ZAMEFA

Annual Report 2023

WWW.ZAMEFA.COM

Metal Fabricators of Zambia PLC

Annual Report

For the year ended 30 September 2023

Statement on Forward-Looking Information

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

Metal Fabricators of Zambia PLC
(Incorporated in Zambia)

Annual Report

For the year ended 30 September 2023

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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"
Controlling Shareholder	Reunert International Investments (Mauritius) Limited (75%)
Authorised Share Capital	150,000,000 Shares
Activities	Manufacture of Copper Rod and Copper and Aluminum Electrical Conductors
Products	Low Voltage Cables (600/1000V)
	Building Wire
	Bare Copper Earth Wire
	Flexible Cables and Wires
	Aluminum Overhead Conductors
	Aerial Bundle Conductors
	Copper Rod
	Copper Shapes
Certifications	ISO 9001
	ISO 14001
	ISO 45001
	SABS Mark
	ZABS Mark
Website	www.ZAMEFA.com

Metal Fabricators of Zambia PLC

General Company information

Metal Fabricators of Zambia PLC (ZAMEFA) was incorporated in the Republic of Zambia under the Zambian Companies Act 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.

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

Reunert Limited the ultimate controlling company, has been at the forefront of the power cable industry in the region for more than 65 years, supplying large volumes of cable to power and telecommunications utilities as well as the mining, agricultural and industrial sectors.

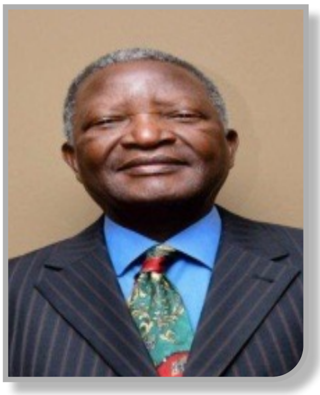
The Company continues to hold full certifications for ISO 9001 (quality management system), ISO 14001 (environmental management system) and ISO 45001 (occupational health and safety management system). Additionally the Company continues to hold the South African Bureau of Standards (SABS) and Zambia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

Exports continue to be the main source of revenue for the Company. During the period under review, exports accounted for 69% of the total sales revenue with sales to various sub-saharan countries.

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

BOARD OF DIRECTORS

A.E. Dickson
Chairman



J. M. Chisanga
Independent Non-Executive Director

Chance Kabaghe
Independent Non-Executive Director

K.D Bwalya
Managing Director

N.A. Thomson
Non-Executive Director

L. A. Corte
Non Executive Director

EXECUTIVE MANAGEMENT TEAM

K.D Bwalya
Managing Director

L.Braithwaite
Plant Manager

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

L. Du Preez
Business Development Manager Africa Operations
(Appointed 1 October 2022)

E. Mangoni
Financial Controller

S. Sikombe
Human Resources Manager

Chairman's Statement
For the year ended 30 September 2023

AE Dickson
Chairman

Board Matters

The 2023 financial year was a much improved year for the Company and a welcome turn around from the previous year in which a loss was recorded. The logistics and border-post delay challenges faced by the Company in the previous year have, to a large extent, been resolved, which resulted in an improved supply chain that supported the Company's objectives. In addition, copper cathode supply from the Zambian mines was stable throughout the year which contributed to the smooth running of the plant and, together with focused management actions, led to an improved operational performance. The Company also achieved a sought after milestone of reaching 1 300 000 hours free of lost time injuries which is an alltime record for the Company. Working safely and caringly continue to be one of the core values of the Company.

Company Performance

The financial results of the 2023 financial year showed a tangible improvement on those achieved in the prior year. The improvement was driven by a higher gross profit achieved in the year mainly due to:

- an increase in production volumes sold in the 2023 financial year; and
- an improvement in the mix of product sold with a favourable increase in wire and cable sales as a percentage of the total sales

The results continued to be negatively affected by the weakening of the Zambian Kwacha (ZMW) against the United States Dollar (USD). The Company's funding is USD denominated and the Company has a net foreign currency liability. This net foreign currency liability is restated each accounting period and, as the ZMW/USD exchange rate depreciated from ZMW15,79 to ZMW21,00 by the end of September 2023, the Company recorded a foreign exchange loss of ZMW50 million in the current financial year. The finance costs for the year were also higher than the previous year primarily due to the higher interest rates on the USD denominated funding.

Despite the challenges of the higher foreign exchange losses and interest rates, the Company's management and employees responded well and recorded a profit for the year of ZMW26 million attributed to the higher gross profit and improved operational performance described above.

Whilst remaining in a net debt position, the cash position of the Company continued to improve as action plans to reduce the working capital of the Company came to fruition towards the end of the financial year. These action plans were further enhanced by the collection of 40% of the overdue VAT from the Zambian Revenue Authority during the year, leaving an outstanding amount of ZMW30 million.

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

Appreciation

With the current economic challenges of higher inflation rates, increasing fuel prices and a depreciating Kwacha against the USD, the Company continues to experience a challenging operating environment. Our employees have continued to exhibit great commitment and I would like to thank the employees and the ZAMEFA management team, very ably led by Managing Director Kangwa Bwalya, for their efforts. On behalf of the Board, I would like to thank all our customers and other stakeholders for their support and give them our commitment that we will continue to strive to meet their requirements in the years ahead. I would like to thank the Board for their support, candid input and the exemplary manner in which they discharged their responsibilities.

Managing Director's report
For the year ended 30 September 2023

KD Bwalya

OVERVIEW

We definitely made good progress in 2023, but there is still lots more to do. This year has been all about progressing our strategy and delivering against our objectives to build a stronger and more resilient ZAMEFA for the long term. The strong foundations of our business allowed us to achieve positive financial and operational performance this year despite the challenging environment we faced.

I am pleased to report that despite a generally weaker local currency and high interest rates on our foreign currency denominated liabilities, we remained resolute and delivered a net profit of **ZMW25.6 million** compared to a loss of ZMW 7.3 million recorded in the previous year. The overall liquidity of the business also improved significantly in keeping with our actions.

Safety and wellbeing

Safety remains at the centre of how we operate each and every day. We are continually working on building a safe, respectful and inclusive workplace, where we can attract and retain curious people who care about their work and colleagues and are eager about finding better ways to do things for the benefit of all stakeholders.

After clocking more than 1,300,000 hours without a lost-time injury (LTI), an all-time achievement for the Company, we unfortunately suffered one LTI in November 2022. The incident was thoroughly reviewed and appropriate actions taken.

(i) Financial Performance

2023 has been an intense year on many levels. During the financial year, the Zambian Government was able to reach an accommodation with its external official creditors on debt treatment under the G20 Common Framework. As expected, the arrangement was very well received by the markets, resulting in a surge in the exchange rate for the Zambian Kwacha in June/July. However, those gains could not be sustained in the latter part of the year due to other pressures on the local currency.

Set out in the table below are the financial highlights for the year ended 30 September 2023:

	2023	2022
	K '000	K '000
Revenue	**2,336,073**	2,056,228
Gross profit	**186,476**	68,061
Profit/ (loss) before tax	**31,024**	(4,895)
Net profit/ (loss)	**25,628**	(7,344)
Non-current assets	**141,866**	135,123
Inventory	**185,455**	186,185
Cash and cash equivalents	**203,368**	58,624
Other current assets	**295,316**	273,423
Total assets	**826,005**	653,355
Current liabilities	**617,604**	468,403
Short term loans and bank overdrafts	**-**	47,285
Non-current liabilities	**2,450**	4,421
Equity	**205,951**	180,531
Acid test Ratio (Times)	**0.81**	0.71
EBITDA	**66,683**	16,053
Earnings/ (loss) per share	**0.95**	(0.27)

(a) Revenues

Revenues were 14% higher at **ZMW2,336 million** compared to ZMW2,056 million in the prior year, mainly due to a combination of higher sales volumes, a better sales mix and depreciation of the Zambian Kwacha (ZMW) against the United States Dollar (US$) which all had a positive impact on the sales for the year.

(b) Gross Profit

Gross Profit is higher due to higher revenue, better sales mix and the depreciation of the kwacha against the US dollar.

