabala whose contract of employment ended at the end of April 2021 resigned from the Board on 4 May 2021 and Mr de Villiers resigned post year end on 5 November 2021 from the Board. Mr Bwalya was appointed on 14 September 2021 as Managing Director of the company and Mr Corte was appointed as a non-executive director on 5 November 2021 .

I wish to express my sincere thanks to both Mrs Chabala and Mr de Villiers for all their contributions to the Board and the company during the period that they served on the Board. Both served the company with distinction and we wish them well with the next chapter of their careers.

I extend a warm welcome to both Mr Bwalya and Mr Corte as returning members of the Board. Both of them served on the Board of directors of the company prior to Reunert International Investments (Mauritius) becoming the majority shareholder and we are looking forward to their contributions.

Company Performance

As mentioned earlier, the financial results of the 2021 financial year were much improved over those achieved in the prior year. The improvement was mainly due to:

- the increase in volumes sold in the 2021 financial year,
- the strengthening of the kwacha against the USD in the last quarter of the current financial year that resulted in the Group recording net foreign exchange gains for the 2021 financial year compared to the net foreign exchange losses in the prior year; and
- the reduction in finance costs compared to the prior year mainly due to the conversion of the long-term loan from the majority shareholder into an equity loan bearing interest at 0%. The restructuring of the loan was concluded during the last quarter of the prior financial year. Despite the reduction in the current year, the finance cost for the Group and Company still exceeded the maximum finance cost deductible for tax purposes as defined in section 29 of the Income tax act of Zambia.

The cash position of the Group and Company remained in overdraft at the end of the current financial year mainly due to the increase in working capital required by the Group and

Company as a result of the higher copper prices. In addition, the cash resources were negatively affected by the fact that none of the overdue VAT claims that existed at the end of the previous year end, were settled by the Zambia Revenue Authority during the year.

ZAMEFA received recognition for its export efforts during the year. At the annual awards ceremony of the Zambia Association of Manufacturers , ZAMEFA won the Outstanding Trade Performance Award for exporters.

The Covid-19 pandemic continued to impact the company and the economy in general. ZAMEFA fully subscribed to the Covid-19 prevention regulations that were issued by government and implemented a strict Covid-19 protocol in the company while still fulfilling all customers orders. Despite these preventative measures 15% of the employees of ZAMEFA contracted the virus while tragically one employee died after contracting the virus. We wish to take this opportunity to extend our condolences to the family and friends of the late Mr Jackson Zulu. The company is making every effort to get as many as possible of its employees vaccinated and the current vaccination rate is 41% of our employees.

Our integrated management systems based on ISO 9001: 2015, 14001: 2015 and 45001: 2018 remain the pillar to ensure world class standards and responsible business practices. This confirms our commitment to produce quality products to meet the needs of our local and regional customers. In addition, ZAMEFA retained its South African Bureau of Standard (SABS) certification on all its products, while the quality management systems and products remained approved by the Zambian Bureau of Standards (ZABS)

Appreciation

In the economic environment Zambia found itself in, 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.

K.D Bwalya
Managing Director

Overview

The year 2021 was another challenging year, but one in which we saw, yet again, the resilience and agility of ZAMEFA. To that effect, I am delighted to report that despite a challenging business environment, which continued to be impacted negatively by the Covid-19 pandemic, the Company stayed resolute and delivered satisfactory operational performance and a positive bottom line for the financial year ended 30 September 2021.

As the Covid-19 pandemic continued to evolve during the year, bringing about new variants of the disease with high transmissibility and morbidity, ZAMEFA acted quickly and decisively to help protect our workforce from the spread of the disease. Relying on expert advice, the Company implemented appropriate measures to keep our people safe, while maintaining the security and integrity of our business operations. However, despite all the best efforts and measures, the Company regrettably registered one Covid-19 related death during the period under review.

Notwithstanding the continued tight liquidity space in the Group brought about mainly by the non-payment of long outstanding input VAT refunds by the Zambia Revenue Authority (ZRA), the Group was able to post a net profit of **ZMW52 million** compared to a net loss of ZMW 234 million recorded in the previous financial year. One of the main drivers of the improvement in the bottom line this year compared to prior year is the appreciation of the local currency (ZMW) in the fourth quarter of the current financial year, resulting in exchange gains on net monetary liabilities denominated in US Dollars.

(i) Financial Performance

Financial highlights for the Group and Company for the year ended 30 September 2021 and its comparative are set out in the table below:

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Revenue	**2,424,306**	995,289	**2,424,306**	995,289
Gross profit	**122,205**	57,475	**122,205**	57,475
Profit/ (loss) before tax	**65,803**	(232,940)	**65,413**	(232,622)
Net profit/ (loss)	**52,045**	(234,368)	**51,763**	(233,974)
Non-current assets	**127,442**	136,954	**127,442**	136,905
Inventory	**225,824**	181,416	**225,824**	181,416
Other current assets	**409,570**	308,439	**414,457**	313,718
Total assets	**762,836**	626,809	**767,723**	632,039
Current liabilities	**571,731**	493,041	**571,540**	492,949
Short term loans and bank overdrafts	**148,252**	132,290	**148,252**	132,290
Non-current liabilities	**8,366**	2,978	**8,308**	2,978
Equity	**182,739**	130,790	**187,875**	136,112
Acid test Ratio (Times)	**0.72**	0.63	**0.73**	0.64
EBITDA	**90,026**	(196,688)	**89,636**	(196,369)
Earnings/ (loss) per share	**1.92**	(8.65)	**1.91**	(8.64)

(a) Revenues

Total revenues for the year were **ZMW2 424 million**, up by 144% compared to prior year's ZMW 995 million. This increase was primarily driven by a combination of higher volumes delivered and a surge in metal prices. Total volumes delivered this year stood at 12 890 tons against 8 860 tons in the prior year while the average copper price rose by 47% to US$ 8 466 per ton this financial year when compared to the corresponding period in the prior year.

The average ZMW/USD exchange rate for this financial year also increased to ZMW 21.04, representing a 28% depreciation of the local currency against the average rate for the prior financial year.

(b) Gross Profit

The gross profit (GP) of **ZMW122 million** this year was significantly higher than last year, driven by the higher revenues recorded this year, although the GP percentage marginally declined compared to prior year due to changes in the mix and high metal prices.

(c) Net Profit

The net profit after tax for the financial year was **ZMW52 million** against the net loss of ZMW234 million recorded last year. In addition to better operating results, this year's net profit also benefited from the appreciation of the local currency (ZMW) in the fourth quarter of the financial year, resulting in exchange gains on US Dollar denominated net monetary liabilities. The finance costs were also lower this year because of the full year's benefit of the restructuring of the Company's long term loan to an equity loan completed during the fourth quarter of the prior financial year.

(d) Liquidity

The closing liquidity position, measured using the acid test ratio improved by 14% this year to **0.72** from 0.63 last year.

(ii) Commercial

The revenue for the 2021 financial year increased by 144% compared to the previous financial year. The normalisation of the copper cathode supply from the mines to ZAMEFA during the year contributed to a 45% increase in volumes compared to the previous financial year. The company's export market which suffered significantly in the prior year due to the unavailability of copper cathode rebounced by 58%. The company received recognition for the good performance in the export market at the annual awards ceremony of the Zambia Association of Manufacturers where the "Outstanding trade performance for exporters" award was given to the company.

In addition, the increase in the average copper price, in the current financial year of 47% compared to the prior year also contributed to the higher revenue. The majority of the company's sales are USD based and a result, the weakening of the Zambian Kwacha of 28% against the average Kwacha / USD rate of the prior financial year further contributed to the increased revenue in the current financial year. The company further managed to improve the product mix of the sales in the current financial year, with the cable & wire sales with a higher added value component compared to copper rod, representing a higher percentage of the volumes. This also contributed to the higher revenue in the current financial year.

(iii) Manufacturing / operational

In order to maintain global manufacturing excellence, the Company has sustained and continue to reinforce the Lean Enterprise System, a key focus of which is in reducing variation and eliminating waste in all our operations.

During the year under review, some major achievements were reached in terms of raw materials and spare parts sourcing that have produced savings benefiting the 2020-2021 period.

Our Quality Management System based on ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 continues strong and is our pillar to operate as a world class company.

ZAMEFA equally retained its South Africa Bureau of Standards (SABS) certifications for low voltage power cables, ACSR aluminium power overhead conductors and obtained a new SABS certification for house wire cables and Zambia Bureau of Standard Certification (ZABS) for house wire.

Safety continues to be our Number 1 value, and our program "Zero and Beyond" paid off allowing ZAMEFA to achieve another year with zero lost time injuries.

