

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

ISSUER



METAL FABRICATORS OF ZAMBIA PLC ("ZAMEFA")
[Incorporated in the Republic of Zambia]

Company registration number: 5079
Share Code: ZAMEFA
ISIN: ZM0000000243
Authorised by: Roseta M. Chabala – Managing Director

SPONSOR



STOCKBROKERS ZAMBIA LIMITED
Stockbrokers Zambia Limited
[Founder Member of the Lusaka Securities Exchange]
[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The captioned Notice or Announcement has been approved by:

- the Lusaka Securities Exchange
- the Securities and Exchange Commission
- Stockbrokers Zambia Limited

DISCLAIMER AND RISK WARNING

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

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

ISSUED: 24 May 2018



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["ZAMEFA"]

RESULTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018

In compliance with the Securities Act No. 41 of 2016 and the Listing Requirements of the Lusaka Securities Exchange, Metal Fabricators of Zambia PLC (ZAMEFA) announces its separate and consolidated results for the 6 month period ("Period") ended 31st March 2018.

Statement of profit or loss and other comprehensive income

	Group		Company	
	Period ended 31- Mar-2018	Period ended 31- Mar-2017	Period ended 31- Mar-2018	Period ended 31- Mar-2017
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Revenue	582,933	592,419	582,933	592,104
Gross profit	37,094	52,267	37,094	52,213
Operating Income	14,215	30,485	14,229	30,441
Net Finance costs	(13,284)	(7,377)	(13,284)	(7,377)
Net foreign exchange (losses)/gains	(715)	1,445	(719)	837
Profit before income tax	216	24,553	226	23,901
Income Tax charge for the period	-	(5,574)	-	(5,519)
Profit for the period	216	18,979	226	18,382
Other comprehensive income				
Items that will be reclassified subsequently to the profit or loss				
Exchange difference on translation of foreign operation	(2)	(77)	-	-
Total comprehensive profit for the period	214	18,902	226	18,382
Earnings per share	0.01	0.70	0.01	0.68

Statement of Financial Position

	Group		Company	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Assets				
Non-current assets				
Property, plant and equipment	114,345	120,761	114,345	120,761
Deferred tax assets	145	2,087	145	2,087
Total non-current assets	114,490	122,848	114,490	122,848
Current assets				
Other current assets	401,519	396,152	406,445	400,310
Cash and bank balances	17,824	25,856	15,867	24,649
Total current assets	419,343	422,008	422,312	424,959
Total assets	533,833	544,856	536,802	547,807
Equity and liabilities				
capital and reserves				
Share capital	271	271	271	271
Revaluation surplus	52,880	52,880	52,880	52,880
Share Based Reserve	105	-	105	-
Foreign currency translation reserve	1,123	138	-	-
Retained earnings	37,103	35,555	40,747	38,645
Total equity	91,482	88,844	94,003	91,796
Non-current liabilities				
Long term loan	190,067	-	190,067	-
Retirement benefit obligation	4,893	5,154	4,893	5,154
Total non-current liabilities	194,960	5,154	194,960	5,154
Current liabilities				
Bank overdrafts	105,484	234,322	105,919	234,322
Trade payables	141,907	212,357	141,920	212,356
Shareholders for dividend	-	3,792	-	3,792
Current tax liabilities	-	387	-	387
Total current liabilities	247,391	450,858	247,839	450,857
Total liabilities	442,351	456,012	442,799	456,011
Total equity and liabilities	533,833	544,856	536,802	547,807

Statement of changes in equity
Company

	Share capital ZMW '000	Revaluation reserve ZMW '000	Retained earnings ZMW '000	Proposed dividend ZMW '000	Share Based reserve ZMW '000	Total ZMW '000
Period ended 31 Mar 2018						
At start of the period	271	52,880	40,521	3,792	105	97,569
Profit for the period	-	-	226	-	-	226
Share Base Reserve	-	-	-	-	-	-
Dividend:						
Final for 2017 paid	-	-	-	(3,792)	-	(3,792)
At end of the period	271	52,880	40,747	-	105	94,003

Statement of changes in equity
Group

	Share capital ZMW'000	Revaluation reserve ZMW'000	Retained earnings ZMW'000	Foreign currency translation reserve ZMW'000	Share based reserve ZMW'000	Proposed dividend ZMW'000	Total ZMW'000
Period ended 31 Mar 2018							
At start of the period	271	52,880	36,887	1,125	105	3,792	95,060
Profit for the period	-	-	216	-	-	-	216
Share-based reserve	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	(2)	-	-	(2)
Dividend:							
-Final for 2017 Paid	-	-	-	-	-	(3,792)	(3,792)
At end of the period	271	52,880	37,103	1,123	105	-	91,482

Statements of cash flows

	Group 31-Mar-18	31-Mar-17	Company 31-Mar-18	31-Mar-17
Cash flows from operating activities				
Cash (used by) generated from operations	(78,462)	16,319	(79,125)	15,189
Net Interest paid	(13,284)	(7,377)	(13,284)	(7,377)
Income tax paid	(13)	-	(13)	-
Net cash generated from operating activities	(91,759)	8,942	(92,422)	7,812
Net cash used in investing activities	(248)	(40)	(248)	(40)
Dividends paid	(3,792)	-	(3,792)	-
Net(decrease) increase in cash and cash equivalents	(95,799)	8,902	(96,462)	7,772

Share capital

There were no changes in the issued share capital of the Company during the period under review.

Results and dividends

	Group		Company	
	Six month Period ending 31- Mar- 18	Six month Period ending 31-March-17	Six month Period ending 31- Mar- 18	Six month Period ending 31-Mar-17
Revenue	582,933	592,419	582,933	592,104
Operating profit for the year/period	14,215	30,485	14,229	30,441
Net profit for the year/period	216	18,979	216	18,382

Half Year key figures

Revenue is 1.6% and 1.5% lower for the group and Company respectively than achieved in the first half of 2017 as a result of a decrease in volumes which was largely off-set by the increase in the average copper price in the current year compared the the corresponding period in the prior year.

Domestic sales volumes for first half of 2018 were lower compared to the same period in the prior year resulting from curtailing the level of sales into the local utility market necessitated by the ongoing environment of reduced liquidity in the local market.

Export volumes for copper wire, rod and conductors decreased compared to the first half of 2017 due to lower demand from our main export markets. In addition, an increase in funding requirements, due to the delay in receiving export duty and input VAT refunds from the Zambia Revenue Authorities ("ZRA") necessitated curtailing the level of the groups trading to ensure the groups continued solvency and its ability to discharge obligations as they fall due.

The reduction in gross margins from 9% to 6.5% resulted mainly from a change in mix compared to the corresponding period in the prior year, the material increase in the average copper price as well as the lower volumes.

Profit before tax for the Group is lower by 99% compared to the first half of 2017. This was mainly due to reduced sales volumes and an increase in the financing costs.

Group earnings per share for the first half of 2018 at ZMW0.10 are 86% lower than the first half of the prior year (2017 - ZMW0.70)

Half Year Company Highlights

Zamefa's operating environment continued to be characterised by tight liquidity, mainly due to non-settlement of government and quasi government debt.

The Group continued focusing on strategies to improve its liquidity amongst others engaging Senior Government representatives as well as the ZRA, and indications are that the outstanding overdue amounts will be liquidated before the end of the third quarter.

Lusaka Securities Exchange Sponsoring Broker	
	T +260-211-232456 E advisory@sbz.com.zm W www.sbz.com.zm Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.

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