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### Sustainability reporting

47 Inaugural sustainability report

This Intergrated Annual Report covers the financial year from 1 October 2014 to 30 September 2015. The reporting period is annual with the last report having been published in January 2015. The financial statements are presented in United States Dollars ("US\$")



# Company profile

CAFCA Limited ("CAFCA") manufactures and supplies cable and allied products for the transmission and distribution of electrical energy and information primarily in Southern and Central Africa. We manufacture over 900 cabling products including 11kV XLPE cables all to British, South African and Zimbabwe quality standards.

CAFCA offers a toll manufacturing option to all its customers who can access key raw materials such as copper and aluminium, which are converted at the cost of value addition.

We also recover decommissioned cables for recycling that can be exchanged for other products within our manufacturing range.

# Mission statement

### Our goal is to create long term shareholder value

Our business purpose is:

- to be a leading manufacturer and supplier of cable and allied products for the transmission and distribution of information and energy for the Central and Southern African markets
- to be recognised for excellence in providing quality products and services that give best value to all our customers and other stakeholders.



- · We consistently delight customers.
- · We strive for continued improvement.
- We achieve business excellence.
- · We recognise suppliers as active partners in our business.
- We do it right.
- · We respect and value each other's contribution.
- · We work as a team.
- We provide equal opportunities and encourage personal growth.
- We care for the environment and support the community.

# Corporate information

CAFCA Limited ("CAFCA") is quoted on the Zimbabwe, Johannesburg and London Stock Exchanges. Established in 1947, CAFCA is part of CBI Electric African Cables incorporated in South Africa, which in turn is owned by Reunert Limited incorporated in South Africa. It has been at the forefront of the cable industry in the region for more than 60 years, supplying large volumes of cable to power and telecommunication utilities as well as the mining, agricultural and industrial sectors.

INDEPENDENT AUDITOR	DIRECTORS	BANKERS	REGISTERED OFFICE
PricewaterhouseCoopers Chartered Accountants (Zimbabwe) Building No 4 Arundel Office Park Norfolk Road Mount Pleasant Harare  LEGAL ADVISORS  Coghlan, Welsh and Guest Cecil House 2 Central Avenue Harare P.O. Box 53 Harare	H.P Mkushi (Chairman) R.N. Webster (Managing Director) E.T.Z. Chidzonga A. Mabena S.E. Mangwengwende T.A. Taylor P. De Villiers G. Eddey G.J.H.Steyn  SECRETARY C. Kangara	African Banking Corporation of Zimbabwe Limited Barclays Bank of Zimbabwe Limited MBCA Bank Limited Stanbic Bank Limited Central Africa Building Society	54 Lytton Road Workington Harare POSTAL ADDRESS P O Box 1651 Harare



# The period in brief

Financial highlights	30 September 201
T maneral migningrits	US

Revenue	29 310 805
Operating profit	2 445 275
Profit before income tax	2 452 551
Profit for the year	1 796 524
Earnings per share (cents)	5.48
Market price per share (cents)	40.00

# Milestones

CAFCA was the first company in Zimbabwe to achieve ISO 9002 accreditation, later upgraded to ISO 9001, which enables it to design as well as produce cabling to international standards.

In 1999 CAFCA became the first cable company in sub-Saharan Africa to be awarded the environmental standard, ISO 14001.

### Quality management standard

Accredited to ISO 9001

(First company to gain accreditation in Zimbabwe:1994)

### Occupational health and safety standard

Accredited to OHSAS 18001:2007

### **Environment management standard**

Accredited to ISO 14001:2004

(First cable company in sub-Saharan Africa to achieve the international quality standard)

### Zimbabwe Electricity Supply Authority annual supply contracts

- Low voltage armoured cables: 1985-98, 2000-03
- All aluminium conductor: 1988-99, 2001-03
- Aluminium conductor steel reinforced 1988-99, 2001-03

### Anglo American Corporation annual supply contract

• 1985-2000

### BHP annual supply contract

• 1996-1999

### **Botswana Power Corporation**

• Split concentric annual supply contract 2000-2004

### **Botswana Ministry of Health**

 Annual supply of low smoke and fume white stripe cables 2002-2004

### African Cables (South Africa)

 Monthly delivery of 600/1000V red stripe to SANS 1507 2003 specifications to date

### Confederation of Zimbabwe Industries (CZI)

Industrial Exporter of the Year 1<sup>st</sup> Runner up 2005

### Confederation of Zimbabwe Industries (CZI)

Industrial Exporter of the Year 1<sup>st</sup> Runner up 2008

### National Industrial Energy Efficiency Award

1st Runner up 2011

### Zimbabwe Quoted Companies Survey 2012

Manufacturing Winner

### National Industrial Energy Efficiency Award

Winner 2013 and 2014

### Exporter of the year

• Runner up 2012



# Corporate governance

Corporate governance represents the means by which direction and control are applied to the stewardship of an organisation's assets, tangible and intangible, financial and non-financial, in the pursuit and delivery of the primary objective of sustainable value creation.

### **Ethics**

Directors, management and staff are required to maintain the highest possible standards of business ethics and accountability and appropriate disciplinary measures are in place in the event of non-conformity.

### **Board of directors**

The board of directors (the "board") of CAFCA Limited fully supports the highest standards of corporate governance and is committed to the principles of openness, integrity and accountability in dealings with all stakeholders. The board fully recognises its responsibilities for setting the Group's strategic direction, providing the leadership to put this into effect, supervising the management of the business and reporting to the shareholders on its stewardship.

The board meets at least four times a year. One third of the board retire by rotation at the Annual General Meeting and may offer themselves as eligible for re-election.

Following the appointment of new directors to the board, an induction programme is arranged in order to facilitate their understanding of the Group.

### Audit committee

This committee was established to help the board discharge its responsibilities relating to the safeguarding of assets, the operating of adequate systems and controls and of adding assurance and credibility to the Group's financial reporting process.

The audit committee has the authority to conduct or authorise investigations into any matters within its scope of responsibilities. The audit committee comprises no less than three non-executive directors. The board appoints committee members and the chairman of the audit committee from among its directors. The audit committee meets no less than four times a year.

The audit committee assists the board in fulfilling its responsibilities by reviewing and making recommendations on the following:

- The financial reporting process,
- The systems of internal control,
- The process for the management of business risks,
- The audit process, and
- The Group's process for monitoring compliance with relevant laws and regulations.

### **Executive committee**

This committee consists of the executive team, which is responsible for implementing the board's strategies, plans and policies, identifying risk for the board and for safety, health, environment and other operational matters.

### Risk management

Effective risk management is a board responsibility and is integral to the Group's objective of consistently adding value to the business. Business risks have been identified and relevant strategies are in place to address them. The managing director is required to identify and present all risks for review by the audit committee.

### Management reporting

The Group's performance is monitored by weekly and monthly management meetings and is supported by management reporting disciplines that include the preparation of annual business plans and monthly results reported against budgets and other targets.

### Compensation committee

This committee consists of two non-executive directors who review and approve executive and staff remuneration, inclusive of bonuses and benefits as well as directors' fees, within the board's terms of reference.

### Operations controls

While operating risk can never be fully eliminated, the Group endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout its business. Key policies employed in managing operating risk involve the segregation of duties, transactions and authorisations, as well as monitoring financial and managerial reporting.





# Directors' report

The directors have pleasure in presenting their report together with the financial statements of CAFCA Limited for the twelve months ended 30 September 2015.



The financial reports have been prepared in United States Dollars ("US\$").

### Capital

Authorised share capital

The authorised capital remains unchanged at 50 000 000 ordinary shares of US\$ 0.00001 each.

### Issued share capital

Issued share capital stands at 32 770 666 fully paid-up ordinary shares.

### Unissued share capital

In terms of the Articles of Association of the Company, unissued shares are under the control of the directors. The unissued share capital is under the control of directors subject to the limitations of the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations.

### Results for the year

The results for the year are reported in the financial statements for the year ended 30 September 2015 which are set out on pages 13 to 43.

### Attention to quality

Attention to quality is one of the reasons for our continued success.

At all levels we put our best endeavours into achieving product performance, safety and reliability. We monitor, control, document and regularly review all Group activities from design through to production and inspection.

We hold quality systems' accreditation and product approvals from a number of authorities both local and international.

In terms of the Articles of Association of the Company, one third of the directors, excluding the managing director, will retire by rotation each year.

In accordance with the Articles of Association, Messrs Mr H.P. Mkushi and G.J.H. Steyn retire by rotation.