(iv) Human Resources

During the 2021 financial year, Zamefa continued the quest to uplift the staff skills levels through investment in the TEVET education, training and development programs in conjunction with Northern Technical College in Ndola for the Maintenance team delivered via both onsite and virtual models. At the end of the program, the trainees managed to successfully graduate and transfer the acquired knowledge to the specific areas of operation as well as mentor other Associates progressively.

As regards to education, training and development of staff members, during the year, the Company continued with the implementation of the Zamefa Work Cultural Model, focused 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

(iv) Human Resources (continued)

(iv) Human Resources (continued)

Further, with regard to the Integrated Management System Compliance and particularly in view of the Standards' upgrade to the ISO 45001, the Company conducted training of new internal Auditors which initiative also closed the gap of shortfall of personnel created by separations of trained staff in the last two quarters.

Despite the ravaging Covid-19 pandemic, the Company held a 2021 Labour Day celebration with 20 Associates being recognised in different categories of achievement awards.

(iv) Human Resources (continued)

With the onset and escalation of the third (3rd) wave of Covid-19 in the first quarter of 2021, Zamefa instituted preventative and alleviation measure to combat the pandemic such as testing for the virus and vaccination programs onsite for both direct Zamefa staff and employees of contractors. This program was conducted in conjunction with the District Health Management Board in Luanshya.

(iv) Human Resources (continued)

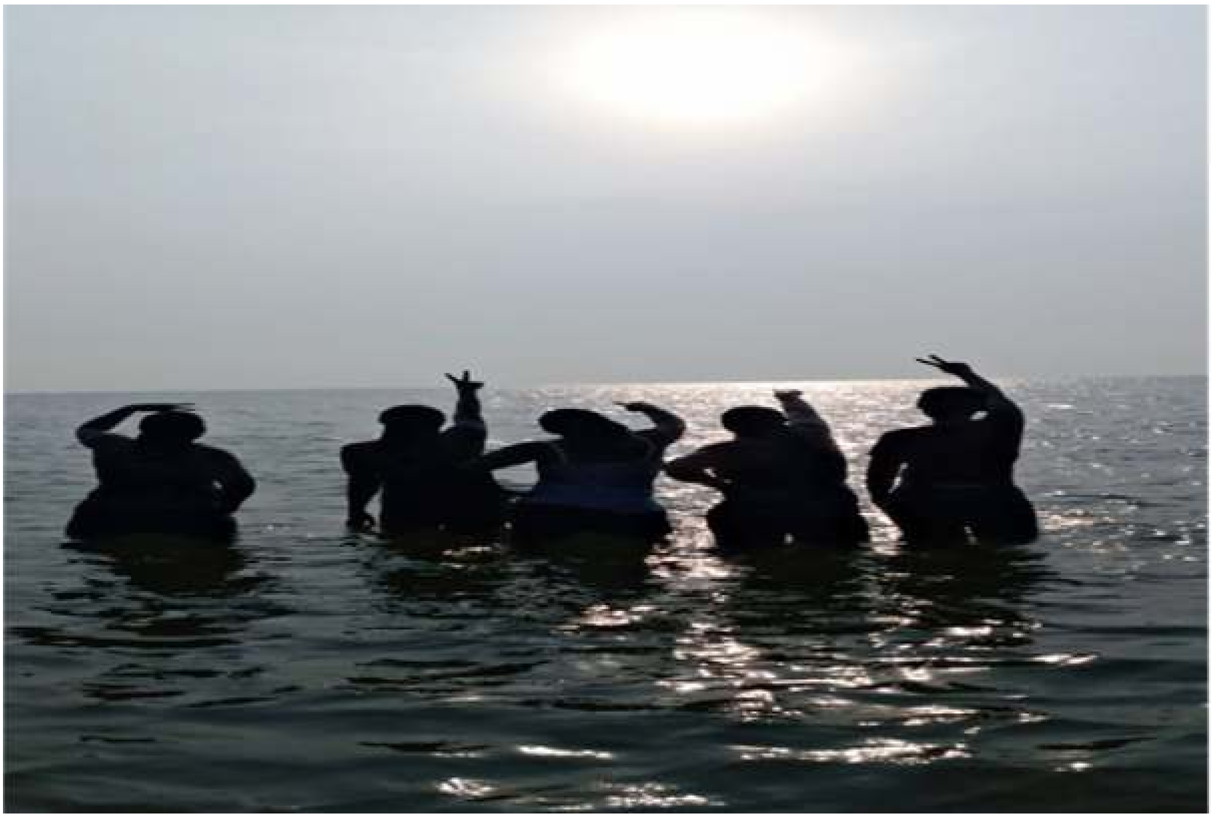
ZAMEFA continued to innovate regarding employee relations and welfare through the Covid-19 pandemic by advancing the tenets of Wellness and Employee Health by conducting regular random testing of employees done in collaboration with the Ministry of Health taskforce. As part of its advocacy for justice and fairness in the employment arena, the company conducted a number of wellness initiatives aimed at motivating its staff to advance health and safety at the workplace. Therefore during the period under review, working in conjunction with Ministry of Health and other stakeholders management periodically arranged counseling, testing and practical exercises for the staff, their immediate family and local community as part of the awareness campaign for good health practices to combat and mitigate ailments such as Hypertension, HIV/AIDS, Malaria, Diabetes and Cervical Cancer.

As part of promoting the wellness program the Company staff continued weekly keep fit exercises at the Zamefa Sports Complex.

(iv) Human Resources (continued)

The Company also sponsored a 4-day Team-Building event for its female staff to Samfya on the shores of Lake Bangweulu where the Zamefa Ladies had an unforgettable experience. This trip comprised a total of 25 ladies including 3 from the Zamefa Lusaka MDC office.

(iv) Human Resources (continued)



(iv) Human Resources (continued)

Average remuneration and number of employees

The total remuneration paid to employees during the year amounted to **ZMW43,483,000** (2020: ZMW41,381,000).

Manpower Status

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

Type of Employment	2021	2020
Contract – Hourly		
Male	**173**	169
Female	**13**	12
Contract Hourly - total	**186**	181
Contract -Salaried		
Male	**80**	86
Female	**26**	27
Salaried -total	**106**	113
Total employees	**292**	294
Students on attachment		
Male	**2**	2
Female	**5**	5
Students on attachment - total	**7**	7
Total Compliment	**299**	301

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

Month	Number	Month	Number
October	286	April	291
November	287	May	289
December	288	June	289
January	288	July	291
February	288	August	291
March	288	September	299

(iv) Human Resources (continued)

Our People

Key Human Resource sustainability risks and opportunities

Material	Risk/Opportunity	Mitigating Measure
Staff	The Industrial Relations atmosphere in Zamefa was generally calm with no disturbances recorded during the financial year under review. Management worked very well with the union leadership and there were regular consultative meetings held between the two social partners. Zamefa continues providing subsidized health services on cost-sharing basis to all employees and their families as well as complying with the statutory requirements for pension contributions for all its eligible employees towards the National Pension Scheme Authority (NAPSA).	Regular feedback communication with the staff through monthly management updates as well as meetings with the works committee were utilised in order to sustain the performance of the company in these unpredictable situations.

Corporate Membership

ZAMEFA actively participates and contributes to national organizations where our executives holding significant positions, participate and share their knowledge in working groups and conferences planned by these establishments. The organizations in which we hold membership are:

(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 engage and interact with diverse stakeholders.

(v) 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 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.

(vi) 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 Group made donations to charitable causes in an aggregate sum of **ZMW29,039** (2020: ZMW33,107).

(vii) Safety, Health, Environment and Quality

The Group 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).

A virtual external re-certification audit for the three (3) management system standards and an onsite SABS product permit audits were conducted and ZAMEFA retained ALL its systems and product certifications and permits.

Monthly, quarterly and bi- annual SHEQ Management review meetings are held to evaluate the effectiveness and performance as well as results from six (6) Safety, Health and Environmental committees. This has enhanced employee participation and consultation to SHEQ policies, legal and other compliance obligations.

Pro-active SHE tools are used daily to address unsafe behaviours and unsafe conditions in the work place.

ZAMEFA currently holds 4 product quality marks from the Zambia Bureau standards and another 4 product quality marks from the South African Bureau of Standards.

Future Prospects

As we look to the months and years ahead, we know we have a lot of hard work ahead of us. Still, we can look forward to the future of a Company that is today as relevant to the needs of the Country and the region as at any time since its founding more than half a century ago. Our employees have shown they can succeed even in challenging conditions. We are thus confident about the future of ZAMEFA as a resilient business, an employer giving employees rewarding careers, and a trusted partner for our customers and other stakeholders.

We remain prepared to continue adjusting our programmes and activities to minimise the adverse impact of the Covid-19 pandemic on the operations of the business while safeguarding the health and well-being of our employees and other stakeholders by complying with Government guidelines and other expert advice on the pandemic.