(c) Net Profit

Net Profit is higher due to higher Gross profit as explained above. However, operating expenses for the year were 8% higher compared to last year largely in line with the annual inflation rate. Financing costs were higher than last year mainly due to the effect of the depreciation of the ZMW against the US$ and the higher interest rates on our dollar denominated financing facilities. The Company suffered a Foreign Exchange loss of **ZMW50 million** compared to a net Foreign Exchange gain of ZMW1million last year. This loss was mainly caused by 33% depreciation of the ZMW against the US$ between September 2022 and September 2023. The impact that this depreciation would have had was mitigated by a reduction in the US$ net exposure by US$2.5 million during the year under review.

(d) Liquidity

Liquidity measured using the acid test ratio improved to **0.81** from 0.71 in the prior year. The cash position significantly improved to **ZMW203 million** from ZMW11 million in the prior year.

(ii) Commercial

The revenue for the 2023 financial year increased by 14% compared to the previous financial year. The normalisation of the copper cathode supply from the mines to ZAMEFA during the year contributed to a 17% increase in volumes sold compared to the previous financial year. All the Company's markets performed in line with expectations with satisfactory volume growth in the mining sector, the utility sector as well as in the Company's export markets. The reason for the revenue growth not being equal to the volume growth, is due to the fact that some of the volume growth related to Aluminium product lines which have lower selling prices than copper products.

The revenue in the current year was negatively affected by the average copper price which was 10% lower in the current year than in the prior financial year. However, the majority of the Company's sales are USD based and a result, the weakening of the Zambian Kwacha of 8% against the average Kwacha / USD rate of the prior financial year 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. Cable & wire sales have a higher added value component when compared to copper rod, and the current year sales of cable and wire made up a higher percentage of the total volumes sold. This also contributed to the higher revenue in the current financial year.

(iii) Manufacturing and Operational Performance

Manufacturing Excellence

The principles of Lean Manufacturing continue to underpin our manufacturing philosophy. As such, the Company is continually reinforcing the Lean System across the business in order to achieve repeatability and consistency, elimination of waste, reduction of variations and breaking constraints. This is necessary for us to maintain manufacturing excellence and continue meeting the needs of our discerning customers and other stakeholders.

(iii) Manufacturing and Operational Performance (Continued)

Manufacturing Excellence (Continued)

The Six Sigma refresher training course conducted last financial year – in which 11 employees received yellow belts – is bearing fruit as some of the projects identified during the training have led to specific improvements in the areas of scrap reduction and other efficiencies.

A six sigma yellow belt training session

10 of the 11 yellow belt participants

Further focus has been put into eliminating waste and has set the foundation for an intensive program in the 2024 financial year, focusing on the "8 wastes": Defects, Overproduction, Waiting, Non-utilisation of Talent, Transportation, Inventory, Motion, and Extra processing – collectively known by the acronym "DOWNTIME". In the past these activities formed part of the "War On Waste" program.

Manufacturing capacity enhancements

The production of Aluminium Conductor Steel-Reinforced (ACSR) cables and Aerial Bundled Cables (ABC) significantly increased during the financial year under review. This was primarily driven by the strong demand from ZESCO as the power utility company embarked on a vigorous drive to address legacy backlogs. In anticipation of this demand, we took actions to de-bottleneck and optimise certain machines to increase the output in aluminium rod breaking, stranding and laying-up processes.

Optimized stranders for production of ABC

New coiling line for GWI

(iii) Manufacturing and Operational Performance (Continued)

The capacity for general wire insulated (GWI) cables also increased during the financial year through machine optimisation as well as the installation and commissioning of a new coiling line.

Another area of significant improvement during the year under review is in the casting of copper billets which are used in the manufacture of various uninsulated copper products, mainly for the mines operating copper tank-houses. The modified process has resulted in better billets at higher efficiencies.

All these production improvements have enabled the Company to improve on its overall service delivery to customers by reducing lead times for both copper and aluminium wire & cable products.

Quality Assurance

The Company continues to operate an Integrated Management System anchored on ISO 9001:2015 for Quality, ISO 14001:2015 for Environmental Management and ISO 45001:2018 for Occupational Health & Safety. Continued accreditation to and compliance with these international standards forms the basis on which we consistently produce high quality products which are trusted by our customers locally and internationally. The Company also retained its product quality marks of approval from the Zambia Bureau of Standards (ZABS) and the South African Bureau of Standards (SABS).

Environmental Focus

ZAMEFA remains committed to being an environmentally conscious and responsible corporate citizen. To that end, the Company is continually looking for opportunities across the entire organisation to increase the efficient use of resources and promoting sustainability.

Occupational Health & Safety

As alluded to earlier in the Chairman's statement and at the beginning of my report, the safety and well-being of our people is a fundamental value which everyone in the Company takes very seriously. Our mantra of "Zero and Beyond" aims to achieve excellence in safety at the workplace and beyond the workplace.

(iv) Human Resources

During the financial year, we re viewed and revitalised the Company's talent development and succession plans across the organization. Arising from the review, some realignments were made in the manufacturing and associated functions in order to better support the talent pool and further improve operations of the factory. Additionally, a series of planned training and development programs were executed so as to deepen the skills of our people in all areas of the business.

(iv) Human Resources (Continued)

The Company's guiding principles continue to be anchored on its core values which are customer-centred and summarised in the figure below:

(iv) Human Resources (Continued)

The Industrial Relations atmosphere throughout the financial year under review remained calm and cordial. Management and the Union leadership, as partners, held regular consultative meetings which culminated in the successful 2023/2024 wage negotiations.

Representatives of the Union and Management negotiation teams display the newly signed 2023/2024 Collective Agreement

After a 3 year absence due to the Covid-19 pandemic, the Copperbelt Mining, Agricultural & Industrial Trade Expo (CAMINEX) once again opened its doors this year and a broad spectrum of our people proudly represented the Company at the Expo in Kitwe. They did the same at the Zambia International Trade Fair (ZITF) in Ndola.

As in previous years, the Company sponsored a team of ZAMEFA employees to participate in the various activities organized by the local government in commemoration of the International Women's day for 2023.

Managing Director's report
For the year ended 30 September 2023

(iv) Human Resources (Continued)

Average remuneration and number of employees

The total remuneration paid to employees during the year amounted to **ZMW65,180,000** (2022: ZMW59,028,000).

Manpower Status

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

Type of Employment	**2023**	2022
Contract – Hourly		
Male	**199**	172
Female	**14**	16
Total – Contract Hourly	**213**	188
Contract -Salaried		
Male	**86**	80
Female	**27**	25
Salaried -total	**113**	105
Total employees	**326**	293
Students on attachment		
Male	**12**	8
Female	**3**	7
Students on attachment total	**15**	15
Total Compliment	**341**	308

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

Month	**Number**	**Month**	**Number**
October	310	April	316
November	310	May	320
December	314	June	322
January	316	July	324
February	316	August	325
March	316	September	326

(iv) Human Resources (Continued)

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.

Future Prospects

As we look ahead, I am really excited about the momentum we are building. We have a clear purpose, an ambitious strategy, and I am convinced we have the right people to deliver the strategy. We will continue to keep a keen eye on near-term opportunities and risks, while always creating sufficient time and space to capture key strategic opportunities as they emerge for the longer term.

Without doubt, there is still considerable work ahead – to sustain a safe culture, to improve the consistency of our financial and operational performance, to anticipate and respond to a shifting competitive landscape and to continue to strengthen our partnerships. While the direct disruptions related to the Covid-19 virus have eased considerably and life returning to normal in a large measure, other global issues such as the Russia-Ukraine conflict continue to be sources of strong headwinds. The negative effects of this conflict is clearly reverberating around the world and may continue to do so for some time to come. Similarly, the increasing complexity around the US-Sino relationship and the rising volatility in the Middle East could also be other sources of headwinds with global implications.

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 business environment. I further wish to express sincere thanks to all our valued stakeholders, especially our customers, for their continued support and engagement.

Kangwa D Bwalya (Mr.)
MANAGING DIRECTOR

Directors' report
For the year ended 30 September 2023

The Directors have pleasure in submitting to the shareholders, their report on the financial statements for Metal Fabricators of Zambia Plc for the year ended 30 September 2023.