The directors, being eligible, offer themselves for re-election.

None of the directors had any shares in the Company's subsidiaries at any time during the year. None of the directors had an interest in any contract of significance with the Group during the year.



# Directors' report (continued)

### **Employment policies**

CAFCA Limited does not discriminate on the basis of race, religion, sex or disability and is committed to providing opportunities, safe working conditions and attractive remuneration to staff.

The Group endeavours to attract and retain talented and suitably qualified and experienced staff through performance-based reward systems, including an incentive bonus scheme.

### Corporate governance

A statement on corporate governance is set out on page 4.

#### Auditors

PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have indicated their willingness to continue as the Group's auditors. A resolution to authorise their re-appointment will be proposed at the Annual General Meeting.

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### The management team comprises:

Rob Webster	- Managing director
Caroline Kangara	- Finance executive
Godfrey Mavera	- Chief engineer
Farai Mukumbira	- Sales and marketing executive

Dumisani Mhlanga- Manufacturing executive



### Meetings of directors

The following table sets out the number of board meetings held by CAFCA Limited during the period under review and those attended by each director.

	Meetings held	Meetings attended	
H.P. Mkushi	4	4	
R.N. Webster	4	4	
E.T.Z. Chidzonga	4	4	
P. W. de Villiers	2	2	
G.W. Eddey	2	2	
A. Mabena	4	4	
S.E. Mangwengwend	le 4	4	
G.J.H. Steyn	2	2	
T.A. Taylor	4	4	

### **Directors' interests**

Details of directors' interests in the ordinary shares of the Company are shown below:

	Number	of shares	
	Shares held directly	Shares held indirectly	
H.P. Mkushi	-	414 405	
R.N. Webster	-	223 366	
E.T.Z. Chidzonga	100	-	
A. Mabena	100	-	
S.E. Mangwengwer	nde 100	-	
T.A. Taylor	200	-	



### **Directors**



### Honour Piniel Mkushi - Chairman

Non-executive director L.L.B (Hons), (London)

Appointed to the board on 1 January 1986.

Honour is an Advocate of the High Court of Zimbabwe. He is the senior partner of Sawyer & Mkushi. He has been in private practice since 1971 and has an immaculate professional record with the Law Society of Zimbabwe. He specialises in corporate commercial banking, financial and property law practice. He has experience in constitutional law making, including attending the Geneva and Lancaster House London negotiations for Zimbabwe's Independence. He was a Commissioner involved in the drafting of the new Constitution for Zimbabwe in 1999.

Honour has sat on various boards including:

Chairman of the Council of Great Zimbabwe University for 6 years.

Chairman of the Board of Zimpapers for 12 years.

Chairman of the Board of Zimbabwe Mass Media Trust for 14 years.

Chairman of the Board of Leyland Zimbabwe Motor Corporation for 10 years.

Chairman of the Board of Commercial Union Insurance Company for 8 years.

Chairman of the Board of Standard Chartered Bank Zimbabwe Limited for 27 years.

Board Member of Lonrho Zimbabwe Limited – Motor and Mining.

He is currently the Chairman of six other reputable companies in Zimbabwe.

Windmill Fertilisers Limited, Marsh Insurance Brokers (Private) Limited, Nissan Clover Leaf Motors (Private) Limited Zimbabwe Motor Investments (Private) Limited, Aptics ICT (Private) Limited, Automotive Distributor (Private) Limited.



**Robert Neill Webster** 

Managing director B.A.cc (Natal), C.A (Z)

Appointed to the board on 11 July 2006.

Rob completed his articles of clerkship with Coopers and Lybrand and left as an audit manager to join 5T Holdings as financial director. He later joined Apex Corporation Limited as financial director and progressed to divisional executive of the foundry division. Rob was then approached by the CFI group to run Victoria Foods, which then led to promotion to divisional executive - poultry.

He joined CAFCA in 2006 as managing director.



### Simbarashe Emanuel Mangwengwende

Non-executive director

B.Sc. (Eng.) (Hons.) (Electrical Engineering) (University of Zimbabwe), M.Sc. (Management of Technology) (Washington University. U.S.A). F.Z.W.E.I.E, Mem. I.E.E.E

Appointed to the board on 1 October 2006.

Simbarashe (Simba) is an electrical power engineering and management specialist with extensive experience in the electricity supply industry includes more than 14 years (1992 to 2006) as chief executive of the Zimbabwe Electricity Supply Authority (ZESA), the country's national utility, eight years (1981 to 1988) in electricity distribution engineering in various capacities of increasing responsibility and four years

(1988 to 1992) in corporate planning.

Since retirement in 2006 he has been working as an independent consultant and sits on the boards of several public and private companies and non-profit organisations.



**Alvord Mabena** 

Non-executive director
B. Sc. Mechanical Engineering
Appointed to the board on 19 February 1998.

Alvord has 20 years of experience in the Railway industry as an Engineer, the last ten of which he was chief executive of the National Railways of Zimbabwe. He spearheaded the turnaround of the organisation to become the second largest railway in the sub region, second only to South Africa.

A past president of the Zimbabwe Institution of Engineers, Alvord won the Zimbabwe Institute of Personnel Management, manager of the year award in 1992 in recognition of his service with distinction in the public utility category.

A businessman, Alvord is also a director of private and public sector companies quoted on the Zimbabwe Stock Exchange including banking institutions and universities, among others. He has also been recently appointed by the Government of Zimbabwe as Chairman of the National Railways of Zimbabwe Board. He is one of the established livestock breeders in Matebeleland and is heavily involved in voluntary community service where he is the current president of the Rotary Club of Bulawayo South where he was conferred with a Paul Harris Fellow award, which award is accorded Rotarians who would have served the community with distinction.

He is married and has one daughter and one grand daughter.



# Directors (continued)



Thomas Alexander Taylor Non-executive director B.Com. (Cape Town), C.A. (SA) C.A.(Z) Appointed to the board on 11 October 1995.

Tom served his articles with Price Waterhouse where he worked in their Bulawayo, Harare and London offices. He was admitted as a partner in July 1972. Until June 1985, he was an audit partner in Bulawayo and partner in charge of the Botswana office. He then transferred to Harare as senior partner of Price Waterhouse Central Africa (Zimbabwe, Botswana, Malawi and Mozambique). Tom retired from the firm on 30 June 1995 after having completed 10 years as a senior partner.

Currently self-employed, Tom sits on the boards of various public and private companies.



Edwin Tavengwa Zinyoro Chidzonga Non-executive director M.A. (Accounting & Finance) UK, F.C.C.A. (UK), F.C.M.A (UK), M.I.M. (UK) Appointed to the board on 17 February 2000.

Edwin joined Minerals Marketing Corporation of Zimbabwe (MMCZ) as a financial controller in 1983. In 1986, he was appointed managing director designate in the MMCZ European office, Zurich. In 1990, he was appointed managing director of MMCZ Sales, Zurich. Between 1994 and 1995, Edwin worked as managing director of Standard Chartered Finance, Zimbabwe and between 1996 and 1997 worked in the bank's London Head Office. Between 1998 and 2000, Edwin worked mainly as a consultant before joining Mining Industry Pension Fund where he was the chief executive officer.

Edwin sits on the boards of AIG Zimbabwe (Private) Limited; Duly's (Private) Limited and Intermarket Life Assurance Company of Zimbabwe, among other directorships.

Currently Edwin is an Associate Director- clients and markets with Deloitte.



Graeme Wales Eddey Non-executive director CMA Appointed to the board on 19 February 2015

After having joined Siemens Limited Southern Africa in January 1999 and holding various positions within the Siemens group, Graeme was appointed to the board as chief financial officer, of Siemens Enterprise Communications in October 2006. With the disinvestment of Siemens' global telecommunications group, Reunert Limited acquired the Southern Africa operations of Siemens Enterprise Communications.

In November 2012 Graeme was appointed financial director of CBI-Electric: African Cables, a subsidiary company within the Reunert Limited group and later appointed managing director of the organisation in September 2014.

Graeme has obtained extensive training and work experience both locally and abroad during his career.



Pieter Wouter de Villiers
Non-executive director
B. Eng (Electronic) University of Pretoria
B.Comm University of South Africa
Appointed to the board on 19 February 2015

Pieter joined CBI Electric African Cables in 2000 as Production Manager. He is currently the Technical Director of that company. Before joining CBI, Pieter worked for USKO LTD and Morris Material Handling.