Gratitude

Let me end by expressing my profound gratitude to the Board for the steadfast support and invaluable counsel it renders to management. I would also like to thank my fellow employees for the hard work they put in to deliver this year's performance on the back of a very challenging environment. I further wish to express sincere thanks to all our valued stakeholders, especially our customers, for their continued support and cooperation. Last, but by no means least, I would like to thank my predecessor, Mrs R.M. Chabala, for leading our Company with passion over the last 8 years and Mr. L.J du Plessis for holding the fort and steering the ship after Mrs. Chabala's departure.

Directors' Report

The Directors have pleasure in submitting to the shareholders, their report on the Group and separate financial statements for Metal Fabricators of Zambia Plc (the Company) for the year ended 30 September 2021.

The Company continued to be listed on the Lusaka Securities Exchange (LuSE) and is the holding Company for Fabcorp (Pty) Limited, a company registered in the Republic of South Africa.

1 The Group

As at 30 September 2021, the Company had 100% direct shareholding in Fabcorp (Pty) Limited, which was dormant during the year under review.

2 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.

3 Share capital

The authorised and issued and fully paid share capital of the Group are:

	2021 Number of Authorised shares	**Issued**	**Value**
The Company	150,000,000	27,090,099	K 270,901
Fabcorp (Pty) Limited	1,000	100	K 51

As at 30 September 2021, the shareholder analysis of the Company was as follows:

	2021	2020
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

4 Significant shareholding of the Company

As at 30 September 2021, shareholders with substantial shareholding (5% or more) in the Company's share capital were as follows:

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

5 Going Concern

During the year, the Group made a net profit of **ZMW52,045,000** (2020: loss of ZMW234,369,000). As at year end the Groups's net current assets exceeded its current liabilities by ZMW**63,663,000** (2020: net liability ZMW 3,186,000).

The 2021 financial year was a good turn around for the Group from the previous few years in which losses were recorded.

The profits recorded in the 2021 financial year resulted mainly from:

- the increase in volumes sold in the 2021 financial year,
- the strengthening of the kwacha against the USD in the last quarter of the current financial year which resulted in the Group recording net foreign exchange gains for the 2021 financial year of ZMW44,471,000 compared to the net foreign exchange losses of ZMW200,788,000 in the prior year; and
- the reduction in finance costs compared to the prior year mainly due to the conversion of the long-term loan from the majority shareholder into an equity loan bearing interest at 0%. The restructuring of the loan was concluded during the last quarter of the prior financial year. Despite the reduction in the current year, the finance cost for the Group and Company still exceeded the maximum finance cost deductible for tax purposes as defined in section 29 of the Income Tax Act of Zambia.

The profits generated in the current financial year had a positive effect on the net asset value of the Group, with the Group's net equity improving from ZMW130.8 million to **ZMW 182.7 million.**

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

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

The table below highlights resources that were available to the Group for working capital financing as at 30 September 2021. (See note 19)

		Maximum	**Utilised**	**Available Amount**
Bank	**Type of Facility**	**US$'000'**	**US$'000'**	**US$'000'**
ABSA Bank Zambia Plc	Bank overdraft	3,500	-	3,500
Rand Merchant Bank Limited	Revolving facility	40,000	30,816	9,184

6 Investments in subsidiaries

During the year, the Company retained its 100% equity interest in Fabcorp (Pty) Limited. The subsidiary is dormant.

7 Capital expenditure

The Group'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 Group spent a total of **ZMW750,000** (2020: nil) on capital expenditure.

8 Insurance

The Group has insured its operational assets against property damage and business interruption. The Group also maintains Directors liability insurance for its Directors in respect of their duties as Directors of the Company. Besides the foregoing, the Group 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 Group was **ZMW4,440,000** (2020: ZMW3,142,000).

9 Directors' Fees and Executive Management Remuneration

The Group paid **ZMW5,577,000** (2020: ZMW3,633,000) to Executive Managers as remuneration and **ZMW1,486,000** (2020:ZMW1,160,000) to the Independent Non-Executive Directors as Directors' fees. Non-Executive members of the Board were not entitled to any form of retirement benefits.

10 Corporate Governance

The Board recognises its responsibility for fostering a strong ethical environment throughout the Group 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 Group and has been subscribed by all employees.

11 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
R. M. Chabala (Mrs) -Managing Director	4	2*
N. A. Thomson - Non-Executive Director	4	4
P. W. de Villiers - Executive Director	4	4
L. J. du Plessis- Executive Director	4	4
J. M. Chisanga - Independent Non-Executive Director	4	4
C. Kabaghe - Independent Non-Executive Director	4	4

* Resigned on 30 April 2021

12 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.

13 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.

14 The Board

14.1 Membership

The membership of the Board as at 30 September 2021 was as follows;

Non-Executive Directors

A. E. Dickson - Chairman
N. A. Thomson
P. W. de Villiers

Independent Non-Executive Directors

J. M. Chisanga
C. Kabaghe

Executive Directors

K. D. Bwalya (Appointed 14 September 2021)
L. J. du Plessis

14.2 Board Governance

14.2.1 Overview

The Articles of Association of the Company provide for a Board of 8 members. As at 30th September 2021, the Board comprised of five non-executive Directors (including the Chairman). Two of the non-executive Directors are independent Directors. The Board has 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.

14. The Board (continued)

14.2 Board Governance (continued)

14.2.1 Overview (continued)

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 despatch 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 newly established Board, accepted the following board charter:

14.2.2 Board Charter

14.2.2.1 Introduction

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

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

14.2.2.2 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.

14.2.2.3 Charter 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.

14.2.2.4 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.

14. The Board (continued)

14.2 Board Governance (continued)

14.2.2 Board Charter (continued)

14.2.2.5 The Lusaka Securities and Exchange (LuSE)

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.

14.2.2.6 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.

14.2.2.7 Composition of the Board

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

14.2.2.8 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 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.

14. The Board (continued)

14.2 Board Governance (continued)

14.2.2 Board Charter (continued)

14.2.2.9 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.

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 General Manager: Africa Operations.

14.2.2.10 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.

The Board may, as and when it deems appropriate, conduct evaluations of the performance and effectiveness of any Board Committee or any one or more of the members of a Board Committee.

14.2.2.10.1 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.

14. The Board (continued)

14.2 Board Governance (continued)

14.2.2 Board Charter (continued)

14.2.2.10 Board Committees and Management (continued)

14.2.2.10.1 Annual Assessment (continued)

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.

14.2.2.10.2 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 14.2.2.11.2 and 14.2.2.11.3, the relevant Board committee's terms of reference and applicable legislation (to the extent applicable).

The following are standing Committees of the Board:

- Audit & Risk Committee
- Remuneration & Nomination Committee

14.2.2.10.3 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.

14.2.2.10.4 Other Committees

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

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

14. The Board (continued)

14.2 Board Governance (continued)

14.2.2 Board Charter (continued)

14.2.2.10 Board Committees and Management (continued)

14.2.2.10.5 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.

14.2.2.11 Administration and Meetings

14.2.2.11.1 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.

14.2.2.11.2 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.

14.2.2.11.3 Board and Board Committees: Agenda, packs and minutes

The Chairman of the Board, with the assistance of the General Manager: Africa Operations 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.

14. The Board (continued)

14.2 Board Governance (continued)

14.2.2 Board Charter (continued)

14.2.2.12 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 General Manager: Africa Operations to arrange such training or information sessions as is reasonably necessary for such Director or any group or Directors to discharge its duties to the Company.

14.2.2.13 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 Company's General Manager: Africa Operations 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 General Manager: Africa Operations, 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.

14.2.2.14 Approval of this Charter

This charter was reviewed, updated and approved by the Board on 11 May 2021.

15 Corporate Governance statement

The table below shows the composition of Board Committees as at 30th September 2021.

Audit and Risk Committee

Board Committees

Members

J. M. Chisanga (Chairperson)
A. E. Dickson
N. A. Thomson
R. M. Chabala (resigned on 4 May 2021)

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
P. W. de Villiers

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.

15 Corporate Governance statement (continued)

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	0***	0***	0***
R. M. Chabala (Mrs) -Managing Director	2****	1****	0
N. A. Thomson - Non-Executive Director	4	3	0
L. A. Corte - Non-Executive Director	0*****	0*****	0
P. W. de Villiers - Executive Director	3******	0	1
L. J. du plessis - Executive Director	4	0	0
J. M. Chisanga - Independent Non-Executive Director	4	3	0
C. Kabaghe - Independent Non-Executive Director	4	0	2

* The remuneration committee is scheduled to meet twice a year.