The Company remains listed on the Lusaka Securities Exchange (LuSE).

1 Principal activities

The principal activities of the Company continue to be the manufacture of copper rod and copper and aluminium electrical conductors for sale to customers in the domestic and foreign markets. The Company also continues to sell telecommunications cables.

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

2 Share capital

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

2023 Number of Authorised shares	Issued	Value
150,000,000	27,090,099	ZMW 270,901

As at 30 September 2023, the shareholder analysis of the Company was as follows:

	2023	2022
Reunert International Investments (Mauritius) Limited	**20,317,580**	20,317,580
Private Individuals/Institutions	**6,772,519**	6,772,519
	27,090,099	27,090,099

3 Significant shareholding of the Company

As at 30 September 2023, shareholders with substantial shareholding (5% or more) in the Company's share capital were as follows:

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

4 Going Concern

During the year, the Company made a net profit of **ZMW25,628,000** (2022: loss of ZMW7,344,000). As at year end the Company's net current assets exceeded its current liabilities by **ZMW66,535,000** (2022: ZMW49,829,000).

The profit for the year was mainly driven by higher sales volumes and improved sales mix.

4 Going Concern (continued)

The Company's net cash position improved from ZMW11 million at the end of prior year to **ZMW203 million** by the end of the year under review. This is mainly attributed to improvements in the Company's working capital.

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

The table below highlights resources that were available to the Company for working capital financing as at 30 September 2023. (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	24,194	15,806

5 Capital expenditure

The Company's strategy for capital expenditure continued to be focused on minimizing and managing business risks, enhancing customer satisfaction and enhancing future business activities. The Company spent a total of **ZMW9,855,000** (2022: ZMW1,489,000) on capital expenditure.

6 Insurance

The Company has insured its operational assets against property damage and business interruption. The Company also maintains Directors liability insurance for its Directors in respect of their duties as Directors of the Company. Besides the foregoing, the Company has cover for employer's liability, public and product liability, group personal accident, group life assurance and has insured the Company's motor vehicle fleet. Total premiums paid during the period for the Company was **ZMW4,832,000** (2022: ZMW4,044,000).

7 Directors' Fees and Executive Management Remuneration

The Company paid **ZMW2,824,000** (2022: ZMW5,382,000) to Executive Directors as remuneration and **ZMW1,384,000** (2022:ZMW1,211,000) to the Independent Non-Executive Directors as Directors' fees. Non-Executive members of the Board were not entitled to any form of remuneration.

8 Corporate Governance

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

9 Meetings of directors

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

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

10 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.

11 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.

12 The Board

12.1 Membership

The membership of the Board as at 30 September 2023 was as follows;

Non-Executive Directors

A. E. Dickson - Chairman
N. A. Thomson
L. A. Corte

Independent Non-Executive Directors

J. M. Chisanga
C. Kabaghe

Executive Directors

K. D. Bwalya

12 The Board (continued)

12.2 Board Governance

12.2.1 Overview

The Articles of Association of the Company provide for a Board of 10 members. As at 30th September 2023, the Board comprised of five non-executive Directors (including the Chairman). Two of the non-executive Directors are independent Directors. The Managing Director is the only executive member of the Board.

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

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

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

12.2.2 Board Charter

12.2.2.1 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 Companies Act")
- the LuSE Listings Requirements
- the Company's Memorandum and Articles of Association
- the Zambian common law

12.2.2.2 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.

12.2.2.3 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.

12 The Board (continued)

12.2 Board Governance (continued)

12.2.2.4 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.

12.2.2.5 The Lusaka Securities Exchange (LuSE) Corporate Governance Code

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

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

12.2.2.6 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.

12.2.2.7 Composition of the Board

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

12.2.2.8 Retirement from the Board

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

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

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

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

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

12 The Board (continued)

12.2 Board Governance (continued)

12.2.2.9 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 Managing Director of African Cables who is a non-executive Director of the Company.

12.2.2.10 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.

12.2.2.10.1 Annual Assessment

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

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

12.2.2.10.2 Board committees

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

12 The Board (continued)

12.2 Board Governance (continued)

12.2.2.10.2 Board committees (continued)

The following are standing committees of the Board:

- Audit & Risk committee
- Remuneration & Nomination committee

12.2.2.10.3 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.

12.2.2.10.4 Other committees

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

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

12.2.2.10.5 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.

12.2.2.11 Administration and Meetings

12.2.2.11.1 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.

12.2.2.11.2 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.

12 The Board (continued)

12.2 Board Governance (continued)

12.2.2.11.3 Board and Board committees: Agenda, packs and minutes

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

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

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

The minutes of a Board and Board committee meeting shall:

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

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

12.2.2.13 Dealing in the Securities of the Company

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

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

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

The Chairman of the Board must obtain written permission from the Managing Director of African Cables, in consultation with the Chairman of the Remuneration & Nomination 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.

12.2.2.14 Approval of this Charter

This Charter was reviewed, updated and approved by the Board on 12 May 2023.

13 Corporate Governance statement

The table below shows the composition of Board Committees as at 30th September 2023.

Board Committees

Audit and Risk Committee

Members

J. M. Chisanga (Chairperson)

A. E. Dickson

N. A. Thomson

K. D. Bwalya

Responsibilities/functions

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

Remunerations & Nomination Committee

Members

A. E. Dickson (Chairman)

C. Kabaghe

K. D. Bwalya

Responsibilities/functions

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

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

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

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

** The Remuneration & Nomination committee is scheduled to meet twice per year.

N.B N/A not a member of the committee

14 ZAMEFA's Compliance status of Corporate governance rules

A review of ZAMEFA's compliance with the LuSE Corporate Governance Code as at 30 September 2023, showed that compliance rate was at 100%. The summary of the compliance status is shown in the table below:

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

15 Auditors

The Company's auditors, Messrs Deloitte & Touche, will retire at the 2023 Annual General Meeting. Therefore, a resolution to appoint KPMG as auditors for the 2024 financial year will be proposed at the Annual General Meeting.

By order of the Board

BDO Zambia Limited
Company Secretary
Lusaka

Metal Fabricators of Zambia PLC

Directors' Statement of Responsibilities
For the year ended 30 September 2023

Directors' responsibilities in respect of the preparation of financial statements

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

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

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

The Directors are of the opinion that the financial statements set out on pages 30 to 64 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards, the Companies Act, 2017 and the Securities Act, 2016. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act, 2017.

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

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

Approval of the financial statements

The financial statements of the Company, set out on pages 30 to 64, were approved by the Board of Directors on 7 November 2023 and signed on its behalf by:

Director	**Director**
Date: 7 November 2023	**Date: 7 November 2023**

Deloitte.

Deloitte & Touche
Deloitte Square
Plot # 2374/B
Thabo Mbeki Road
P.O. Box 30030 Lusaka

Tel: +260 211 228677/8
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of

Metal Fabricators of Zambia PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Metal Fabricators of Zambia PLC (the "Company") set out on pages 30 to 64, which comprise the statement of financial position as at 30 September 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act, 2017 and Securities and Exchange Commission Act.

Basis of opinion

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

Key audit matters

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

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

Key audit matter	**How the matter was addressed during the audit**
Valuation and existence of inventory	
Total inventories of **K185 million** (note 15) represent 22% of total assets for Metal Fabricators of Zambia Plc. Valuation of the inventories is at cost or at lower of net realisable value. Valuation at cost for metal stocks includes allocation of direct costs and overheads. The allocation of overheads is mainly based on management estimate and valuation of metal inventory is done in excel spreadsheets which is prone to human error. Further, the main raw material, copper is highly marketable and susceptible to theft.	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 of the controls around the valuation of inventory; • We attended the year end stock count where a 100% physical count was conducted for both metal stocks and engineering spares. We reconciled the counted inventory to the final valuation reports and investigated any significant book to physical count adjustments;

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How the matter was addressed during the audit
Valuation and existence of inventory	
This, in combination with the significant share of inventories as part of the total assets, made us conclude that existence and valuation of inventories are a key audit matter of our audit.	• We assessed the appropriateness of the inventory values by considering the cost of the raw materials used, standard quantities applied in manufacturing a product , and the reasonableness of the overheads allocated to the product; • We re-performed the re-averaging for a sample of selected inventory items; • With the help of our IT specialists, we tested the General Computer Controls around MIDAS system. This is the system where standard parameters for the make up of cables used in the valuation of cables are stored. We investigated the changes noted in the standard parameters from prior year as applicable; and • Analysed the inventory turnaround and compared that to management's estimates on obsolete inventories. • Performed a restrospective review of the allowance for obsolete stock. Based on the work done, inventory existed at the year end and was reasonably valued.