Gideon Johannes Hendrik Steyn Non-executive director Bcompt Hons (University of South Africa) Appointed to the Board 19 February 2015

Johan completed his articles with KPMG and left as an audit supervisor to join ATC (Proprietary) Limited. After working in various tasks, capacities, Johan was appointed as Divisional Director Finance of the company. Johan was appointed as the Head of Internal Audit of Reunert Limited.

At the end of 2008 Johan was appointed as Financial Director of CBI-Electric: African Cables, a divisions of ATC (Proprietary) Limited.





## Chairman's statement

### Overview

CAFCA cable used primarily in capital projects across all sectors of the economy is obviously not in demand when the economy is in distress

To compensate for lack of local demand, strategies were adopted to barter copper for cable and to increase exports. The strategy was successful for most of the year with capacity increasing from 200 tons a month to 300 tons a month.

Regrettably several issues have forced the company to revert capacity back to a 200 ton a month business.

Firstly the price of copper has reduced from US\$6 500 at the beginning of the year to a low of US\$4 800 during the year. This reduction has dropped our barter deal sales by 30%.

Secondly the risk of power cuts resulted in a strategic decision to take the copper furnace melter out of commission. We are now running only on the holding furnace.

Thirdly exports to the north have been negatively affected by the impact of currency devaluations in our Zambian and Malawian markets. The drop in international commodity prices have affected both the Zambian and South African markets.

Locally, as everyone is aware, all sectors of the economy are battling with little investment in plant or buildings being made, so there is very little demand for cable.

### **Sustainability Reporting**

We are pleased to report our inaugural sustainability report prepared in line with the Global Reporting initiative G4 Sustainability Reporting Guidelines.

### Future outlook

The focus in the short term will be to bed down the new model of 200 tons a month concentrating on cost and efficiencies to produce a moderate profit at these levels.

Cash generation will be a focus with opportunity to reduce both stock and debtors' levels. Once opportunities arise in either the local or export market we are well placed and able to respond quickly to revert back to 300 ton monthly capacity.

#### Thanks

We continue to be very reliant on the ZESA Group and for their support we would like to say a special thank you.

To our other local and export customers thank you for your loyalty and custom without which we would not be here.

Our suppliers are key partners in our business and we trust that our relationship will continue on a win:win basis.

Thanks also to our bankers, auditors, lawyers and other service providers who continue to offer us professional and efficient service.

A special thank you to our holding company for their continued support and assistance.

Lastly may I take this opportunity to thank my fellow directors for their assistance and guidance throughout the year.

XM -

H. P. Mkushi Board Chairman

CAFCA LIMITED
12 November 2015







# Managing director's report

### Performance

During the year CAFCA Limited sold 3 079 tons of product, a volume increase of 39% over the previous year. The volume increase came mainly from exports but also from the successful recycling project with ZETDC.

Regrettably margins dropped by over 5% while costs went up by 15%. The drop in margin was caused by the increase in exports, which are at a significantly lower margin to local sales. We also cut the local price by 15% in an attempt to combat the influx of imported cable. Costs going up by 15% to manufacture 39% more volume was a result of an increase in headcount and significant increase in maintenance and running costs.

### Operations

We successfully moved the company from a 200 ton a month company to a 300 ton a month company. This was achieved by employing more people and running the plant on a 2 by 12 hour shift basis. The challenge of getting enough recycled copper through the furnaces was eventually mastered with this process no longer being the bottleneck in the factory.

In the last quarter of the year the company increased finished goods stock from 250 to 500 tons by following strict weekly completion targets. The main aim of increasing stocks was to ensure readily available stock of the big movers and to also move the stockpile of copper into finished goods.

### Outlook

Having achieved our target of a good finished goods stockholding and being wary of the economic downturn both in Zimbabwe and the region we have felt it prudent to revert back to our 200 ton model for the foreseeable future.

The copper furnace melter was decommissioned to reduce our exposure to power outage and cut the cost base back to the 200 ton model. We will be back to 2x8 hour shifts.

The focus will be on cash generation while maintaining a moderate profit base.

### Standards

The company successfully retained our ISO 9001, ISO 14001, OHSAS 18001 and SABS Mark Certifications. We eagerly await our ISO 50001 certification, which is with the SABS accreditation board.

### **Sustainability Reporting**

Sustainability reporting in terms of Global Reporting Initiative G4 Sustainability Reporting Guidelines has been included on pages 47 to 60.

### **Thanks**

A special thanks to the staff of CAFCA who continually get asked to perform miracles in a difficult operating environment.

Thanks also to all our stakeholders who have supported us throughout these difficult times.

Boulde

R. N. Webster Managing Director CAFCA LIMITED 12 November 2015

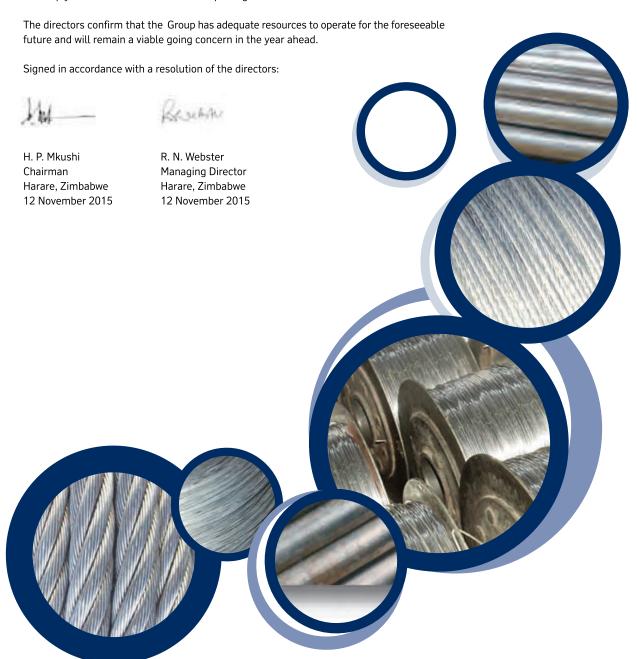




# Directors' declaration

In the opinion of the directors of CAFCA Limited, the financial statements and notes set out on pages 16 to 46 have been prepared in accordance with the Zimbabwe Companies Act (Chapter 24:03) and:

- Give a true and fair view of the financial position of the Group as at 30 September 2015 and its performance as represented by the results of its operations and its cash flows for the year then ended.
- Comply with International Financial Reporting Standards.







### to the shareholders of

### **CAFCA LIMITED**

We have audited the consolidated financial statements of CAFCA Limited and its subsidiary BICC Central Africa (Private) Limited (together the "Group"), and the separate statement of financial position of CAFCA Limited (the "Company") standing alone (together the "financial statements"), which comprise the consolidated and seperate statements of financial position as at 30 September 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, set out on pages 13 to 43.

### Director's responsibility

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 30 September 2015, and the Group's financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

PricewaterhouseCoopers

PricewaterhouseCoopers Chartered Accountants (Zimbabwe) Harare

25 January 2016

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant P O Box 453, Harare, Zimbabwe

T: +263 (4) 338362-8, F: +263 (4) 338395, www.pwc.com

T I Rwodzi – Senior Partner

The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.





# Statement of financial position As at 30 September 2015

As at 30 September 2015	GR	ROUP	COM	IPANY
Notes ASSETS	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Non-current assets Property, plant and equipment 6 Investment property 28 Investment in subsidiary 29 Loans and receivables 7	3 416 831 - - 18 540	3 139 270 - - 18 540	- 105 143 195 818 -	105 143 129 423 -
Current assets Inventories 8 Trade and other receivables 9 Cash and cash equivalents 10	3 435 371 9 540 613 5 320 445 49 508 14 910 566	3 157 810 7 203 848 3 307 196 1 247 782 11 758 826	300 961	234 566
Total assets  EQUITY AND LIABILITIES	18 345 937	14 916 636	300 961	234 566
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent Share capital 11.2 Share premium 11.2 Share option reserve 11.3 Retained earnings	328 138 081 57 733 14 115 652	326 87 699 41 722 12 139 864	328 138 081 57 733 99 562	326 87 699 41 722 99 562
Total equity	14 311 794	12 269 611	295 704	229 309
LIABILITIES				
Non-current liabilities Deferred income tax liabilities 12, 30	624 882	633 336	5 257	5 257
Current liabilitiesTrade and other payables13Provisions for other liabilities and charges14Current income tax liabilities21.1Borrowings15	2 480 976 221 537 26 225 680 523	1 701 384 275 498 36 807	:	- - - -
	3 409 261	2 013 689	-	
Total liabilities	4 034 143	2 647 025	5 257	5 257
Total equity and liabilities	18 345 937	14 916 636	300 961	234 566