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

*** K.D Bwalya was appointed as Managing Director on 14 September, 2021.

**** R.M Chabala resigned from the Board on 4 May, 2021.

***** L.A Corte was appointed to the Board on 5 November, 2021.

****** P.W.de Villiers resigned from the Board on 5 November, 2021.

16 Zamefa's Compliance status of Corporate governance rules

A review of ZAMEFA's compliance with the LuSE Corporate Governance Code as at 30 September 2021, showed that full 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%

17 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' 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 adhere 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 and Exchange Commission.

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 41 to 89 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 and Exchange Commission. 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 Group and Company, set out on pages 41 to 89 were approved by the Board of Directors on 21 January 2022 and signed on its behalf by:

Director
21 January 2022

Director
21 January 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 consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Metal Fabricators of Zambia Plc (the "Company") and its subsidiary (together, the "Group") set out on pages 41 to 89, which comprise the consolidated and separate statements of financial position as at 30 September 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 30 September 2021, and of their consolidated and separate financial performance and consolidated and separate 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 the 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 consolidated and separate Financial Statements section of our report. We are independent of the Group and 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters (continued)

Key audit matters	How the matter was addressed in the audit
Valuation and existence of inventory (Group and Company)	
The Group as noted in Note 15 to the financial statements had inventory amounting to **ZMW226 million** as at the year end. The Company's valuation of metal inventory is done in excel spreadsheets which are prone to human error and the determination of quantities is subject to judgement. Further, the main raw material copper is highly marketable and is susceptible to theft. Consequently, we considered the valuation and existence of inventory a key audit matter.	In considering the valuation and existence of inventory, various procedures were performed including, but not limited to the following: • We assessed the design and evaluated the 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. We reconciled the counted inventory to the final valuation worksheet and investigated any book to physical count adjustments; • 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 recalculated the weighted average unit cost on a sample of selected inventory items; and • With the help of our IT audit specialists, we tested the General IT 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. Based on the work done, inventory existed at the year end and is appropriately valued.

Key audit matters (continued)

Valuation of expected credit losses (ECL) on trade and other receivables (Group and Company)	
As included in note 16, the ECL on trade and other receivables amounting to **ZMW64 million** (2020:ZMW48 million) has been considered to be 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 and other receivables accounting policy; and c) Note -16 - Trade and other receivables.	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; • Verified 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 (macroeconomic factors) used to determine expected credit losses; and • 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 work done, the valuation of ECL is appropriate.

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 Directors' responsibilities which we obtained prior to the date of this audit report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and 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 Group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

Auditor’s responsibilities for the audit of the consolidated and separate financial statements (continued)

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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and/or Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate financial statements of the

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

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 in the Group;

- 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 were 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 Group have been properly prepared in accordance with the Securities and Exchange Commission rules:

- The Group has, throughout the financial year, kept proper accounting records in accordance with the requirements of the Securities and Exchange Commission rules;

- The statement of financial position and statement of comprehensive income are in agreement with the Group'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

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

Date: 25 January 2022

Statements of profit or loss and other comprehensive income

		Group		Company	
	NOTES	Year ended 30/09/2021	Year ended 30/09/2020	Year ended 30/09/2021	Year ended 30/09/2020
		K '000	K '000	K '000	K '000
Revenue	6	**2,424,306**	995,289	**2,424,306**	995,289
Cost of sales		**(2,302,101)**	(937,814)	**(2,302,101)**	(937,814)
Gross profit		**122,205**	57,475	**122,205**	57,475
Distribution costs		**(45,880)**	(26,661)	**(45,880)**	(26,661)
Administrative expenses		**(33,414)**	(29,358)	**(33,365)**	(29,321)
Operating income	7	**42,911**	1,456	**42,960**	1,493
Finance costs	9	**(21,580)**	(33,609)	**(21,580)**	(33,609)
Interest income	9	**1**	1	**1**	1
Net foreign exchange gains /(losses)		**44,471**	(200,788)	**44,032**	(200,507)
Profit/ (loss) before income tax		**65,803**	(232,940)	**65,413**	(232,622)
Taxation	10	**(13,758)**	(1,428)	**(13,650)**	(1,352)
Profit/ (loss) for the year		**52,045**	(234,368)	**51,763**	(233,974)
Other comprehensive loss					
items that will be reclassified subsequently to the profit and loss					
Exchange difference on translation of foreign operation		**(96)**	(1,180)	**-**	-
Total other comprehensive loss for the year		**(96)**	(1,180)	**-**	-
Total comprehensive income/ (loss) for the year		**51,949**	(235,548)	**51,763**	(233,974)
Earnings/(loss) per share					
Basic and diluted (Kwacha per share)	11	**1.92**	(8.65)	**1.91**	(8.64)

Statements of financial position

	NOTES	Group		Company	
		2021	2020	**2021**	2020
		K '000	K '000	**K '000**	K '000
Assets					
Non-current assets					
Property, plant and equipment	13	**127,442**	129,336	**127,442**	129,336
Deferred tax asset	24	**-**	7,618	**-**	7,569
Total non-current assets		**127,442**	136,954	**127,442**	136,905
Current assets					
Inventories	15	**225,824**	181,416	**225,824**	181,416
Trade and other receivables	16	**368,469**	280,678	**376,040**	287,980
Cash and bank balances	17	**41,101**	27,761	**38,417**	25,738
Total current assets		**635,394**	489,855	**640,281**	495,134
TOTAL ASSETS		**762,836**	626,809	**767,723**	632,039
Equity and liabilities					
Capital and reserves					
Share capital	20	**271**	271	**271**	271
Equity loan	19	**365,000**	365,000	**365,000**	365,000
Revaluation surplus	21	**112,188**	112,188	**112,188**	112,188
Holding company Share based option reserve	22	**208**	208	**208**	208
Foreign currency translation reserve		**(1,275)**	(1,179)	**-**	-
Accumulated losses		**(293,653)**	(345,698)	**(289,792)**	(341,555)
Total equity		**182,739**	130,790	**187,875**	136,112
Non current liabilities					
Deferred tax liabilities	24	**6,139**	-	**6,081**	-
Share based options	22	**-**	404	**-**	404
Retirement benefit obligation	25	**2,227**	2,574	**2,227**	2,574
Total non current liabilities		**8,366**	2,978	**8,308**	2,978
Current liabilities					
Bank overdrafts	19	**148,252**	132,290	**148,252**	132,290
Contract liabilities, trade and other payables	18	**418,550**	355,661	**418,359**	355,569
Retirement benefit obligation	25	**4,929**	4,272	**4,929**	4,272
Share based options	22	**-**	818	**-**	818
Total current liabilities		**571,731**	493,041	**571,540**	492,949
Total liabilities		**580,097**	496,019	**579,848**	495,927
TOTAL EQUITY AND LIABILITIES		**762,836**	626,809	**767,723**	632,039

The financial statements on pages 41 to 89 were approved for issue by the Board of Directors on 21 January 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 2020					
At start of the year as previously stated	271	112,188	208	(107,581)	5,086
Loss for the year	-	-	-	(233,974)	(233,974)
Equity loan (Note 19)	365,000	-	-	-	365,000
At end of the year	**365,271**	**112,188**	**208**	**(341,555)**	**136,112**
Year ended 30 September 2021					
At start of the year as previously stated	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**

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 2020						
At start of the year as restated	271	112,188	208	(111,330)	1	1,338
Loss for the year	-	-	-	(234,368)	-	(234,368)
Equity Loan (Note 19)	365,000	-	-	-	-	365,000
Foreign currency translation difference	-	-	-	-	(1,180)	(1,180)
At end of the year	**365,271**	**112,188**	**208**	**(345,698)**	**(1,179)**	**130,790**
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**

Statements of cash flows

	Notes	Group Year-ended 30/09/2021 K '000	Group Year-ended 30/09/2020 K '000	Company Year-ended 30/09/2021 K '000	Company Year-ended 30/09/2020 K '000
Cash flows from operating activities					
Cash generated from operations	26	**19,707**	46,421	**19,046**	46,480
Interest received	9	**1**	1	1	1
Interest paid	9	**(21,580)**	(33,609)	**(21,580)**	(33,609)
Income tax paid	10	-	(1)	-	(1)
Net cash (used by)/ generated from operating activities		**(1,872)**	12,812	**(2,533)**	12,871
Purchase of property, plant and equipment	13	**(750)**	-	**(750)**	-
Net cash used in investing activities		**(750)**	-	**(750)**	-
Cash flows from financing activities					
Net cash used by financing activities		-	-	-	-
Net (decrease) /increase in cash and cash equivalents		**(2,622)**	12,812	**(3,283)**	12,871
Movement in cash and cash equivalents					
At start of the year		**(104,529)**	(117,341)	**(106,552)**	(119,423)
Effects of exchange rates movements		**(28,742)**	(59,908)	**(28,742)**	(59,908)
Movement in cash and cash equivalents		**26,120**	72,720	**25,459**	72,779
At end of the year	17	**(107,151)**	(104,529)	**(109,835)**	(106,552)
Comprising of:					
Cash and bank balances		**41,101**	27,761	**38,417**	25,738
Bank overdraft		**(148,252)**	(132,290)	**(148,252)**	(132,290)
Net cash and cash equivalents		**(107,151)**	(104,529)	**(109,835)**	(106,552)

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 1. These group financial statements comprise the Company and it's subsidiary, Fabcorp (Pty) Limited, formerly called Zamefa Metal Fabricators of South Africa (Pty) Limited. The principal activities of the Group 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 Group 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 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.
Amendments to IFRS 3 Definition of a business	The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while business usually have outputs, outputs are not required for an integrated set of activties and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

Notes to the financial statements (continued)

Adoption of new and revised Standards (continued)

New and amended Standards that are effective for the current year (continued)

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

Amendments to IFRS 3 Definition of a business (continued)	The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activties and assets is not a business. Under the optional concentration test, the acquired set of activities and assets acquired is concentrated in a single identifiable assets or group of similar assets. The amendments are applied prospectively to all business combinations and assets acquisitions for which the acquisition date is on or after 1 January 2020.
Amendments to IAS 1 and IAS 8 Definition of material	The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group 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 and IFRS 16 Leases*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group 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 Group and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS).