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 Act and the Companies Act 2017, notice to share holders and the Statement of Responsibility which we obtained prior to the date of this audit report. The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

The Directors are also responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

The Companies Act, 2017

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on other legal and regulatory requirements (continued)

The Companies Act, 2017 continued)

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

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

The Securities Act, 2016 of Zambia

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

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

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

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
Date: 17 November 2023

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

Statement of profit or loss and other comprehensive income

	NOTES	2023 K '000	2022 K '000
Revenue	6	**2,336,073**	2,056,228
Cost of sales		**(2,149,597)**	(1,988,167)
Gross profit		**186,476**	68,061
Distribution costs		**(29,625)**	(26,400)
Administrative expenses		**(44,975)**	(42,176)
Expected credit gains on trade receivables*	16	**1,311**	12,744
Operating profit	7	**113,187**	12,229
Finance costs	9	**(32,856)**	(18,212)
Interest income	9	**321**	2
Net foreign exchange (losses)/gains		**(49,628)**	1,086
Profit / (loss) before income tax		**31,024**	(4,895)
Income tax charge	10	**(5,396)**	(2,449)
Profit / (loss) for the year		**25,628**	(7,344)
Total comprehensive income / (loss) for the year		**25,628**	(7,344)
Earnings / (loss) per share			
Basic and diluted (Kwacha per share)	11	**0.95**	(0.27)

* Prior year amount has been aligned with current year presentation to ensure consistency between the two years.

Statement of financial position

	NOTES	2023 K '000	2022 K '000
Assets			
Non-current assets			
Property, plant and equipment	13	**141,866**	135,123
Total non-current assets		**141,866**	135,123
Current assets			
Inventories	15	**185,455**	186,185
Trade and other receivables	16	**295,316**	273,423
Cash and cash equivalents	17	**203,368**	58,624
Total current assets		**684,139**	518,232
TOTAL ASSETS		**826,005**	653,355
Equity and liabilities			
Capital and reserves			
Share capital	20	**271**	271
Equity loan	27	**365,000**	365,000
Revaluation surplus	21	**112,188**	112,188
Share based payment reserve	22	-	208
Accumulated losses		**(271,508)**	(297,136)
Total equity		**205,951**	180,531
Non current liabilities			
Deferred tax liabilities	23	**497**	3,100
Retirement benefit obligation	24	**1,953**	1,321
Total non current liabilities		**2,450**	4,421
Current liabilities			
Bank overdrafts	19	-	47,285
Contract, Trade and other payables	18	**604,368**	412,568
Retirement benefit obligation	24	**5,237**	5,568
Current tax liabilities	10	**7,999**	2,982
Total current liabilities		**617,604**	468,403
Total liabilities		**620,054**	472,824
TOTAL EQUITY AND LIABILITIES		**826,005**	653,355

The financial statements on pages 30 to 64 were approved for issue by the Board of Directors on 7 November 2023 and signed on its behalf by:

Director

Director

Statement of changes in equity

	Share capital*	Revaluation reserve	Share based payment reserve	Accumulated losses	Total
	K '000	K '000	K '000	K '000	K '000
Year ended 30 September 2022					
At start of the year	365,271	112,188	208	(289,792)	187,875
Loss for the year	-	-	-	(7,344)	(7,344)
At end of the year	365,271	112,188	208	(297,136)	180,531
Year ended 30 September 2023					
At start of the year	365,271	112,188	208	(297,136)	180,531
Released during the year	-	-	(208)	-	(208)
Profit for the year	-	-	-	25,628	25,628
At end of the year	**365,271**	**112,188**	**-**	**(271,508)**	**205,951**

* Includes an equity loan provided by the ultimate holding company

Statement of cash flows

	Notes	2023 K '000	2022 K '000
Cash flows from operating activities			
Cash generated from operations	25	**243,811**	143,344
Interest received	9	**321**	2
Interest paid	9	**(32,856)**	(18,212)
Income tax paid	10	**(2,982)**	(2,448)
Net cash generated from operating activities		**208,294**	122,686
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(9,855)**	(1,489)
Net cash used in investing activities		**(9,855)**	(1,489)
Net increase in cash and cash equivalents		**198,439**	121,197
Movement in cash and cash equivalents			
At start of the year		**11,339**	(109,835)
Effect of exchange rate movements on cash and cash equivalents*	25	**(6,410)**	(23)
Movement in cash and cash equivalents		**198,439**	121,197
At end of the year	17	**203,368**	11,339
Comprising of:			
Cash and bank balances		**203,368**	58,624
Bank overdraft		**-**	(47,285)
Net cash and cash equivalents		**203,368**	11,339

* Prior year amount has been aligned with current year presentation to ensure consistency between the two years.

Notes to the financial statements

1. Reporting Entity

Metal Fabricators of Zambia PLC (ZAMEFA) is a Public Company incorporated in the Republic of Zambia. The address of its registered office and principal place of business is disclosed on page 2. The principal activities of the Company are disclosed in the report of the Directors on page 15.

2. Adoption of new and revised Standards

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

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to the standard below.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

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

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 7 and IFRS 7	*Disclosures: Supplier Finance Arrangement*

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

Notes to the financial statements (continued)

2. Adoption of new and revised Standards (Continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to IAS 1 *Presentation of Financial Statements—Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Notes to the financial statements (continued)

2. Adoption of new and revised Standards (Continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates* (Continued)

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error; and
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangement

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements , quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements . In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

Zamefa has supplier finance arrangements, the required disclore in this regard is on note 18, contract liabilities, trade and other payables

The Directors of the Company anticipate that the application of these amendments may not have an impact on the Company's financial statements in future periods should such transactions arise.

Notes to the financial statements (continued)

3 Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of accounting

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or 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 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

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

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

Going concern

The Company made a profit after tax of **ZMW25,628,000** (2022: loss of ZMW7,344,000) during the year ended 30 September 2023, mainly due to higher revenues recorded this year as a result of increase in volumes sold and improved sales mix. As at 30 September 2023, the Company's residual equity amounted to **ZMW205,951,000** (2022: ZMW180,531,000).

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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(b) Basis of accounting (continued)

Going concern (continued)

The ability of the Company to continue as a going concern is dependent on a number of factors. The most significant of these being the ability of the Company to continue to generate operational profits higher than the financing costs. This will be achieved through the Company continuing to maintain normal operating levels achieved during the 2023 financial year. Further, the Company continues to have access to funding for the ongoing operations of the Company from Rand Merchant Bank due to the parent guarantees provided by the Company's ultimate controlling shareholders, Reunert Limited. The holding Company further confirmed its continued undertaking and ability to provide financial support in the forth coming financial year by continuing to guarantee the Companys bank lines of credit and credit facilities with suppliers as and when required, thereby enabling the Company to settle its obligations as and when they fall due.

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

(c) Revenue recognition

The Company recognises revenue from the following major sources;

Sale of copper rod, wire and cable

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

Contract assets and liabilities

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

Contract assets and liabilities are only raised where the payment terms are expected to be in line with normal credit terms after invoicing. All contract assets are subject to an impairment test under IFRS 9.

Interest income

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

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

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(d) 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.

(e) Property, plant and equipment

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

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

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

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

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

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

• Buildings	50 Years
• Plant and machinery	10 Years
• Furniture, fixtures and fittings	4 - 10 years
• Motor vehicles	4 years

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

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.

Impairment of tangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible 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.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Obsolete, redundant and slow-moving inventory is identified on a regular basis and is impaired to its estimated net realisable value. Consumables are written down with regard to their age, condition and utility.