These financial statements were approved for issue by the board of directors and signed on its behalf by:

H.P Mkushi Chairman

R.N Webster Managing Director





# Consolidated statement of comprehensive income For the year ended 30 September 2015

No	tes	2015 US\$	2014 US\$
Revenue	16	29 310 805	23 607 380
Cost of sales	17	(23 332 936)	(17 333 145)
Gross profit		5 977 869	6 274 235
Distribution costs	17	(124 753)	(133 614)
Administrative expenses	17	(3 643 092)	(3 560 878)
Other income	18	235 251	140 324
Operating profit		2 445 275	2 720 067
Finance income	19	10 009	17 531
Finance costs	20	(2 733)	(52 207)
Profit before income tax		2 452 551	2 685 391
Income tax expense	21	(656 027)	(657 775)
Profit for the year		1 796 524	2 027 616
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss		-	
Other comprehensive income for the year, net of income tax		_	
Total comprehensive income for the year		1 796 524	2 027 616
Attributable to: - Owners of the parent - Non-controlling interests		1 796 524 -	2 027 616 -
		1 796 524	2 027 616
Basic earnings per share (cents) 22	2.1	5.48	6.21
Diluted earnings per share (cents)	2.2	5.37	6.16





# Consolidated statement of changes in equity For the year ended 30 September 2015

	Share capital US\$	Share premium US\$	Share option reserve US\$	Retained earnings US\$	Total US\$
Year ended 30 September 2014					
Balance at 1 October 2013	326	80 699	46 346	10 112 248	10 239 619
Total comprehensive income for the year	_	-	-	2 027 616	2 027 616
Profit for the year	-	-	-	2 027 616	2 027 616
Other comprehensive income for the year	_	-	-	-	-
Transactions with owners: Issue of shares	-	7 000	-	-	7 000
Share options	_	-	(4 624)	-	(4 624)
Balance at 30 September 2014	326	87 699	41 722	12 139 864	12 269 611
Year ended 30 September 2015					
Balance at 1 October 2014	326	87 699	41 722	12 139 864	12 269 611
Total comprehensive income for the year	_	-	-	1 796 524	1 796 524
Profit for the year	_	-	-	1 796 524	1 796 524
Other comprehensive income for the year	_	-	-	_	_
Reversal of impairment loss	-	-	-	179 264	179 264
Transactions with owners: Issue of shares	2	12 398	-	-	12 400
Share options		37 984	16 011	-	53 995
Balance at 30 September 2015	328	138 081	57 733	14 115 652	14 311 794





# Consolidated statement of cash flows For the year ended 30 September 2015

Notes	2015 US\$	2014 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	2 452 551	2 685 391
Adjustments for:		
Depreciation 6	310 037	254 441
Treasury bills redeemed from the Reserve Bank of Zimbabwe 7	-	(18 540)
Profit on disposal of property, plant and equipment 18	(27 109)	(21 188)
Share based payment 17	53 995	(4 624)
Finance income 19	(10 009)	(17 531)
Finance costs 20	2 733	52 207
Provision for slow moving and obsolete inventories 17	(9 610)	(27 603)
Allowance for impairment of trade receivables 9	(135 369)	162 917
Profit on sale of investment in Medical Investments (Private) Limited 18	-	(61 200)
Working capital changes:		
Increase in inventories	(2 327 155)	(1 425 369)
(Increase)/decrease in trade and other receivables	(1 877 880)	1 709 238
Increase in trade and other payables	779 592	425 343
(Decrease)/increase in provision for other liabilities and charges	(53 961)	187 550
Net cash (utilised in)/generated from operations	(842 186)	3 901 031
Finance income 19	10 009	17 531
Finance costs 20	(2 733)	(52 207)
Income tax paid 21	(675 063)	(668 582)
Net cash (utilised in)/generated from operating activities	(1 509 972)	3 197 773
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment 6	(415 275)	(300 963)
Proceeds from sale of property, plant and equipment	34 050	21 188
Net cash utilised in investing activities	(381 225)	(279 775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares 11.2	12 400	7 000
Net cash generated from financing activities	12 400	7 000
Net (decrease)/increase in cash and cash equivalents	(1 878 797)	2 924 998
Cash and cash equivalents at the beginning of the year	1 247 782	(1 677 216)
, 5		
Cash and cash equivalents at the end of the year 10	(631 015)	1 247 782





For the year ended 30 September 2015

### 1. GENERAL INFORMATION

CAFCA Limited is a public limited liability company incorporated in Zimbabwe. The Company has its primary listing on the Zimbabwe Stock Exchange and secondary listings on the Johannesburg Stock Exchange and London Stock Exchange. These financial statements were approved for issue by the Board of Directors on 11 November 2015.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 BASIS OF PREPARATION

The financial statements of CAFCA Limited ("the Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations applicable to companies reporting under IFRS and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

### 2.1.2 Changes in accounting policy and disclosures

a) New standards, amendments and interpretations effective for the first time for 30 September 2015 year ends that are relevant to the Group

The following new standards, amendments and interpretations are effective for accounting periods ending 30 September 2015 and are relevant to the Group.

Standards/interpretation	Effective date	Key requirements
Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities	1 January 2014	The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics.
Amendments to IAS 32 – 'Financial instruments: Presentation' on financial instruments asset and liability offsetting	1 January 2014	The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.
IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' on recoverable amount disclosures	1 January 2014	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

The new standards, amendments and interpretations do not have a material impact on the Group.





For the year ended 30 September 2015 (continued)

- 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
- 2.1 BASIS OF PREPARATION (CONTINUED)
  - b) New standards, amendments and interpretations effective for the first time for 30 September 2015 year ends that are not relevant to the Group

Standards/interpretation	Effective date	Key requirements
Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting	1 January 2014	The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial instruments'.
Amendment to IAS 19 'Employee benefits', regarding defined benefit plan	1 July 2014	These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
IFRIC 21, 'Levies'	1 January 2014	IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.
		The IASB has issued IFRIC 21, 'Levies', an interpretation on the accounting for levies imposed by governments. IFRIC 21 is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

c) New standards, amendments and interpretations issued but not yet effective for 30 September 2015 year ends that are relevant to the Group but have not been early adopted

Standards/interpretation	Effective date	Key requirements
IFRS 7 – 'Financial instruments: Disclosures'	1 January 2016	Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose '[] an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.





For the year ended 30 September 2015 (continued)

- 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
- 2.1 BASIS OF PREPARATION (CONTINUED)
- 2.1.2 Changes in accounting policy and disclosures (continued)
  - c) New standards, amendments and interpretations issued but not yet effective for 30 September 2015 year ends that are relevant to the Group but have not been early adopted (continued)

Standards/interpretation	Effective date	Key requirements
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets	Postponed until completion of broader review	The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of Financial statements and the disclosure of accounting policies.
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	1 January 2016	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
Amendments to IAS 27, 'Separate financial statements' on equity accounting	1 January 2016	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.
IFRS 15 – Revenue from contracts with customers	1 January 2018	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.





For the year ended 30 September 2015 (continued)

- 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
- 2.1 BASIS OF PREPARATION (CONTINUED)
- 2.1.2 Changes in accounting policy and disclosures (continued)
  - c) New standards, amendments and interpretations issued but not yet effective for 30 September 2015 year ends that are relevant to the Group but have not been early adopted (continued)

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Standards/interpretation	Effective date	Key requirements
IFRS 9 Financial Instruments and associated amendments to various other	1 January 2018	IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.
standards		Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.
		All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.
		All fair value movements on financial assets are taken through the income statement, except for equity investments that are not held for trading, which may be recorded in the income statement or in reserves (without subsequent recycling to profit or loss).
		For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.
		The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.
		In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:
		<ul> <li>a third measurement category (FVOCI) for certain financial assets that are debt instruments</li> <li>a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.</li> </ul>
		For financial years commencing before 1 February 2015, entities can elect to apply IFRS 9 early for any of the following:
		- the own credit risk requirements for financial liabilities - classification and measurement requirements for financial assets - classification and measurement requirements for financial assets and financial liabilities, or - classification and measurement requirements for financial assets and liabilities and hedge accounting.
		After 1 February 2015, the new rules must be adopted in their entirety.