(b) Basis of preparation

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 assets.

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 (K), rounded to the nearest thousand.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

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.

The Group and Company made a profit/ (loss) after tax of **ZMW52,045,000** (2020: ZMW234,368,000) and **ZMW51,763,000** (2020: ZMW233,974,000) respectively during the year ended 30 September 2021, mainly due to unrealised foreign exchange gains of ZMW44,471,000 which resulted from the re-measurement of the Group's net foreign currency denominated liabilities due to the appreciation of the Zambian Kwacha against the US dollar during the year. As at 30 September 2021, the Group's residual equity amounted to **ZMW182,739,000** (2020: ZMW130,790,000).

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 Group to continue as a going concern is dependent on a number of factors. The most significant of these being the ability of the Group to continue to generate operational profits higher than the financing costs. This will be achieved through the Group continuing to maintain normal operating levels achieved during the 2021 financial year. Further, the Group continues to have access to funding for the ongoing operations of the Company from RMB due to the parent guarantees provided by the Group'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 Groups bank lines of credit and credit facilities with suppliers as and when required, thereby enabling there Group 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 shareholders, the Directors consider that the Group 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

The consolidated financial statements incorporate the financial statements of the Company and its 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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(c) Basis of Consolidation (continued)

The Group 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 Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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 consolidated 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 Group loses control of a subsidiary, 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 goods

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 discounts, 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.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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 freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method as follows:

- Buildings 50 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 Group 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.

(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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

(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). 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 other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

(a) Amortised cost and effective interest method (continued)

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) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group 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 Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

(c) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of 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 forward-looking 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 forward-looking information.

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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

(ii) Financial liabilities and equity (continued)

(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 benefit 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 Group'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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(k) Income tax (continued)

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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 Group 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 Group 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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(l) Provisions (continued)

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).

(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, 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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(n) Borrowing cost (continued)

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.

(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) Finance leases

Assets subject to finance lease agreements, where considered material and where the group assumes substantially all the risks and rewards of ownership, are capitalised as property, plant and equipment at the lower of fair value or the present value of the minimum lease payments at inception of the lease and the corresponding liability is raised.

Lease payments are allocated using the rate implicit in the lease to determine the lease finance cost, which is charged to profit or loss over the term of the relevant lease, and the capital payment, which reduces the liability to the lessor.

(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 statement of financial position.

(r) Comparatives

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

4. Financial risk management

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

Notes to the financial statements (continued)

4 Financial risk management (continued)

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.

Market risk

(i) Foreign exchange risk

The Group 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.

Foreign Currency exposure

Company	**Liabilities**		**Assets**	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
United States Dollar	**537,361**	463,935	**345,763**	242,407
South African Rand	**10,145**	7,117	**8,034**	4,577
	547,506	471,052	**353,797**	246,984

Foreign Currency exposure

Group	**Liabilities**		**Assets**	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
United States Dollar	**537,361**	463,935	**342,146**	155,764
South African Rand	**10,145**	7,117	**6,763**	1,596
	547,506	471,052	**348,909**	157,360

At 30 September 2021, 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 **ZMW7,558,121** lower/higher (2020: ZMW9,414,000 higher/lower) and for the Group **ZMW7,710,974** lower/higher (2020: ZMW13,097,000 lower/higher), mainly as a result of US Dollar denominated payables, receivables, bank balances and borrowings.

Notes to the financial statements (continued)

4 Financial risk management (continued)

Market risk (continued)

(i) Foreign exchange risk (continued)

At 30 September 2021 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 **ZMW83,385** lower/higher (2020: ZMW108,000 lower/higher) and **ZMW133,582** higher/lower for the Group (2020: ZMW235,000 higher/lower), mainly as a result of Rand denominated trade payables, receivables and bank balances.

(ii) Interest rate risk

The Group's only interest bearing assets are short term bank deposits. The Group has borrowings at floating rates. At 30 September 2021, an increase/decrease of 50 basis points would have resulted in an decrease/increase in post-tax profit of **ZMW1,968,442** (2020: ZMW2,179,374 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 Group's maximum exposure to credit risk at 30 September 2021 is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Trade receivables	**251,910**	175,985	**259,481**	183,287
Cash and bank balances	**41,101**	27,761	**38,417**	25,738
Sundry receivables	**1,029**	876	**1,029**	876
	294,040	204,622	**298,927**	209,901

Notes to the financial statements (continued)

4 Financial risk management (continued)

Credit risk (continued)

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.

	Group 1 – 3 months		**Company 1 – 3 months**	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Receivables	**252,939**	176,861	**260,510**	184,163
Cash and bank balances	**41,101**	27,761	**38,417**	25,738
	294,040	204,622	**298,927**	209,901

Capital risk management

The Group'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 Group may adjust the amount of dividends paid to shareholders or issue new capital.

Consistent with others in the industry, the Group 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.

The gearing ratio at year end was as follows:

	Group		**Company**	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Total liabilities as per statement of financial position	**580,097**	496,019	**579,848**	495,927
Total equity and liabilities statement of financial position	**762,836**	626,809	**767,723**	632,039
Gearing ratio	**76.0%**	79.1%	**75.5%**	78.5%

Notes to the financial statements (continued)

4 Financial risk management (continued)

Capital risk management (continued)

Categories of financial instruments

Financial assets

Loans and receivables:	**Group**		**Company**	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Receivables and cash and cash equivalents	**294,040**	204,622	**298,927**	209,901
Financial liabilities				
At amortized cost:				
Payables and borrowings	**1,052,154**	486,844	**1,051,869**	486,751

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.

Notes to the financial statements (continued)

4 Financial risk management (continued)

Capital risk management (continued)

Fair value measurements (continued)

	Company			
	2021 K '000		2020 K '000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans and receivables:				
Trade and other receivables	**260,510**	**260,510**	184,163	184,163
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	**148,252**	**148,252**	132,290	132,290
Trade and other payables	**402,920**	**402,920**	340,947	340,947
	551,172	**551,172**	473,237	473,237

	Group			
	2021 K '000		2020 K '000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans and receivables:				
Trade and other receivables	**252,938**	**252,938**	176,861	176,861
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	**148,252**	**148,252**	132,290	132,290
Trade and other payables	**403,112**	**403,112**	341,040	341,040
	551,364	**551,364**	473,330	473,330

Notes to the financial statements (continued)

4 Financial risk management (continued)

Company

	Fair value hierarchy at 30 September 2021			
	Level 1 K '000	**Level 2 K '000**	Level 3 K '000	**Total K '000**
Financial assets				
Financial assets held at amortisation cost				
Loans and receivables:				
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**

Company

	Fair value hierarchy at 30 September 2020			
	Level 1	**Level 2**	Level 3	**Total**
Financial assets	K '000	**K '000**	K '000	**K '000**
Financial assets held at amortisation cost				
Loans and receivables:				
Trade and other receivables	-	**184,163**	-	**184,163**
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	-	**132,290**	-	**132,290**
Trade and other payables*	-	**340,947**	-	**340,947**
	-	**473,237**	-	**473,237**

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

Notes to the financial statements (continued)

4 Financial risk management (continued)

Group

	Fair value hierarchy at 30 September 2021			
	Level 1 K '000	**Level 2 K '000**	Level 3 K '000	**Total K '000**
Financial assets				
Financial assets held at amortisation cost				
Loans and receivables:				
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*	-	**417,058**	-	**417,058**
	-	**565,310**	-	**565,310**

Group

	Fair value hierarchy at 30 September 2020			
Financial assets	Level 1 K '000	**Level 2 K '000**	Level 3 K '000	**Total K '000**
Financial assets held at amortisation cost				
Loans and receivables:				
Trade and other receivables	-	**176,861**	-	**176,861**
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	-	**132,290**	-	**132,290**
Trade and other payables*	-	**341,040**	-	**341,040**
	-	**473,330**	-	**473,330**

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

Notes to the financial statements (continued)

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 Group is subject to income taxes in Zambia and the Republic of South Africa. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on detailed calculations of what tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Impairment losses on trade receivables

Impairment losses are based upon historical patterns of losses. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade receivables before a decrease can be identified with an individual trade receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of trade receivables in their group, or local economic conditions that correlate with defaults on assets in that group.