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

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(g) Financial instruments

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

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

(i) Financial assets

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

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

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

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

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 creditimpaired financial assets (i.e. assets that are creditimpaired 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 creditimpaired financial assets, a creditadjusted 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)

(g) Financial instruments (continued)

(i) Financial assets (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 creditimpaired 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 creditimpaired (see below). For financial assets that have subsequently become creditimpaired, 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 creditimpaired financial instrument improves so that the financial asset is no longer creditimpaired, 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 creditimpaired 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 creditimpaired 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.

(c) Writeoff policy

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

(d) 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 forwardlooking information as described above.

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

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(i) Financial assets (continued)

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

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

(e) Derecognition of financial assets

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

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

(ii) *Financial liabilities and equity*

Classification as debt or equity

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

(a) Equity instruments

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

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

(b) Financial liabilities

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

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.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(ii) *Financial liabilities and equity* (continued)

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.

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

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

(i) 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.

(j) 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.

Notes to the financial statements (continued)

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.

(j) 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 Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

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

(k) Provisions

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

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

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

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(l) Capital and reserves

(i) Share capital

Ordinary shares are classified as equity.

(ii) Equity loan

The terms of the loan as disclosed on note 27 (vii) 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.

(m) Bank overdrafts and supplier financing arrangement costs

All bank overdraft and supplier financing arrangement costs are recognised in profit or loss in the period in which they are incurred.

(n) 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.

(o) Trade payables

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

(p) 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.

Notes to the financial statements (continued)

4 Financial risk management

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

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

Market risk

(i) Foreign exchange risk

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

Foreign Currency exposure

	Liabilities		**Assets**	
	2023	2022	**2023**	2022
	K '000	K '000	**K '000**	K '000
United States Dollar	**568,469**	425,084	**438,859**	286,871
South African Rand	**11,626**	15,694	**6,113**	3,757
	580,095	440,778	**444,972**	290,628

At 30 September 2023, if the Kwacha had weakened/strengthened by 5% against the US Dollar with all other variables held constant, post tax loss/profit for the year for the company would have been **ZMW5,508,425** higher/lower (2022: ZMW5,874,054 higher/lower), as a result of US Dollar denominated payables, receivables, bank balances and borrowings.

At 30 September 2023 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 **ZMW234,303** lower/higher (2022: ZMW507,337 lower/higher) as a result of Rand denominated trade payables, receivables and bank balances.

(ii) Interest rate risk

The Company has Bank overdrafts and supplier financing arrangements at floating interest rates. At 30 September 2023, an increase/decrease of 50 basis points in these interest rates would have resulted in an decrease/increase in post-tax profit of **ZMW2,159,335** (2022: ZMW1,529,525 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.

Notes to the financial statements (continued)

4 Financial risk management (continued)

Credit risk (continued)

The Company's maximum exposure to credit risk at 30 September 2023 is as follows:

	2023	2022
	K '000	K '000
Trade receivables	**244,377**	198,420
Cash and cash equivalent	**203,368**	58,624
Sundry receivables	**-**	1,240
	447,745	258,284

Liquidity risk

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

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

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

	2023		2022	
	1 – 3 months	**4-12 months**	1 – 3 months	4-12 months
At 30 September :				
- Trade and other payables	**599,668**	**-**	398,056	-
- Bank overdrafts	**-**	**-**	-	47,285
	599,668	**-**	398,056	47,285

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.

	1 – 3 months	
	2023	2022
	K '000	K '000
Trade and other receivables	**244,377**	199,660
Cash and cash equivalent	**203,368**	58,624
	447,745	258,284

The differential between the Company's financial assets and financial liabilities will be settled by the conversion of inventory into a financial asset and the utilisation of the Company's available banking facilities.

Notes to the financial statements (continued)

4 Financial risk management (continued)

Liquidity risk (Continued)

The Company has access to financing facilities as described below, of which **ZMW405 million** was unused at the reporting date (2022: ZMW327 million). The Company expects to meet its obligations from operating cashflows.

Bank	Type of Facility	Maximum US$'000'	Utilised US$'000'	Available Amount US$'000'
ABSA Bank Zambia Plc	Bank overdraft	**3,500**	-	3,500
Rand Merchant Bank Limited	Revolving facility	**40,000**	24,194	15,806
		43,500	24,194	19,306

Capital risk management

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

The gearing ratio at year end was as follows:	**2023 K '000**	2022 K '000
Total liabilities as per statement of financial position	**620,054**	472,824
Total equity and liabilities as per statement of financial position	**826,005**	653,355
Gearing ratio	**75.1%**	72.4%

Categories of financial instruments

Financial assets

	2023	2022
Receivables and cash and cash equivalents	**447,745**	258,284

Financial liabilities

	2023	2022
At amortised cost:		
Payables and bank overdrafts	**599,668**	445,341

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 Company is subject to income taxes in the Republic of Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company 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) Calculation of loss allowance on trade receivables

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

(iii) Revaluation and impairment of property, plant and equipment

The Company carries its Land and buildings at fair value, with changes in fair value being recognised in other comprehensive income. The revaluation of land and buildings is carried out every 5 years and resultant adjustments processed. A revaluation was done in 2019 which resulted into a revaluation surplus of ZMW 112 million. However, in the intervening period, the Directors engage an independent valuation specialist to assess fair value of the Property, plant and equipment to ensure the carrying values are not significantly different from the fair value. As at 30 September 2023, a review was carried out with the fair values arrived at using a valuation methodology based on a gross replacement cost model less allowances for age (normal wear and tear), physical condition of the buildings, and economic obsolescence. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. There has been no resultant adjustment passed in 2023 on account of the 2023 asset value assessment. The next review is expected to be on balances as at 30 September 2024 whose result would be adjusted as per stated accounting policy. Refer to Note 13 for further detail on the revaluation process.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised in the statement of profit or loss. For those assets which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, an impairment reversal is recorded in the statement of profit or loss. The carrying amount of the asset may be sensitive to a range of characteristics and the key source of estimation is the cash flow projections. In performing impairment reviews, the Company assesses the recoverable amount of its assets with reference to fair value less cost to disposal. There is judgement in determining assumptions that are considered to be reasonable with those that would be applied by market participants. In respect of 2023, there is no impairment or reversal of the previous impairment required.

6 Analysis of sales by category

Revenue recognised at point in time:	**2023** **K '000**	2022 K '000
Copper rod		
Export	**1,147,762**	1,184,595
Wire and Cables		
Zambia	**750,242**	551,486
Export	**438,069**	320,147
	1,188,311	871,633
Total Sales	**2,336,073**	2,056,228

Included in sales are revenues of approximately **ZMW 683 million** (2022: ZMW 257 million) which arose from sales to the Company's two largest customers. No other single customer contributed 10 percent or more to the Company's revenue either in 2023 or 2022.

Notes to the financial statements (continued)

7 Breakdown of expenses by nature

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

	2023	2022
Cost of Sales	**K '000**	K '000
Inventory expensed	**2,035,753**	1,906,314
Inventory Write down to net realisable value	**1,471**	574
Employee Benefits	**38,860**	33,672
Machine Repairs	**34,198**	25,689
Electricity and Water	**21,381**	12,412
Depreciation	**3,124**	2,738
Other Expenses	**14,809**	6,768
	2,149,597	1,988,167
Distribution Costs		
Transportation Charges	**18,884**	12,626
Employee Benefits	**4,016**	4,761
Other Expenses	**6,725**	9,013
	29,625	26,400
Administration costs		
Employee Benefits	**22,304**	20,594
Directors' fees	**1,384**	1,211
Audit and other professional fees	**1,414**	951
Safety expenses	**2,430**	3,084
Computer expenses	**2,673**	2,649
Other Expenses	**14,770**	13,687
	44,975	42,176
Expected credit gains on trade receivables*	**(1,311)**	(12,744)
Total	**2,222,886**	2,043,999

* Prior year amount has been aligned with current year presentation to ensure consistency between the two years.

8 Employee benefits expense

The following items are included within employee benefits expense:

Salaries and wages	**55,602**	48,522
Retirement benefits costs:		
- Termination benefits and long service gratuities (Note 24)	**5,852**	7,339
- National Pension Scheme Authority	**3,726**	3,167
	65,180	59,028

The number of persons employed by the Company at year-end was **326** (2022: 308).