The Company is still assessing the impact of these new standards, amendments and interpretations and the timing of their adoption.





For the year ended 30 September 2015 (continued)

- 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
- 2.1 BASIS OF PREPARATION (CONTINUED)
- 2.1.2 Changes in accounting policy and disclosures (continued)
  - d) New standards, amendments and interpretations issued but not yet effective for 30 September 2015 year ends that are not relevant to the Group

Standards/interpretation	Effective date	Key requirements
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption	1 January 2016	The amendments clarify the application of the consolidation exemption for investment entities and their subsidiaries.
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	1 January 2016	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
IFRS 14 – Regulatory deferral accounts	1 January 2016	The IASB has issued IFRS 14, 'Regulatory deferral accounts' specific to first time adopters ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.
Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants	1 January 2016	In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.

### e) Improvement to IFRS

### Annual improvements 2012, issued December 2013

The following improvements to IFRS were issued by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for the first time for 30 September 2015 year ends.

Standards/interpretation	Effective date	Key requirements
Annual improvements 2012	1 July 2014	<ul> <li>IFRS 2, 'Share-based payment'</li> <li>IFRS 3, 'Business combinations'</li> <li>IFRS 8, 'Operating segments'</li> <li>IFRS 13, 'Fair value measurement'</li> <li>IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'</li> <li>IAS 24, 'Related party disclosures'</li> </ul>

### Annual improvements 2013, issued December 2013

The IASB published the final standard for the 2011-2013 cycle of the annual improvements with amendments that affected 4 standards issued, and effective for the first time for 30 September 2015 year ends.

Standards/interpretation	Effective date	Key requirements
Annual improvements 2013	1 July 2014	<ul> <li>IFRS 1, 'First time adoption of International Financial Reporting Standards'</li> <li>IFRS 3, 'Business combinations'</li> <li>IFRS 13, 'Fair value measurements'</li> <li>IAS 40, 'Investment property'</li> </ul>





For the year ended 30 September 2015 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 BASIS OF PREPARATION (CONTINUED)

### 2.1.2 Changes in accounting policy and disclosures (continued)

### e) Improvement to IFRS (continued)

### Annual improvements 2014, issued September 2014

The IASB issued annual improvements to IFRSs 2012 - 2014 cycle, which contains five amendments to four standards, excluding inconsequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016.

Standards/interpretation	Effective date	Key requirements
Annual improvements 2014	1 January 2016	<ul> <li>IFRS 5, 'Non-current assets held for sale and discontinued operations'</li> <li>IFRS 7, 'Financial instruments: Disclosures'</li> <li>IAS 19, 'Employee benefits'</li> <li>IAS 34, 'Interim financial reporting'</li> </ul>

There are no other new or amended IFRSs or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Group.

### 2.2 Consolidation

### **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 "Financial instruments: Recognition and measurement" either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

# Accounting policy for investment in subsidiaries in separate financial statements of the Company

All investments in subsidiaries are carried at cost less allowance for impairment losses.

# Changes in ownership interests in subsidiary without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 2.3 Segment reporting

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Group operates within the cable manufacturing industry. The activities of the Group are entirely related to the manufacturing and selling of cable and allied products for the transmission and distribution of electrical energy and information primarily in Zimbabwe.





For the year ended 30 September 2015 (continued)

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)** 2.

### 2.3

Segment reporting (continued)
The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive management team, that makes strategic decisions. management team, that makes strategic decisions.

#### 2.4 Foreign currency translation

### a)

Functional and presentation currency Items included in the financial statements of the each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the United States Dollar ("US\$"), which is the Group and Company's presentation and functional currency.

#### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit or loss within 'other (losses)/gains – net'.

### Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance costs are charged to the income statement during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	10 to 15 years
Motor vehicles	3 to 10 years
Office equipment	3 to 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

### Investment property

Investment property is property held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business

The investment property comprises land which is stated at cost and is not depreciated

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss.

### Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at the end of each reporting date.

### Financial assets

### 2.8.1 Classification

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, loans and receivables and cash and cash equivalents in the statement of financial position.

### 2.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

### 2.8.3 Measurement

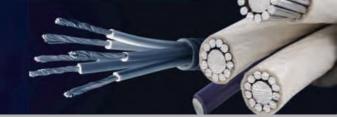
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest on loans and receivables calculated using the effective interest method is recognised in the income statement.

Impairment of financial assets
The Group assesses at the end of each reporting period whether
there is objective evidence that a financial asset or a group of
financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event or events has





For the year ended 30 September 2015 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of financial assets (continued)

an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group can measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

### 2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost 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). It excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.12 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment account.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate allowance for impairment account.

The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment allowance was recognised are written off against the allowance when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

### 2.13 Cash and cash equivalents

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

### 2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in the equity as a deduction, net of tax, from the proceeds.

### 2.15 Current and deferred income tax

The income tax expense for the period

is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Zimbabwe. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or liability settled.





For the year ended 30 September 2015 (continued)

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)** 2.

### 2.15

Current and deferred income tax (continued)
Deferred income tax assets are recognised only to the extent that is it probable that future taxable profit will be available to utilise those temporary differences and losses.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductable temporary tax differences arising from investments in subsidiaries, only to the extent that it is probabile the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle the balance on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within two months of recognition. Trade and other payables are classified as current liabilities unless payment is not due within twolve menths after the reporting date. is not due within twelve months after the reporting date.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

### 2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

**Borrowing costs**General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use

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

Other borrowing costs are expensed in the period in which they are incurred.

#### 2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied stated, net of value added tax, returns, rebates and discounts. The Group recognises revenue when the amount can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### (a) Sales of goods - wholesale

Revenue from the sales of goods is recognised when the products have been delivered to the customer. Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence have been transferred to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of

the products.
(b) Sales of goods - retail
Revenue from the sales of goods is recognised when the Group sells a product to the customer.

### Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### 2.22 Employee benefits

(a) Pension obligations
The Group operates a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group 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 Group pays contributions to a privately administered pension plan. The pension plan is funded





For the year ended 30 September 2015 (continued)

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2.

### 2.22 Employee benefits (continued)

(a) Pension obligations (continued)

by payments from employees and by the Group and by taking account of the recommendations of independent actuaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expenses when they are due.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37: Provisions, contingent liabilities and contingent assets and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the reporting date are discounted to present value.

(c) Short term obligations Short term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Share-based payments

Share based compensation benefits are provided to employees through an equity settled share-based compensation plan, under which the entity receives services from employees as The fair value of the employee services from exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by the fair value of the options granted:

including any market performance conditions (for example, an entity's share price);
- excluding the impact of any services and non-market

performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified period of time); and

including the impact of any non-vesting conditions (for example, the requirements for employees to save or holding shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises the estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss with a corresponding adjustment to equity.

Where the Group cannot estimate reliably the fair value of the equity instruments granted at measurement date, the Group measures the equity instruments at their intrinsic value.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium.

The grant by the Group of options over its equity instruments to the employees of the subsidiary undertaking is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertaking, with a corresponding credit to equity in the parent entity's financial statements.

### Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the reporting date.

### Earnings per share

(a) Basic earnings per share Basic earnings per share is calculated by dividing: - the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the
determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing
costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares

that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.25 Comparatives

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

#### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's future financial performance. The primary objective of the financial risk management function is to establish risk limits and to ensure that risk stays within

Risk management is carried out under policies approved by the Board of Directors, (the "Board"). The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

#### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

i)

**Foreign exchange risk**Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign exchange risk arising from various currency exposures on purchases that are denominated in a currency other than the US\$, primarily with respect to the South African Rand ("ZAR").





For the year ended 30 September 2015 (continued)

### 3. FINANCIAL RISK MANAGEMENT (continued)

- 3.1 Financial risk factors (continued)
- (a) Market risk (continued)
- i) Foreign exchange risk (continued)

Management has set up a policy requiring the Group to manage its foreign exchange risk against their functional currency. The Group's primary method of managing foreign exchange risk is to match the Group's principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by converting all currencies received into US\$.

As at the reporting date however, the Group had no significant exposures to foreign exchange risk (2014:US\$nil).

### i) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer on factors affecting all financial instruments traded in the market.

The Group is not exposed to equity securities or commodity price risk because it had no assets nor obligations that expose the Group to these risks at the reporting date (2014:US\$nil).

### iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates (2014:US\$nil).

The Group has no borrowings issued at variable rates and is therefore not exposed to cash flow interest rate risk (2014:US\$nil).

### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, loans and receivables, investments, as well as credit exposures to wholesale and retail customers including outstanding trade receivables. The Group manages and analyses credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Only approved financial institutions with sound capital bases are utilised to invest surplus funds. For customers, credit control assesses the credit worthiness of the customers before credit is granted.

The executive management team meets regularly to manage the concentration of credit risk and set and assess limits for the individual customer. The team assesses the credit risk quality of the customer, taking into account its financial position, past experience and other factors. Counterparty specific exposure is monitored against concentration of credit risk in relation to the total credit risk exposure to all counterparties. The Group has well established credit control procedures that monitor activity on a customer account and allow for remedial actions should the customer not comply with payment terms. Payment terms and credit limits vary between customer classes as follows:

- key customer: individually negotiated up to a maximum of 60 days
- other customers: 30 days

Credit limits are open, but are monitored based on the financial position and history of the customer's ability to pay. In the view of management, the credit quality of trade receivables is considered sound. Management does not expect any losses from non-performance by counter parties.

The Group 's maximum exposure to credit risk by class of financial asset for on statement of financial position financial assets is as follows:

Loans and receivables

Trade and other receivables (excluding prepayments and statutory receivables) Cash at bank

The Company's maximum exposure to credit risk by class of financial assets for off-statement of financial position financial assets is as follows:

Financial guarantee

CAFCA Limited holds a financial guarantee of US\$250 000 in the event that its subsidiary BICC Central Africa (Private) Limited fails to settle the amount overdrawn.

The fair value of cash and cash equivalents at 30 September 2015 approximates the carrying amount because of their short nature.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

2015 US\$	2014 US\$
18 540 5 222 251 29 143	18 540 2 907 952 1 240 301
5 269 934	4 166 793
112 576	_





For the year ended 30 September 2015 (continued)

### 3. FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

### (b) Credit risk (continued)

Trade receivables Counterparties without external credit rating:	2015 US\$	2014 US\$
Group 1- Existing customers with no defaults in the past Group 2- Existing customers with some defaults in the past. (all defaults were fully recovered) Group 3- Existing customers with defaults not recovered.	5 164 178 55 844 -	1 836 462 33 856 191 450
Total trade receivables	5 220 022	2 061 768
The concentration of credit risk with Zimbabwe Energy Transmission and Distribution Company ("ZETDC") as at 30 September 2015 was US\$3 398 891 (2014:US\$506 180).		
Other receivables (excluding prepayments and statutory receivables) Amounts due from related parties Receivables from once off transactions with third parties	2 229	774 673 71 511
None of the amounts receivable from related parties are past due or impaired and repayments have been received regularly and on time historically. The Group has procedures in place to assess whether to enter into once off transactions with third parties, including mandatory credit checks.	2 229	846 184
Cash and cash equivalents There are no significant concentrations of credit risk with respect to cash and cash equivalents as the Group holds cash accounts with large financial institutions with sound financial and capital cover. The financial institutions holding cash and cash equivalents have the following credit ratings based on the Global Credit Rating Company:		
Rating		
A+ A AA- BBB-	19 979 824 3 773 4 567	1 016 625 40 174 183 484 18
	29 143	1 240 301
The balance of cash and bank comprises petty cash balances held by the entity amounting to US\$20 365 (2014:US\$7 481).		
Loans and receivables Treasury bills	18 540	18 540

### (c) Liquidity risk

settling indebtedness.

Liquidity risk is the risk that the Group may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. The Group identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

These treasury bills were issued by the Government of Zimbabwe on account of the entity's foreign currency account balance transferred to the Reserve Bank of Zimbabwe as a way of

Cash flow forecasting is performed in the operating entity. The Group's executive management team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 15) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.





For the year ended 30 September 2015 (continued)

### 3. FINANCIAL RISK MANAGEMENT (continued)

### 3.1 Financial risk factors (continued)

### (c) Liquidity risk (continued)

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Bank overdraft
Letters of credit

2015	2014
US\$	US\$
5 319 562	5 500 000
836 501	500 000
6 156 063	6 000 000

Surplus cash held by the operating entity over and above balance required for working capital management is invested in interest bearing current accounts, time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom.

The table below analyses the Group's non-derivative financial assets and financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts included in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 September 2015	Up to 1 month US\$	1 month to 3 months US\$	3 months to 6 months US\$	6 months to 1 year US\$	1 year to 5 years US\$	Total US\$
Assets Loans and receivables Trade and other receivables	-	-	-	-	18 540	18 540
(excluding prepayments and statutory receivables) Cash and cash equivalents	3 752 971 49 508	1 469 280 -	- -	- -	- -	5 222 251 49 508
Liabilities -	3 802 479	1 469 280	_	-	18 540	5 290 299
Trade and other payables (excluding statutory liabilities) Borrowings	1 425 997 680 523	830 385 -	<del>-</del>	- -	<u>-</u> -	2 256 382 680 523
	2 106 520	830 385	-	-	-	2 936 905
Liquidity gap	1 695 959	638 895	-	-	18 540	2 353 394
Cumulative liquidity gap	1 695 959	2 334 854	2 334 854	2 334 854	2 353 394	-
At 30 September 2014						
Assets Loans and receivables Trade and other receivables	-	-	-	-	18 540	18 540
(excluding prepayments and statutory receivables) Cash and cash equivalents	1 996 106 1 247 782	180 135 -	616 668 -	145 043 -	- -	2 907 952 1 247 782
- Liabilities	3 213 888	180 135	616 668	145 043	18 540	4 174 274
Trade and other payables (excluding statutory liabilities)	1 362 160	262 913	-	-	-	1 625 073
_	1 362 160	262 913	_	_	_	1 625 073
Liquidity gap	1 851 728	(82 778)	616 668	145 043	18 540	2 549 201
Cumulative liquidity gap	1 851 728	1 768 950	2 385 618	2 530 661	2 549 201	_

The Group determines ideal weights for maturity time buckets which are used to benchmark the actual maturity profile. Maturing mismatches across the time buckets are managed through borrowings.





For the year ended 30 September 2015 (continued)

### 3. FINANCIAL RISK MANAGEMENT (continued)

### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in its industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown on the statement of financial position plus net debt.

During the year the Group's strategy was to maintain the gearing ratio at 50%. The gearing ratio at 30 September was as follows:

Total borrowings (note 15)
Less: cash and cash equivalents
Net debt/(cash and cash equivalents)
Total equity
Total capital
Gearing ratio

G	GROUP				
2015	2014				
US\$	US\$				
680 523	-				
(49 508)	(1 247 782)				
631 015	(1 247 782)				
14 311 794	12 269 611				
14 942 809	11 021 829				
4%	0%				

### 3.3 Fair value estimation

Observable inputs reflect market data obtained from independent sources: unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

### Quoted market prices - Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

This level includes listed equity securities traded on the Zimbabwe Stock Exchange.

### Valuation technique using observable inputs - Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

### Valuation technique using significant and unobservable inputs - Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The Group had no financial assets or liabilities carried at fair value as at 30 September 2015 (2014: US\$nil).

The Group periodically engages an external, independent and qualified valuer to determine the fair value of land and buildings classified as investment property. The fair value of land and buildings is typically measured using the market comparable approach. This means that the valuations are based on active market prices adjusted for differences in the nature, location or condition of specific property.

Fair value measurements using significant unobservable inputs (Level 3)

COMPANY				
2015 US\$	2014 US\$			
602 810	417 998			

Investment property

Level 3 fair values of investment property have been derived using the sales comparison approach by the executive management team for financial reporting purposes. However for manufacturing sites there have been a limited number of similar sales in the local market and the valuations have been performed using unobservable inputs. The team has determined these inputs based on the size of the property, location of the land and the state of the local economy.