(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 Group 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

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Copper rod				
Export	**1,523,849**	628,877	**1,523,849**	628,877
Wire and Cables				
Zambia	**479,982**	245,377	**479,982**	245,377
Export	**420,475**	121,035	**420,475**	121,035
	900,457	366,412	**900,457**	366,412
Total Sales	**2,424,306**	995,289	**2,424,306**	995,289

Included in sales are revenues of approximately **ZMW559 million** (2020: ZMW124 million) which arose from sales to the Group's largest customers. No other single customer contributed 10 percent or more to the Group's revenue either in 2021 or 2020.

7 Breakdown of expenses by nature

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

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Inventories expensed	**2,226,698**	875,330	**2,226,698**	875,330
Inventory write down to net realizable value	**2,900**	3,300	**2,900**	3,300
Employee benefits expense (Note 8)	**43,483**	41,381	**43,483**	41,381
Loss allowance on trade receivables	**15,998**	9,550	**15,998**	9,550
Depreciation on property, plant and equipment (Note 13)	**2,644**	2,644	**2,644**	2,644
Directors' remuneration - as Managers	**5,577**	3,633	**5,577**	3,633
- as Directors	**1,486**	1,160	**1,486**	1,160
Auditors' remuneration and expenses	**725**	884	**725**	884
Gifts and donations	**29**	33	**29**	33
Other expenses	**81,855**	55,918	**81,806**	55,881
Total cost of sales, distribution cost and administrative expenses	**2,381,395**	993,833	**2,381,346**	993,796

Notes to the financial statements (continued)

8 Employee benefits expense

The following items are included within employee benefits expense:

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Salaries and wages	**36,108**	34,615	**36,108**	34,615
Retirement benefits costs:				
- Terminal benefits and long service gratuities (Note 25)	**4,582**	3,767	**4,582**	3,767
- National Pension Scheme Authority	**2,793**	2,999	**2,793**	2,999
	43,483	41,381	**43,483**	41,381

The number of persons employed by the company at year-end was **299** (2020: 301).

9 Finance costs

	Group 2021	Group 2020	Company 2021	Company 2020
Other interest expense	**(15,870)**	(5,922)	**(15,870)**	(5,922)
Interest on bank overdrafts	**(5,710)**	(7,539)	**(5,710)**	(7,539)
Interest on loans from related parties	**-**	(20,148)	**-**	(20,148)
Finance costs	**(21,580)**	(33,609)	**(21,580)**	(33,609)
Interest income	**1**	1	**1**	1
Net finance costs	**(21,579)**	(33,608)	**(21,579)**	(33,608)

Notes to the financial statements (continued)

10 Income tax expense

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Company				
Current income tax	-	1	-	1
Deferred income tax (note 24)	**13,758**	1,427	**13,650**	1,351
Income tax charge	**13,758**	1,428	**13,650**	1,352
Included under current liabilities				
Payable in respect of the current year	-	-	-	-
Payable in respect of prior years	-	1	-	1
Paid during the year	-	(1)	-	(1)
At end of the year	-	-	-	-
Reconciliation of the tax charge				
Profit/ (loss) before income tax	**65,803**	(232,940)	**65,413**	(232,622)
Tax at **35%** and **15%**	**9,870**	(34,941)	**9,812**	(34,893)
Tax effect of expenses not deductible for tax purposes:				
Unrecognised deferred tax asset on interest	**3,237**	26,890	**3,237**	26,890
Non cash benefits	**186**	2,226	**186**	2,226
Other	**465**	7,253	**415**	7,129
Income tax charge	**13,758**	1,428	**13,650**	1,352

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 accumulated tax losses of **ZMW7.27 million** (2020: ZMW37.09 million) which are available for carry forward up to a maximum period of five years for offset against future profits from the same source.

Notes to the financial statements (continued)

10 Income tax expense (continued)

Tax losses analysis

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
2015 tax losses to expire in 2020	-	8,428	-	8,428
2015 tax losses expired	-	(8,428)	-	(8,428)
2018 tax losses to expire in 2023*	**4,193**	34,005	**4,193**	34,005
2020 tax losses to expire in 2025	**3,080**	3,080	**3,080**	3,080
Tax losses carried forward	**7,273**	37,085	**7,273**	37,085

*K29,812,000 was utilised in 2021.

11 Earnings/ (Loss) per share

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Net profit/ (loss) for the year	**52,045**	(234,368)	**51,763**	(233,974)
Weighted average number of ordinary shares in issue (thousands)	**27,090**	27,090	**27,090**	27,090
Basic and diluted earnings/ (loss) per share (Kwacha)	**1.92**	(8.65)	**1.91**	(8.64)

12 Dividends

At the Annual General Meeting to be held on 22 February 2022, the Directors propose a dividend payment of Nil per share in respect of the year ending 30 September 2021. Nil dividend was proposed in respect of the period ended 30 September 2020

Notes to the financial statements (continued)

13 Property, plant and equipment

Group and Company

	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 2019	**132,200**	**100,669**	**2,214**	**6,343**	-	**241,426**
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**
ACCUMULATED DEPRECIATION						
Balance at 30 September 2019	**220**	**100,669**	**2,214**	**6,343**	-	**109,446**
Charge for the year	**2,644**	-	-	-	-	**2,644**
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**
CARRYING AMOUNT						
Balance at 30 September 2021	**126,692**	-	-	-	**750**	**127,442**
Balance at 30 September 2020	**129,336**	-	-	-	-	**129,336**

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.

Freehold land and buildings with a carrying amount of **ZMW127 million** (2020: ZMW129 million) have been pledged to secure borrowings of the Group (See note 19). The Group 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 freehold 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 2021

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

At 30 September 2020

	Level 2	Level 3	Fair Value as at 30-09-2020
	K '000	K '000	K '000
Lands and Buildings	-	129,336	129,336

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:

	2021	2020
	K '000	K '000
Cost	**14,718**	14,718
Accumulated depreciation	**(2,968)**	(2,674)
	11,750	12,044

Notes to the financial statements (continued)

13 Property, plant and equipment (continued)

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 input(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 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.

14. Capital commitments

As at 30 September 2021, there were no Capital commitments contracted but not provided for in the financial statements for the Group and Company.

15 Inventories

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Finished goods	**98,524**	73,419	**98,524**	73,419
Raw materials	**53,966**	26,034	**53,966**	26,034
Work in progress	**36,976**	42,048	**36,976**	42,048
Engineering stores and indirect materials	**36,358**	39,915	**36,358**	39,915
	225,824	181,416	**225,824**	181,416

The cost of inventories expensed during the year is as disclosed under Note 7. The cost of inventories recognised as an expense includes **ZMW2.9 million**(2020: ZMW3.3 million) in respect of write-downs of inventory to net realisable value.

Notes to the financial statements (continued)

16 Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Third party trade and Other receivables	**316,255**	224,301	**316,255**	224,301
Amounts due from related companies (Note 28)	**-**	31	**7,571**	7,333
Expected credit loss allowance	**(64,345)**	(48,347)	**(64,345)**	(48,347)
	251,910	175,985	**259,481**	183,287
VAT recoverable	**105,794**	97,388	**105,794**	97,388
Prepayments	**9,737**	6,429	**9,737**	6,429
Sundry receivables	**1,029**	876	**1,029**	876
	368,469	280,678	**376,040**	287,980

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

Analysis of movement in expected credit loss allowance

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Balance as at start of the year	**48,347**	38,797	**48,347**	38,797
Raised during the year	**15,998**	9,550	**15,998**	9,550
At end of the year	**64,345**	48,347	**64,345**	48,347

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 receivables 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 entity has recognised an expected credit loss allowance of 2.287% against all third party receivables as at year end.