Notes to the financial statements (continued)

9 Finance costs

	2023	2022
	K '000	K '000
Interest on letters of credit	(28,643)	(16,187)
Interest on bank overdrafts	(4,213)	(2,025)
Finance costs	(32,856)	(18,212)
Interest income	321	2
Net finance costs	(32,535)	(18,210)

10 Taxation

Current income tax	7,999	5,430
Deferred income tax (note 23)	(2,603)	(2,981)
Income tax charge	5,396	2,449
Included under current liabilities		
Payable in respect of the current year	7,999	5,430
Payable in respect of prior years	2,982	-
Paid during the year	(2,982)	(2,448)
At end of the year	7,999	2,982
Reconciliation of the tax charge		
Profit/ (loss) before income tax	31,024	(4,895)
Tax at **30%** and **15%** *	4,654	(734)
Tax effect of expenses not deductible for tax purposes:		
Tax rate difference on domestic & export income	48	-
Unrecognised deferred tax asset on interest	-	2,732
Non cash benefits	29	30
Other	665	421
Income tax charge	5,396	2,449

*Interest income taxed at 30% and business income at 15%

Notes to the financial statements (continued)

10 Taxation (continued)

Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 31 December 2013. Self-assessment tax returns have been filed with ZRA for the subsequent year ends.

Restricted Interest Analysis

In 2019, the Government introduced a new method of computing interest disallowed when determining the taxable profits of a business. Under the introduced method, allowable interest is limited to 30% of a company's earnings before interest, tax, depreciation and amortisation. The Company has accumulated disallowed interest of ZMW82.16 million (2022: ZMW73.36 million) which is available for carry forward up to a maximum period of five years for offset against future profits from the same business source.

The company recognises deferred tax assets to the extent that it is reasonably certain or virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realised. At each balance sheet date, the company re-assesses the unrecognised deferred tax assets and recognises previously unrecognised deferred tax assets when the condition is fulfilled. Based on the assessment, only ZMW42.37 million was recognised as at 30 September 2023.

Restricted Interest Analysis

	2023	2022
	K '000	K '000
2020 restricted interest to expire in 2025	**9,512**	33,569
2021 restricted interest to expire in 2026	**21,580**	21,580
2022 restricted interest to expire in 2027	**18,212**	18,212
2023 restricted interest to expire in 2028	**32,856**	-
Total restricted interest carried forward	**82,160**	73,361

11 Earnings/ Loss per share

	2023	2022
	K '000	K '000
Net profit/(loss) for the year	**25,628**	(7,344)
Weighted average number of ordinary shares in issue (thousands)	**27,090**	27,090
Basic and diluted profit/(loss) per share (Kwacha)	**0.95**	(0.27)

12 Dividends

At the Annual General Meeting to be held on 13 December 2023, the Directors propose a dividend payment of Nil per share in respect of the year ended 30 September 2023. Nil dividend was proposed in respect of the period ended 30 September 2022.

Notes to the financial statements (continued)

13 Property, plant and equipment

	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures & equipment	Capital Work in progress	Total
	K '000	K '000	K '000	K '000	K '000	K '000
COST OR VALUATION						
Balance at 30 September 2021	**132,200**	**100,669**	**2,214**	**6,343**	**750**	**242,176**
Additions	-	-	-	-	1,489	1,489
Capital spares transferred from Inventory (note 15)	-	-	-	-	8,930	8,930
Transfers	-	-	-	750	(750)	-
Balance at 30 September 2022	**132,200**	**100,669**	**2,214**	**7,093**	**10,419**	**252,595**
Additions	-	-	-	-	9,855	9,855
Capital Spares transferred from Inventory	-	-	-	-	12	12
Transfers	909	2,731	-	-	(3,640)	-
Balance at 30 September 2023	133,109	103,400	2,214	7,093	16,646	262,462
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance at 30 September 2021	**5,508**	**100,669**	**2,214**	**6,343**	-	**114,734**
Charge for the year	2,644	-	-	94	-	2,738
Balance at 30 September 2022	**8,152**	**100,669**	**2,214**	**6,437**	-	**117,472**
Charge for the year	2,662	273	-	189	-	3,124
Balance at 30 September 2023	**10,814**	**100,942**	**2,214**	**6,626**	**-**	**120,596**
CARRYING AMOUNT						
Balance at 30 September 2023	**122,295**	**2,458**	**-**	**467**	**16,646**	**141,866**
Balance at 30 September 2022	124,048	-	-	656	10,419	135,123

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 **ZMW122 million** (2022: ZMW124 million) have been pledged to secure borrowings of the Company (See note 19). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

The Company's buildings and leasehold land are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation of the Company's leasehold land and buildings was performed by Bitrust Real Estate Limited in 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.

Notes to the financial statements (continued)

13 Property, plant and equipment (continued)

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 2023

	Level 2	**Level 3**	**Fair Value as at 30/09/2023**
	K '000	**K '000**	**K '000**
Land and Buildings	**-**	**122,295**	**122,295**

At 30 September 2022

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

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

	2023	2022
	K '000	K '000
Cost	**15,627**	14,718
Accumulated depreciation	**(3,576)**	(3,263)
	12,051	11,455

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

	Valuation techniques	**Significant unobservable inputs(s)**	**Sensitivity**
Leasehold land and buildings	Market comparable approach	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 rate used would not result in a significant increase in fair value, and vice versa.

Notes to the financial statements (continued)

14 Capital commitments

There were Capital commitments of **ZMW0.334 million** as at the end of September 2023 (2022: ZMW2.3 million) contracted but not provided for in the financial statements.

15 Inventories

	2023 K '000	2022 K '000
Finished goods	**75,616**	61,911
Raw materials	**44,209**	54,813
Work in progress	**32,620**	35,931
Engineering stores	**30,318**	26,657
Indirect materials	**7,636**	8,847
Goods in transit	**-**	1,500
Allowance for obsolete stock	**(4,945)**	(3,474)
	185,455	186,185

The cost of inventories expensed during the year is as disclosed under Note 7. The cost of inventories recognised as an expense includes **ZMW1.47 million** (2022: ZMW0.5 million) in respect of write-downs of inventory to net realisable value.

Inventory amounting to **ZMW12,000** (2022: ZMW8.93 million) has been transferred to property, plant and equipment as these are considered to be capital in nature in line with IAS 16.

16 Trade and other receivables

	2023 K '000	2022 K '000
Third party trade and other receivables	**280,762**	242,925
Amounts due from related companies (Note 27)	**824**	-
Loss allowance on trade receivables	**(37,209)**	(44,505)
	244,377	198,420
VAT recoverable	**38,168**	62,414
Prepayments	**7,899**	11,349
Sundry receivables	**4,872**	1,240
	295,316	273,423

Notes to the financial statements (continued)

16 Trade and other receivables (continued)

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

Analysis of movement in impairment

	2023	2022
	K '000	K '000
Balance as at start of the year	**44,505**	64,345
Amounts recovered	**(3,370)**	(6,401)
Net re-measurement of loss allowance	**2,059**	(6,343)
Net movement on statement of profit or loss	**(1,311)**	(12,744)
Foreign exchange movement	**5,557**	(1,913)
Amounts written off	**(11,542)**	(5,183)
At end of the year	**37,209**	44,505

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

The Company always measure the loss allowance for trade recievables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using provision matrix by reference to past default experience of the debtor and an analysis of the debtor 's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company's provision for credit losses reduced to ZMW37 million from ZMW 44 million in the prior year. This reduction was mainly due to recoveries as well as write offs of amounts that were previously provided.