For the year ended 30 September 2015 (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.3 Fair value estimation (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 30 September 2015 US\$	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment property	602 810	Sales comparison approach	Price per square metre	US\$0.5 - US\$12 (US\$ 5.5)	The higher the price per square metre, the higher the fair value

### Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The fair value is an estimate of 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. The following table summarises the fair value of assets and liabilities not measured at fair value on the entity's statement of financial position.

measured at rail value on the entity's statement of imaneiat pos	ition.				
	GROUP				
	2015 US\$ Carrying value	2014 US\$ Fair value	2015 US\$ Carrying value	2014 US\$ Fair value	
Financial assets Loans and receivables Trade and other receivables (excluding prepayments)	18 540 5 222 251	18 540 5 222 251	18 540 2 907 952	18 540 2 907 952	
	5 240 791	5 240 791	2 926 492	2 926 492	
The carrying amount of trade and other receivables closely approximates its fair value as the instruments are short term in nature.					
<b>Financial liabilities</b> Trade and other payables (excluding statutory liabilities) Borrowings	2 256 382 680 523	2 256 382 680 523	1 625 073 -	1 625 073 -	
	2 936 905	2 936 905	1 625 073	1 625 073	

The carrying amounts of financial liabilities carried at amortised cost closely approximate their fair values. The impact of discounting on borrowings and trade and other payables is not significant due to the market terms (rates and tenor) available (borrowings) and because the instruments are short term in nature (trade and other payables).

		GROUP	
3.4	FINANCIAL INSTRUMENTS BY CATEGORY	2015 US\$	2014 US\$
	Assets as per statement of financial position Loans and receivables: Loans and receivables Trade and other receivables (excluding prepayments and statutory receivables) Cash and cash equivalents	18 540 5 222 251 49 508	18 540 2 907 952 1 247 782
	Linkilities as now statement of financial position	5 290 299	4 174 274
	Liabilities as per statement of financial position Financial liabilities at amortised cost: Trade and other payables (excluding statutory liabilities) Borrowings	2 256 382 680 523 2 936 905	1 625 073 - 1 625 073





For the year ended 30 September 2015 (continued)

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred income tax assets and liabilities in the period in which such determination is made.

### (b) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on projected life cycles of these assets. It could change significantly as a result of technological innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non- strategic assets that have been abandoned or sold.

The carrying amount of property, plant and equipment would be an estimated US\$31 004 (2014:US\$25 444) lower or higher were the useful lives to differ from management's estimate by 10%.

### (c) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will continue in existence for the foreseeable future.

The Directors have assessed the ability of the Group to continue operating as a going concern and have concluded that the preparation of these financial statements on a going concern basis is still appropriate. However, the directors believe that under the current economic environment a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

### 5. SEGMENT INFORMATION

The executive management team is the Group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the executive management team for the purposes of allocating resources and assessing performance.

The executive management team considers the business from both a geographic and product perspective. The Group has one product line, and operates in one industry sector.

Revenue is primarily from customers who are domiciled in Zimbabwe and other revenue is from external customers domiciled in South Africa, Mozambique and Zambia.

Revenue from customers domiciled in Zimbabwe Revenue from external customers

Revenues from transactions with single local customers that amounted to 10% or more of the Group's revenues, amount to approximately US\$12 406 957 (2014:US\$11 690 407). These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the revenue from three major individual local customers with revenue of at least 10% each is as follows:

Energy transmission Distributors

G	ROUP
2015 US\$	2014 US\$
23 801 710 5 509 095	20 034 889 3 572 491
29 310 805	23 607 380
12 406 957	9 166 107
12 406 957	2 524 300 11 690 407

### **Entity-wide information**

The total of non-current assets located in Zimbabwe is US\$3 435 371 (2014:US\$3 157 810), and there are no non-current assets located in other countries.





For the year ended 30 September 2015 (continued)

### 5. SEGMENT INFORMATION (continued)

The segment information provided to the executive team for the product reportable segments for the year ended 30 September is as follows:

Revenue from customers
Depreciation
Share options charge/(credit)
Profit before interest and taxation
Finance income
Finance cost
Income tax expense
Total assets
Total liabilities

6.

GROUP						
2015	2015	2014	2014			
Cables	Total	Cables	Total			
US\$	US\$	US\$	US\$			
29 310 805	29 310 805	23 607 380	23 607 380			
310 037	310 037	254 441	254 441			
53 995	53 995	(4 624)	(4 624)			
2 445 275	2 445 275	2 720 067	2 720 067			
10 009	10 009	17 351	17 351			
2 733	2 733	52 207	52 207			
656 027	656 027	657 775	657 775			
18 345 937	18 345 937	14 916 636	14 916 636			
4 034 143	4 034 143	2 647 025	2 647 025			

PROPERTY, PLANT AND EQUIPMENT	GROUP					
Year ended 30 September 2014	Land US\$	Buildings US\$	Plant and equipment US\$	Motor vehicles US\$	Office equipment US\$	Total US\$
Opening net book amount Additions Depreciation charge	105 143 - -	709 788 9 883 (18 574)	2 036 025 46 444 (127 899)	218 555 235 940 (97 110)	23 237 8 696 (10 858)	3 092 748 300 963 (254 441)
Closing net book amount	105 143	701 097	1 954 570	357 385	21 075	3 139 270
At 30 September 2014 Cost Accumulated depreciation	105 143 -	809 856 (108 759)	2 545 834 (591 264)	722 251 (364 866)	33 300 (12 225)	4 216 384 (1 077 114)
Net book amount	105 143	701 097	1 954 570	357 385	21 075	3 139 270
Year ended 30 September 2015						
Opening net book amount Additions Reversal of previously impaired asset Disposal Depreciation charge	105 143 - - - -	701 097 - - - (20 307)	1 954 570 257 264 179 264 - (147 233)	357 385 136 386 - (6 941) (133 421)	21 075 21 625 - (9 076)	3 139 270 415 275 179 264 (6 941) (310 037)
Closing net book amount	105 143	680 790	2 243 865	353 409	33 624	3 416 831
Year ended 30 September 2015						
Cost Accumulated depreciation	105 143 -	809 856 (129 066)	2 982 362 (738 497)	851 696 (498 287)	54 925 (21 301)	4 803 982 (1 387 151)
Net book amount	105 143	680 790	2 243 865	353 409	33 624	3 416 831

Depreciation expense of US\$ 147 409 (2014: US\$126 542) has been charged in 'administrative expenses' and US\$162 628 (2014: US\$127 899) has been charged to cost of sales.

The entity reversed an impairment loss on the medium voltage plant that arose during the Zimbabwe dollar era due to limited capacity in terms of technical knowledge and expertise to manufacture the medium voltage cables. The entity recommissioned the medium voltage plant in May 2015. The asset was recognised at a carrying amount of US\$179 264 as at 1 June 2015. The medium voltage plant's recoverable amount is the fair value less costs of disposal. The value was determined by taking into account the deemed cost, residual value and useful life per the valuation performed by Knight Frank on 1 February 2009 the date in change of functional currency. The deemed cost of US\$289 136 was depreciated from 1 February 2009 to 31 May 2015 the date that the asset was recognised.





For the year ended 30 September 2015 (continued)

		GRO	DUP
7.	LOANS AND RECEIVABLES	2015 US\$	2014 US\$
	Treasury bills	18 540	18 540
	The maturity analysis of treasury bills is as follows: 10 April 2017 10 April 2018 10 April 2019	6 180 6 180 6 180	6 180 6 180 6 180
	These treasury bills were issued by the Government of Zimbabwe on account of the entity's foreign currency account balance transferred to the Reserve Bank of Zimbabwe.	18 540	18 540
	Loans and receivables are denominated in US\$ and earn interest at 2% per annum.		
	The maximum exposure to credit risk at the reporting date is the carrying value of the loans and receivables.		
	None of the loans and receivables are either past due or impaired.		
	The Group does not hold any collateral as security.		
8.	INVENTORIES Raw materials and consumables Work in progress Finished goods Goods in transit	4 320 936 1 495 429 3 772 885	4 375 309 876 767 1 948 977 61 042
	Provision for slow moving and obsolete inventories	9 589 250 (48 637)	7 262 095 (58 247)
		9 540 613	7 203 848

The cost of inventories recognised as expense and included in 'cost of sales' amounted to US\$19 399 439 (2014: US\$14 661 219). There were no inventories written down to net realisable value during the year (2014:US\$nil)

There were no inventories pledged as security during the year (2014:US\$nil)

	There were no inventories pleaged as security during the year (2014.05\$iiii)	GROUP	
9.	TRADE AND OTHER RECEIVABLES	2015 US\$	2014 US\$
	Trade receivables Less: allowance for impairment of trade receivables	5 279 262 (59 240)	2 256 377 (194 609)
	Trade receivables - net Prepayments Amounts due from related parties (note 24) Value-Added-Tax ("VAT") refundable Amounts due from sale of investment in Medical Investments (Private) Limited Other receivables	5 220 022 98 194 - - 2 229 5 320 445	2 061 768 274 149 774 673 125 095 61 200 10 311
	At 30 September 2015, trade receivables of US\$ 5 095 676 (2014:US\$ 2 023 825) were fully performing.	3 320 443	3 307 190
	At 30 September 2015, trade receivables of US\$124 346 (2014:US\$37 943) were past due but not impaired. At 30 September 2015, the ageing analysis of past due but not impaired trade receivables is as follows:		
	1 month to 3 months 3 months to 6 months	124 346 -	- 37 943
		124 346	37 943

At 30 September 2015, trade receivables of US\$  $59\,240$  (2014:US\$  $194\,609$ ) were past due and impaired.