Notes to the financial statements (continued)

16 Trade and other receivables (continued)

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-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						**2.287%**
Life time ECL						**7,231**

30-Sep-20	Current	30 days	60 days	90 days	Over 90 days	Total
	K'000	K'000	K'000	K'000	K'000	K'000
	185,400	20,566	2,568	5,488	10,279	**224,301**
Expected credit loss rate						**2.515%**
Life time ECL						**5,642**

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

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 asssessed	Total
	K'000	K'000	K'000
Balance as at 1 October 2019	(5,143)	(33,654)	(38,797)
Net remeasurement of loss allowance	(499)	(9,051)	(9,550)
Balance as at 30 September 2020	**(5,642)**	**(42,705)**	**(48,347)**
Net remeasurement 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)**

Notes to the financial statements (continued)

17 Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Bank balances	**40,972**	27,672	**38,288**	25,649
Cash on hand	**129**	89	**129**	89
Cash and bank balances	**41,101**	27,761	**38,417**	25,738
Bank overdraft (Note 19)	**(148,252)**	(132,290)	**(148,252)**	(132,290)
Net Cash and cash equivalents	**(107,151)**	(104,529)	**(109,835)**	(106,552)

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 and do not earn interest.

18 Contract liabilities, trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
RMB payable	**366,095**	224,079	**366,095**	224,079
Third party trade payables	**21,023**	81,907	**20,832**	81,815
Accrued expenses and other payables	**16,729**	28,577	**16,729**	28,577
Contract liabilities	**13,946**	13,514	**13,946**	13,514
Inter-Company payable	**757**	7,584	**757**	7,584
	418,550	355,661	**418,359**	355,569

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 ending 30 September 2022.

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 copper cathodes and other direct materials. Certain payables of copper cathode purchases attract interest at floating rates.

Notes to the financial statements (continued)

19 Borrowings

Secured - at amortised cost

		Group		Company	
		2021	2020	**2021**	2020
		K '000	K '000	**K '000**	K '000
(i)	Bank overdraft (note 17)	**148,252**	132,290	**148,252**	132,290
	Unsecured – at amortised cost				
(ii)	Reunert Finance Company Proprietary Limited				
	At start of the year	-	262,006	-	262,006
	Exchange losses	-	102,994	-	102,994
	Capitalised amount	-	(365,000)	-	(365,000)
	Balance at end of the year	-	-	-	-

The Company has overdraft facilities with ABSA Bank Zambia Plc of **US$3.5 million** (2020: US$3.5million) and Rand Merchant Bank Limited (RMB) of **US$40 million** (2020: US$30 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 2.75% plus 3 months Libor per annum whereas that from Rand Merchant Bank Limited of US$40 million carries interest at 1 week LIBOR plus 3.05% per annum.

The equity loan from Reunert Finance Company Proprietary Limited is 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.

20 Share capital

	2021	2020
	K '000	K '000
Authorised:		
150,000,000 (54,400,000 :2020) ordinary shares of **K 0.01** each	**1,500**	1,500
Issued and fully paid:		
27,090,099 ordinary shares of **K0.01 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

As a result of IFRS 2 - Share - based payment

	2021 K '000	2020 K '000
At the beginning of the year	**208**	208
Share option reserve arising on the expensing of executive share options	**-**	-
At the end of the year	**208**	208
Share-based payment - non current		
At the beginning of the year	**404**	404
Share option reserve reversed during the year	**(404)**	(404)
At the end of the year	**-**	-
Share-based payment - current		
At the beginning of the year	**818**	818
Share option reserve reversed during the year	**(818)**	(818)
At the end of the year	**-**	-

Conditional Share Plan

Options to take up Reunert ordinary shares at a strike price of R nil are granted to executives in terms of the Conditional Share Plan (CSP) introduced in 2012. Two broad schemes exist, a performance scheme, granted only to selected senior executives and specialist (key) employees. Senior executives were granted retention options for the first time in November 2014.

The measurement criteria for the performance scheme are an equal combination of real growth in NHEPS and total shareholder return. These performance units vest after four years from the date of issue.

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)

	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	
2021						
		K '000'	K '000'	K '000'	K '000'	**K '000'**
Issued on 21 November 2016 (2016)						
Key - retention	**49.57**	**4**	-	-	-	**4**
Issued on20 November 2017 (2017)						
Key - retention	**47.21**	**5**	-	-	-	**5**
Issued on 20 November 2018 (2018)						
Executive - retention	**59.25**	**4**	-	-	-	**4**
		13	-	-	-	**13**
2020						
Issued on 21 November 2016 (2016)						
Key - retention	**49.57**	**4**	-	-	-	**4**
Issued on 20 November 2018 (2018)						
Key - retention	**47.21**	**5**	-	-	-	**5**
Issued on 20 November 2017 (2017)						
Executive - retention	**59.25**	**4**	-	-	-	**4**
		13	-	-	-	**13**

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)

The inputs into the models were as follows:

	Share price at issue R	Expected volatility %	Expected option life Years	Expected dividend yield %	Risk free interest rate %
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 2017and is based on the ZAR zero coupon swap curve produced by BESA on 19 November 2018

23 Subsidiaries

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 Proprietary Limited is a wholly owned subsidiary of Metal Fabricators of Zambia Plc.

Notes to the financial statements (continued)

24 Deferred tax

Deferred tax is calculated using the enacted income tax rates of 35% and 15%.

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

Deferred tax

Company

Year ended 2021	At 01.10.2020	Recognised in profit or loss	At 30.09.2021
	K '000	K '000	K '000
Deferred tax			
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**

Year ended 2020	At 01.10.2019	Recognised in profit or loss	At 30.09.2020
	K '000	K '000	K '000
Deferred tax			
Property, plant and equipment:			
- on historical cost basis	(507)	(233)	(740)
- on revaluation surpluses	17,496	-	17,496
	16,989	(233)	16,756
Deferred tax assets			
Unrealised exchange (losses)/gains	28	(158)	(130)
Provisions	(11,986)	(6,648)	(18,634)
Tax losses	(13,951)	8,390	(5,561)
	(25,909)	1,584	(24,325)
Net deferred tax asset	**(8 920)**	**1,351**	**(7,569)**

Notes to the financial statements (continued)

24 Deferred tax (continued)

Deferred income tax

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			
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**

Year ended 2020	At 01.10.2019	Recognised in profit or loss	At 30.09.2020
	K '000	K '000	K '000
Deferred tax			
Property, plant and equipment:			
- on historical cost basis	(507)	(233)	(740)
- on revaluation surpluses	17,496	-	17,496
	16,989	(233)	16,756
Deferred tax assets			
Unrealised exchange (losses)/gains	28	(158)	(130)
Provisions	(11,986)	(6,648)	(18,634)
Tax losses	(14,076)	8,466	(5,610)
	(26,034)	1,660	(24,374)
Net deferred tax asset	**(9,045)**	**1,427**	**(7,618)**

Notes to the financial statements (continued)

25 Retirement benefit obligations

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
At start of the year	**6,846**	6,112	**6,846**	6,112
Charged to profit or loss (Note 8)	**4,582**	3,767	**4,582**	3,767
Payments during the year	**(4,272)**	(3,033)	**(4,272)**	(3,033)
At end of the year	**7,156**	6,846	**7,156**	6,846
Analysed as:				
Non-current	**2,227**	2,574	**2,227**	2,574
Current	**4,929**	4,272	**4,929**	4,272
Total	**7,156**	6,846	**7,156**	6,846

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

26 Cash generated from operations

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

	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
Profit/ (loss) before income tax	**65,803**	(232,940)	**65,413**	(232,622)
Adjustments for:				
Interest income (Note 9)	**(1)**	(1)	**(1)**	(1)
Interest expense (Note 9)	**21,580**	33,609	**21,580**	33,609
Depreciation (Note 13)	**2,644**	2,644	**2,644**	2,644
Increase in provision for doubtful debts (Note 16)	**15,998**	9,550	**15,998**	9,550
Increase in retirement benefit obligations	**310**	734	**310**	734
Exchange loss on long term loan (Note 19)	-	102,993	-	102,993
Changes in working capital				
-trade and other receivables	**(103,789)**	121,468	**(104,058)**	120,056
-inventories	**(44,408)**	(58,124)	**(44,408)**	(58,124)
- trade and other payables	**62,888**	67,668	**62,790**	67,641
Share based options- Non Curent	**(404)**	-	**(404)**	-
Share based options- Curent	**(818)**	-	**(818)**	-
Foreign Currency Translation Reserve movement	**(96)**	(1,180)	**-**	-
Cash generated from operations	**19,707**	46,421	**19,046**	46,480

Notes to the financial statements (continued)

27 Contingent Liabilities

The Group has various pending legal proceedings at 30 September 2021. 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
Reunert Limited	Republic of South Africa	Ultimate Parent
Reunert International Investiments (Mauritius) Limited	Mauritius	Parent
CBi-Electric: African Cables	Republic of South Africa	Fellow subsidiary
BICC-CAFCA*	Zimbabwe	Fellow subsidiary
CBI-electric: ATC Telecom Cab	Republic of South Africa	Fellow subsidiary
Reunert Finance Company Limited	Republic of South Africa	Fellow subsidiary
Reunert Management Services	Republic of South Africa	Fellow subsidiary

(i) Purchase of goods and services

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
CBi-Electric: African Cables - Purchase of finished goods, raw materials and plant and machinery	**99,923**	76,508	**99,923**	76,508
Reunert Finance Company proprietary Limited: Interest cost on loan (Note 9)	**-**	20,147	**-**	20,147
	99,923	96,655	**99,923**	96,655

BICC-CAFCA was a related party upto 31 March 2021.*

Notes to the financial statements (continued)

28 Related party transactions (continued)

(ii) Sale of goods and equipment

	Group		Company	
	2021	2020	**2021**	2020
	K '000	K '000	**K '000**	K '000
CBI Electric-African Cables	**18**	63,962	**18**	63,962
CAFCA (Up to 31st March 2021)	**4,158**	6,586	**4,158**	6,586
	4,176	70,548	**4,176**	70,548

(iii) Directors interests in the Company

As at 30 September 2021 (2020: none), none of the of Directors had a shareholding interest in the Company, as recorded on the Lusaka Securities Exchange:

	2021	2020
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.