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-23	**Current**	**30 days**	**60 days**	**90 days**	**Over 90 days**	**Total**
	K'000	K'000	K'000	K'000	K'000	K'000
	227,721	-	27,165	3,265	22,611	**280,762**
Expected credit loss rate						**0.021%**
Life time ECL						**59**

30-Sep-22	**Current**	**30 days**	**60 days**	**90 days**	**Over 90 days**	**Total**
	K'000	K'000	K'000	K'000	K'000	K'000
	187,078	-	23,827	-	32,020	**242,925**
Expected credit loss rate						**0.024%**
Life time ECL						**59**

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

Notes to the financial statements (continued)

16 Trade and other receivables (continued)

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

	Collectively assessed	Individually assessed	Total
	K'000	K'000	K'000
Balance as at 1 October 2021	(7,231)	(57,114)	(64,345)
Net re-measurement of loss allowance	7,172	(829)	6,343
Amounts recovered	-	6,401	6,401
Net movement on statement of profit or loss	**7,172**	**5,572**	**12,744**
Foreign exchange movement	-	1,913	1,913
Amounts written off	-	5,183	5,183
Balance as at 30 September 2022	**(59)**	**(44,446)**	**(44,505)**
Net re-measurement of loss allowance	-	(2,059)	(2,059)
Amounts recovered	-	3,370	3,370
Net movement on statement of profit or loss	**-**	**1,311**	**1,311**
Foreign exchange movement	-	(5,557)	(5,557)
Amounts written off	-	11,542	11,542
Balance as at 30 September 2023	**(59)**	**(37,150)**	**(37,209)**

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

17 Cash and cash equivalents

	2023	2022
	K '000	K '000
Bank balances	**203,136**	58,500
Cash in hand	**232**	124
Cash and cash equivalents	**203,368**	58,624
Bank overdraft (Note 19)	**-**	(47,285)
Net cash and cash equivalents	**203,368**	11,339

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 denominated bank accounts.

Notes to the financial statements (continued)

18 Contract liabilities, trade and other payables

	2023	2022
	K '000	K '000
RMB payable	**508,079**	312,603
Third party trade payables	**27,491**	21,449
Accrued expenses and other payables	**27,934**	11,660
Contract liabilities	**24,680**	12,844
Inter-Company trade payable	**16,184**	54,012
	604,368	412,568

Contract liabilities represent customer payments received in advance for the delivery of copper cables that are expected to be recognised as revenue in the financial year ending 30 September 2024. **ZMW12.8 million** was recognised in the current year as revenue relating to brought forward contract liabilities.

Trade payables are obligations to pay for goods and services. As at 30 September 2023, **79%** (2022:76%) of total trade payables of **ZMW604.4 million** (2022: ZMW412.6 million) include liabilities under supplier financing arrangements with maturities beyond 90 days. The carrying value of trade payables approximate fair value.

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

Supplier Finance Arrangements

	2023	2022
Carrying Amount	**K '000**	K '000
Presented in trade and other payables	**508,079**	312,603
- Of which suppliers have received payment	**508,079**	312,603

Zamefa has a letter of credit (LC) facility with Rand Merchant Bank (RMB). This is for Copper purchases from local mines. The mines forward invoices directly to RMB, Zamefa repays the Bank for the settlement of the invoices on the specified repayment dates. The payment due dates are 90 days. The payment due dates for comparable trade payables are also 90 days.

19 Bank Overdrafts

	2023	2022
Secured - at amortised cost	**K '000**	K '000
(i) Bank overdraft (note 17)	**-**	47,285

The Company has overdraft facilities with ABSA Bank Zambia Plc of **US$3.5 million** (2022: US$3.5 million) and Rand Merchant Bank Limited (RMB) **US$40 million** (2022: US$40 million) respectively. The ABSA Bank Zambia Plc overdraft facility is secured against a floating debenture covering all the Company's assets and a mortgage over property on Plot No. 1400 Luanshya while the one from Rand Merchant Bank Limited is secured by a parent company guarantee from Reunert Limited. The overdraft facility for ABSA Bank Zambia Plc carries interest at 3 months Secured Overnight Financing Rate (SOFR) plus 4.57% per annum whereas that from Rand Merchant Bank Limited of US$40 million carries interest at 3 month Secured Overnight Financing Rate (SOFR) plus 3.05% per annum.

20 Share capital

	2023	2022
	K '000	K '000
Authorised:		
150,000,000 (150,000,000 :2022) ordinary shares of **K 0.01** each	**1,500**	1500
Issued and fully paid:		
27,090,099 ordinary shares of **K 0.01** each	271	271

Notes to the financial statements (continued)

21 Revaluation surplus

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

22 Share-based payment reserves

	2023 K'000	2022 K'000
As a result of IFRS 2- Share- based payment		
At the beginning and end of the year	**208**	208
Share-based payment - non current		
At the beginning of the year	**208**	208
Reversed during the year	**(208)**	-
At the end of the year	**-**	208

23 Deferred tax

Deferred tax is calculated using the enacted income tax rate of 15%.

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

Deferred tax

Year ended 2023	**At 01.10.2022**	**Recognised in profit or loss**	**At 30.09.2023**
	K'000	**K'000**	**K'000**
Deferred tax liabilities			
Property, plant and equipment:			
- on historical cost basis	(1,330)	(149)	(1,479)
- on revaluation surpluses	17,496	-	17,496
	16,166	(149)	16,017
Deferred tax assets			
Unrealised exchange gains/ (losses)	18	(1,660)	(1,642)
Provisions	(8,049)	526	(7,523)
Restricted interest	(5,035)	(1,320)	(6,355)
	(13,066)	(2,454)	(15,520)
Net deferred tax liability	**3,100**	**(2,603)**	**497**

Year ended 2022	**At 01.10.2021**	**Recognised in profit or loss**	**At 30.09.2022**
	K'000	**K'000**	**K'000**
Deferred tax liabilities			
Property, plant and equipment:			
- on historical cost basis	(1,033)	(297)	(1,330)
- on revaluation surpluses	17,496	-	17,496
	16,463	(297)	16,166
Deferred tax assets			
Unrealised exchange gains/ (losses)	9,717	(9,699)	18
Provisions*	(11,004)	2,955	(8,049)
Restricted interest*	(8,006)	2,971	(5,035)
Tax losses	(1,089)	1,089	(0)
	(10,382)	(2,684)	(13,066)
Net deferred tax liability	**6,081**	**(2,981)**	**3,100**

*Prior year amount has been aligned with current year presentation to ensure consistency between the two years.

Notes to the financial statements (continued)

24 Retirement benefit obligations

	2023	2022
	K '000	K '000
At start of the year	**6,889**	7,156
Charged to profit or loss (Note 8)	**5,852**	7,339
Payments during the year	**(5,551)**	(7,606)
At end of the year	**7,190**	6,889
Analysed as:		
Non-current	**1,953**	1,321
Current	**5,237**	5,568
Total	**7,190**	6,889

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

25 Cash generated from operations

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

	2023	2022
	K '000	K '000
Profit/ (loss) before income tax	**31,024**	(4,895)
Adjustments for:		
Interest income (Note 9)	**(321)**	(2)
Interest expense (Note 9)	**32,856**	18,212
Depreciation (Note 13)	**3,124**	2,738
Decrease in Expected credit loss allowance (Note 16)	**(7,296)**	(19,765)
Decrease /(Increase) in retirement benefit obligations	**301**	(267)
Share based options	**(208)**	-
Effect of exchange rate movements on cash and cash equivalents*	**6,410**	23
Increase in allowance for obsolete stock*	**1,471**	531
Changes in working capital		
- Trade and other receivables	**(14,597)**	122,382
- Inventories	**(741)**	39,108
- Critical spares reclassified from inventory	**(12)**	(8,930)
- Trade and other payables	**191,800**	(5,791)
Cash generated from operations	**243,811**	143,344

* Prior year amount has been aligned with current year presentation to ensure consistency between the two years.

Notes to the financial statements (continued)

26. Contingent Liabilities

The Company had no pending legal proceedings against it and there are no other contingent liabilities as at 30 September 2023 and 30 September 2022.

27 Related party transactions

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

The Company has transacted with the following related Group companies:

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

(i) Purchase of goods and services

	2023 K '000	2022 K '000
CBi-Electric: African Cables - Purchase of finished goods, raw materials and plant and machinery	**267,147**	78,481

(ii) Sale of goods and equipment

CBI Electric-African Cables	**150,776**	17,009

(iii) Directors interests in the Company

As at 30 September 2023, the Directors shareholding interest in the Company, as recorded on the Lusaka Securities Exchange are as follows:

	2023	2022
K.D Bwalya	**2,000**	2,000
Total ordinary issued shares of the company	**27,090,099**	27,090,099

2 Notes to the financial statements (continued)

27 Related party transactions (continued)

(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.