	2021	2020
	K '000	K '000
Salaries	**5,577**	3,633
	5,577	3,633

Independent Non Executive Directors remuneration

Analysis is as follows:
Directors fees

JM Chisanga	**768**	600
C Kabaghe	**718**	561
	1,486	1,160

Notes to the financial statements (continued)

28 Related party transactions (Continued)

Executive Directors annual remuneration

Analysis is as follows:	**2021 K '000**	2020 K '000
Johan du Plessis		
Basic salary	**2,923**	1,719
Other allowances	**266**	169
Gratuity	**772**	260
Total	**3,961**	2,148
Kangwa D. Bwalya (Appointed 14 September 2021)		
Basic salary	**73**	-
Other allowances	**42**	-
	115	-
Roseta Chabala (Resigned 30 April 2021)		
Basic salary	**539**	857
Other allowances	**376**	304
Gratuity	**586**	-
Total	**1,501**	1,161

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

	Group		Company	
	2021 K '000	2020 K '000	**2021 K '000**	2020 K '000
Payables to CBI Electric-African Cables	**757**	7,584	**757**	7,584

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

CBI-Electric: African Cables	-	31	-	31
Fabcorp (Pty) Limited	-	-	**7,571**	7,302
	-	31	**7,571**	7,333

(vii) Payable to related parties

Equity loan from Reunert Finance Company proprietary Limited: (Note 19)	**365,000**	365,000	**365,000**	365,000

29 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 2021 will be held at the Radisson Blu Hotel, Lusaka, Zambia on 22 February 2022 at 13:30 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/j/87893159099?pwd=enZCM25WWjZQQWg1M3hhRWVVNkVGdz09
Meeting ID: 878 9315 9099
Passcode: 040421

1. **Minutes of the previous Annual General Meeting**

To consider and adopt the minutes of the Annual General Meeting held on 11 December 2020.

2. **Re-election of Directors**

Resolution 2.1

Resolved that AE Dickson be and is hereby re-elected as a Non-Executive Director of the Company (Refer to page 96 for CV)

Resolution 2.2

Resolved that C Kabaghe be and is hereby re-elected as a Non-Executive Director of the Company (Refer to page 96 for CV)

Resolution 2.3

Resolved that KD Bwalya be and is hereby elected as an Executive Director of the Company (Refer to page 96 for CV)

Resolution 2.4

Resolved that LA Corte be and is hereby elected as a Non-Executive Director of the Company (Refer to page 96 for CV)

3.1 **Non-executive Directors remuneration**

“Resolved that the increase of 3.35% in remuneration proposed hereunder in respect of independent non-executive directors, be and is hereby approved effective from 1 April 2022.

	Current fee per quarter in US$	Proposed fee per quarter in US$
Chairman of the Board	3,757	3,883
Chairman of the Audit Committee	3,103	3,206
Other independent **Non-Executive** Directors	2,725*	2,816*

*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 $ 2,725 up to 31 March 2022 where after it will increase to $ 2,816.

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 USD 2 816 (2020: 2705) 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 2022 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."

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 circumstances.

4. Director's Report and separate and Consolidated Financial Statements

To receive and adopt:

- the Director's report - Page **21 - 33** of the Audited Financial Statements.
- the Audited Financial Statements for the year ended 30 September 2021, page **41 - 89** of the Audited Financial Statements
- the report thereon of the auditors - Page **35 - 40** 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 73 of the Audited Financial Statements.

6. Appointment of Auditors

To re-appoint Deloitte & Touche as the auditors of the Company for the 2022 financial year and to authorise the Directors to set their remuneration.

7. Adoption of Company's Articles of Association

Resolved that the amended Articles of association which are aligned to the Company's of 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 hoursbefore the time appointed for holding the meeting.

By order of the Board

BDO
Company Secretary
Lusaka

Curriculum vitae for Directors standing for re-election

1. A E Dickson

Mr Dickson completed a Masters' degree in Electrical Engineering at the University of the Witwatersrand. He spent a short time in the consulting engineering fraternity before joining African Cables as a Design Engineer in 1997.

Mr Dickson held several management positions in the organisation before assuming responsibility for all commercial activity in February 2000. He was appointed Commercial Director in 2007 a position he held until being appointed Managing Director in February 2009. Mr Dickson was promoted to Managing Director of the CBI-electric segment on 25 October 2012.

On 21 November 2013 Mr Dickson was appointed as an executive director of the Reunert Board and as the Chief Executive Officer of Reunert on 1 October 2014

2 C Kabaghe

Mr. Kabaghe's career has bridged multiple worlds – in agri-business, government, public policy and academia – all at very high levels and with impressively broad impact in key areas. He holds a BSc and MSc degree in Agricultural Economics from the University of Zambia and London University respectively with more than 25 years' experience in agricultural policy and agribusiness management and analysis. He holds several other non-executive directorship positions in a number of institutions some of which he serves as Chair.

3 K D Bwalya

Mr Bwalya has over 25 years of experience and has held several senior leadership positions both locally and internationally. He previously worked for ZAMEFA in various senior positions including Chief Financial Officer & Company Secretary. At the time of his departure in 2011, Mr Bwalya was serving as Acting Managing Director.

Internationally, Mr Bwalya served as CFO for the Asia Pacific region of General Cable Corporation, among others. He holds an MBA from the University of Essex, UK, and a B.Acc from the Copperbelt University (Zambia). Mr Bwalya is also a Fellow of both the ACCA (UK) and the ZICA (Zambia). He was appointed Managing Director of ZAMEFA and Executive Director on the ZAMEFA Board effective 14 September 2021. Immediately prior to this appointment, Mr Bwalya was the Managing Director for ZAFFICO PLC.

4 L A Corte

Mr. Corte has a Bsc. degree in Industrial Electronics Engineering. He has extensive cable manufacturing experience which he obtained in various leadership positions with Phelps Dodge International Corporation, ZAMEFA, General Cable (USA) in Europe, Africa and Dubai U.A.E.

Currently, Mr. Corte is the Managing Director of CBI Electric, African Cables, a subsidiary of Reunert Limited

For the 2021 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 22 February 2022 at 13:30 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 AE Dickson be and is hereby re-elected as a **Non-Executive** Director of the Company"			
Resolution 2.2 "Resolved that C Kabaghe be and is hereby re-elected as a **Non-Executive** Director of the Company"			
Resolution 2.3 "Resolved that KD Bwalya be and is hereby re-elected as an **Executive** Director of the Company"			
Resolution 2.4 "Resolved that LA Corte be and is hereby re-elected as a **Non-Executive** Director of the Company"			

For the 2021 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>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 2022
<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>3,757</td><td>3,883</td></tr><tr><td>2. Chairman of the Audit Committee</td><td>3,103</td><td>3,206</td></tr><tr><td>3. Other independent Non-Exective Directors</td><td>2,725*</td><td>2,816*</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 quartterly fee of such a Director will not exceed US$2,725 up to 31 March 2022 whereafter, it will increase to US$2,816.</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 USD 2 816 (2020: 2705) 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 – 33 of the AFS
- the audited financial statements for the period ended 30 September 2021 – page 41 – 89 of the AFS
- the report thereon of the auditors – page 35 – 40 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 73 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 2021 financial year and to authorise the Directors to set their remuneration.</td><td></td><td></td><td></td></tr>
<tr><td>7. Adoption of Company's Articles of Association
Resolved that the amended Articles of association which are aligned to the Company's of Act of Zambia be approved.</td><td></td><td></td><td></td></tr>
</table>

For the 2021 Annual General Meeting (Continued)

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) ____

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.

For the 2021 Annual General Meeting (Continued)

ZOOM HOUSEKEEPING 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 videos 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 sameto 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.

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