	2023	2022
	K '000	K '000
Remuneration	**4,208**	6,593

Independent Non Executive Directors remuneration

Directors fees	**1,384**	1,211

Executive Directors annual remuneration

Analysis is as follows:

	2023	2022
	K'000	K'000
Basic salary	**1,681**	4,031
Other allowances	**1,143**	1,124
Gratuity	**-**	227
Total	**2,824**	5,382

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

	2023	2022
	K '000	K '000
Payable to CBI Electric-African Cables	**16,184**	54,012

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

CBI-Electric: African Cables	**824**	-

(vii) Payable to related parties

	2023	2022
	K '000	K '000
Equity loan from Reunert Finance Company proprietary Limited:	**365,000**	365,000

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

Notes to the financial statements (continued)

28. Segment reporting

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

The segment information provided to the Board for the reportable segment for the year ended 30 September 2023 is as follows:

	2023	2022
	K'000	K'000
Sale of goods		
Copper rod		
Export	**1,147,762**	1,184,595
Wires and cables		
Local (Zambia)	**750,242**	551,486
Export	**438,069**	320,147
Total sales	**2,336,073**	2,056,228
Fixed and variable expenses	**(2,269,390)**	(2,040,175)
EBITDA	**66,683**	16,053
Interest income	**321**	2
Interest expenses	**(32,856)**	(18,212)
Depreciation	**(3,124)**	(2,738)
Income tax expenses	**(5,396)**	(2,449)
Profit/ (loss) after tax	**25,628**	(7,344)
Total assets	**826,005**	635,355
Total liabilities	**620,054**	472,824

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 2023 will be held at the Radisson Blu Hotel, Lusaka, Zambia on 13 December 2023 at 10:00 hours to transact the following business:-

The proceedings will also be streamed live through the Ventura Meeting platform link given below:

Shareholders and proxies are required to register in advance. Please refer to page 71 for detail on attending the meeting virtually.

https://meetings.venturasolutions.org

1. Minutes of the previous Annual General Meeting

To consider and adopt the minutes of the Annual General Meeting held on 13 December 2022.

2. Re-election of Directors

Resolution 2.1
Resolved that C Kabaghe be and is hereby re-elected as a **Non-Executive** Director of the Company
(Refer to page 67 for CV)

Resolution 2.2
Resolved that L A Corte be and is hereby re-elected as a **Non-Executive** Director of the Company
(Refer to page 67 for CV)

3.1 Non-executive Directors remuneration

"Resolved that the increase of 3,7% in remuneration proposed hereunder in respect of independent non-executive directors, be and is hereby approved effective from 1 April 2024.

	Current fee per quarter in US$	Proposed fee per quarter in US$
Chairman of the Board	4,155	4,309
Chairman of the Audit Committee	3,430	3,557
Other independent **Non-Executive** Directors	3 013*	3,124

*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 $3,013 up to 31 March 2024 where after it will increase to $3,124. .

3.2 Directors' remuneration for ad hoc assignments

"Resolved that the chairman of the Remuneration Committee is hereby authorised to exercise discretion to pay additional fees to non-executive directors, of no more than US$3,124 (2022: $3,013) 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 2024 and shall endure until the earlier of a superseding resolution being passed by shareholders, or two years from the date of passing of this resolution."

NOTICE OF ANNUAL GENERAL MEETING (Continued)

3.2 Directors' remuneration for ad hoc assignments (Continued)

INFORMATION PERTINENT TO RESOLUTION NO 3.2

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

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

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

4. Director's Report and Financial Statements

To receive and adopt:

- the Director's report - Page **15-25** of the Audited Financial Statements.

- the Audited Financial Statements for the year ended 30 September 2023, page **30-64** of the Audited Financial Statements

- the **report** thereon of the auditors - Page **26-29** 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 **53** of the Audited Financial Statements.

6. Appointment of Auditors

To appoint KPMG Incorporated as the auditors of the Company for the 2024 financial year and to authorise the Directors to set their remuneration.

7 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

Notice to shareholders(Continued)

1. 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.

2. 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

Metal Fabricators of Zambia PLC

Form of Proxy

For the 2023 Annual General Meeting

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

of..Address)

Number of votes

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

(1 Share = 1 vote)

Do hereby appoint

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

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

3. The Chairman of the meeting

As my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to held at Radisson blu Hotel, Lusaka, Zambia on 13 December 2023 at 10:00 AM and at any adjournment thereof as follows:

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

Metal Fabricators of Zambia PLC

Form of Proxy

For the 2023 Annual General Meeting (Continued)

Agenda item	Mark with X where applicable		
	In favour	Against	Abstain
3. Non-executive Directors remuneration			

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 2024.

	Current fee per quarter in US$	Proposed fee per quarter in US$
1. Chairman of the Board	4,155	4,309
2. Chairman of the Audit Committee	3,430	3,557
3. Other independent **Non-Exective Directors**	3,013*	3,124*

*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$3,013 up to 31 March 2024 whereafter, it will increase to US$3,124.

Resolution 3.2

"Resolved that the chairman of the Remuneration Committee is hereby authorised to exercise discretion to pay additional fees to Non-Executive Directors, of no more than US$3,124 (2022: $3,013) 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."

The authority granted herewith shall commence on 1 April 2024 and shall endure until the earlier of a superseding resolution being passed by shareholders, or two years from the date of passing this resolution"

4. To receive and adopt:
- the Director's report - page **15 – 25** of the AFS
- the audited financial statements for the period ended 30 September 2023 – page **30** – **64** of the AFS
- the report thereon of the auditors – page **26 – 29** of the AFS.

5. Dividend
Resolved that the Board of Directors proposal not to pay a dividend be approved- note 12 on page **53** of the AFS.

6. Appointment of Auditors
To appoint KPMG Incorporated as the auditors of the company for the 2024 financial year and to authorise the Directors to set their remuneration.

Signed at________________________ on this____________________day of__________________2023

Signature____

Assisted by me(where applicable) (see note43)_____________________________________

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

Form of Proxy

For the 2023 Annual General Meeting (continued)

Notes:

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

Form of Proxy

For the 2023 Annual General Meeting (continued)

1. HOW TO PARTICIPATE IN THE AGM VIRTUALLY

a) The proceedings of the Meeting will be streamed live through the Ventura Meeting platform link given below, shareholders and proxies are required to register in advance.

https://meetings.venturasolutions.org

b) In order to register for the meeting, shareholders and proxies must have a working email and active cell phone number.

c) The window for registration for the meeting shall be open on 20 November 2023 and close on 11 December 2023 at 10h00 Hours.

A shareholder and proxy who does not register during this period will not be able to do so when registration ends on 11 December 2023.

d) After registering, a shareholder and proxy will receive a confirmation email containing meeting credential information about joining the meeting.

e) To fully participate in the Annual General Meeting, a shareholder and proxy must have a reliable internet connection.

f) Shareholders and proxies who do not have a reliable internet connection are welcome to use the proxy form included at the back of the Annual Financial Statements to vote / register the proxy.

g) Attendance registration will commence at 08h00 Hours on the day on the meeting and will end on 09h30 on 13 December 2023. Shareholders in attendance who are not registered by 09h30 on 13 December 2023 will be handed a voting form on which their votes can be recorded.

2. HOW TO e Vote

a) **Via Webinar** - The vote icon will be on the top left side of your screen.

b) **Via Standalone e Vote (for those attending the meeting physically**) - The vote box will be on the left side of your screen.

NOTE

Queries on how to log into the Meeting, registration or on the voting process can be channelled ShareTrack Zambia on email sharetrack@scs.co.zm and to the following numbers:

ShareTrack ZAMBIA "Tracking Your Shares"

SPECTRUM HOUSE
Stand No. 10, Great East Road, Jesmondene,
P O Box 37283, LUSAKA

Tel: +260 211 374 777/78/79
+260 77 777 4775
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+260 97 7899379
+260 95 589 9375

Email: sharetrack@scs.co.zm
Website: www.sharetrackzambia.com

Notes

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