# Notes to the financial statements For the year ended 30 September 2015 (continued)

9. TRADE	AND OTHER RECEIVABLES (continued)	GROUP	
The age	eing analysis of impaired trade receivables is as follows:	2015 US\$	2014 US\$
	h to 6 months hs to 1 year	9 791 49 449	57 906 136 703
		59 240	194 609
impairr At 1 Oc Reversa Unusec	ents in the allowance for impairment of trade receivables that are assessed for ment collectively are as follows: tober al of previous impairment losses I amount reversed nce for impairment recognised during the year	194 609 (121 179) (19 506) 5 316	31 692 - 162 917
At 30 S	eptember	59 240	194 609
During in relat	the year, the following gains/(losses) were recognised in the income statement ion to impaired receivables:		
– individ – move	ment losses dually impaired receivables ment in provision for impairment al of previous impairment losses	14 190 121 179	162 917 - -
		135 369	162 917
The car	rrying amounts of the Group's trade and other receivables are denominated in US\$.		
	r value of trade and other receivables approximate the carrying values due to their erm nature.		
not pas amoun	ner classes within trade and other receivables do not contain impaired assets and are st due. Based on the credit history of these other classes, it is expected that these ts will be received when due. The Group does not hold any collateral in relation to eceivables.		
10. CASH	AND CASH EQUIVALENTS		
Cash at Cash oi		29 143 20 365	1 240 301 7 481
Cash ar	nd cash equivalents (excluding bank overdraft)	49 508	1 247 782
Cash ar	nd cash equivalents include the following for the purposes of the statement of cash flows:		
Cash ar Bank o	nd cash equivalents (excluding bank overdraft) verdraft (note 15)	49 508	1 247 782
		(680 523)	
		(631 015)	1 247 782
11. RESER	VES		
<b>11.1 Author</b> 50 000	rised 000 ordinary shares of US\$0.00001 each.	500	500





### Notes to the financial statements

For the year ended 30 September 2015 (continued)

#### 11. RESERVES (continued)

1

11.2 Issued and fully paid	Number of shares US\$	Ordinary shares US\$	Share premium US\$	Total US\$
At 1 October 2013	32 609 000	326	80 699	81 025
Employee share option scheme: Shares issued	58 333	-	126 87 699 26 87 699 26 87 699 2 12 398 2 37 984	7 000
At 30 September 2014	32 667 333	326	87 699	88 025
At 1 October 2014	32 667 333	326	87 699	88 025
Employee share option scheme: Shares issued Share options	103 333	2		12 400 37 984
At 30 September 2015	32 770 666	328	138 081	138 409

The unissued share capital is under the control of the directors subject to the limitations of the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations.

#### 11.3 Share option reserve

Share options reserve
Share options are granted to directors and selected employees. The directors were empowered to allot 3 232 700 unissued ordinary shares to senior personnel for the purpose of fulfilling the requirements of the employee share option scheme. There are no vesting conditions. The exercise price of the granted options is equal to the market prices of the shares on the date of the grant. Under the scheme, share options granted in 2010 are exercisable between 31 December 2013 and 31 December 2015 at a price of US\$0.12 cents per share and share options granted in 2015 are exercisable between 31 December 2015 and 31 December 2020 at a price of US\$0.25 cents per share. The Group has no legal or constructive obligation for repurchase or to settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	options issued 2015	per share 2015 US\$	options issued 2014	per share 2014 US\$
Outstanding at the beginning of the year Granted Exercised	251 667 540 000 (103 333)	0.12 0.25 0.12	310 000 - (58 333)	0.12 0.12
Total outstanding at the end of the year	688 334		251 667	
Options authorised	3 232 700		3 232 700	

Share options outstanding at the end of the year have the following exercisable dates, expiry dates and exercise prices.

Grant date	Exercisable date	Expiry date	Exercise price US\$	Share options 2015	Share options 2014
16 September 2010 16 September 2010 16 September 2010 1 October 2015 1 October 2015 1 October 2015	1 October 2013 1 October 2014 1 October 2015 1 October 2018 1 October 2019 1 October 2020	31 December 2020 31 December 2020 31 December 2020 31 December 2020 31 December 2020 31 December 2020	0.12 0.12 0.12 0.25 0.25 0.25	45 001 - 103 333 180 000 180 000 180 000	45 001 103 333 103 333 - -
				688 334	251 667

Of the 688 334 outstanding share options (2014:251 667),148 334 (2014:148 334) are currently exercisable. The share-based transactions have been valued using the intrinsic value method because the fair value of the instruments cannot be estimated reliably. The intrinsic value is the difference between the market value of the share to which the employee has the right to subscribe or which the employee has the right to receive and the price the employee is required to pay for those shares.





# Notes to the financial statements For the year ended 30 September 2015 (continued)

#### 11. RESERVES (continued)

11.3	11.3 Share option reserve (continued)		GROUP	
	All the outstanding share options are held by key management.	2015 US\$	2014 US\$	
	The movement on the share option reserve is as follows: At 1 October Charge/(credit) to the income statement	41 722 16 011	46 346 (4 624)	
	At 30 September	57 733	41 722	
12.	<b>DEFERRED INCOME TAXES</b> The analysis of deferred income tax assets and deferred income tax liabilities is as follows:			
	Deferred income tax assets:  Deferred income tax assets to be recovered after more than 12 months  Deferred income tax assets to be recovered within 12 months	(15 254) (36 399)	(3 550) (62 561)	
	Deferred income tax liabilities:	(51 653)	(66 111)	
	Deferred income tax liabilities to be recovered after more than 12 months  Deferred income tax liabilities to be recovered within 12 months	651 253 25 282	628 853 70 594	
		676 535	699 447	
	Deferred income tax liabilities, (net)	624 882	633 336	
	The gross movement on the deferred income tax account is as follows:			
	At 1 October Income statement credit	633 336 (8 454)	680 948 (47 612)	
	At 30 September	624 882	633 336	

The movement in deferred income tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

		GROUP			
Deferred income tax assets	Revenue received in advance US\$	Allowance for impairment US\$	Other US\$	Total US\$	
At 1 October 2013 Credit to the income statement	(3 720) (8 724)	(50 117)	(3 550)	(3 720) (62 391)	
At 30 September 2014	(12 444)	(50 117)	(3 550)	(66 111)	
At 1 October 2014 (Credit)/charge to the income statement	(12 444) (12 838)	(50 117) 34 863	(3 550) (7 567)	(66 111) 14 458	
At 30 September 2015	(25 282)	(15 254)	(11 117)	(51 653)	
Deferred income tax liabilities			Accelerated depreciation US\$	Total US\$	
At 1 October 2013 Charge to the income statement			684 668 14 779	684 668 14 779	
At 30 September 2014			699 447	699 447	
At 1 October 2014 Credit to the income statement			699 447 (22 912)	699 447 (22 912)	
At 30 September 2015			676 535	676 535	





### Notes to the financial statements

For the year ended 30 September 2015 (continued)

#### 13. TRADE AND OTHER PAYABLES

Trade payables Amounts due to related parties (note 24) Social security expenses and other taxes Accrued expenses

Trade and other payables are due within twelve months of the reporting date.

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short term nature.

#### 14. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for other liabilities and charges comprises provisions for bonuses. The movement during the year was as follows:

At 1 October 2013 Used in current year Charged to the income statement

At 1 October 2014 Used in current year Charged to the income statement

At 30 September 2015

The Group provides for bonuses during the course of the year.

#### 15. BORROWINGS

#### Unsecured

Bank overdrafts

The Group has an overdraft facility limit of US\$6 000 000 and a letter of credit facility limit of US\$ 2 250 000. The facilities bear interest at 10% per annum. Three of the four facilities are unsecured while the remaining one is secured by an unlimited corporate guarantee from CAFCA Limited. All the facilities expire within a year.

The Group has the following undrawn facilities:

Bank overdraft Letters of credit

All borrowings are denominated in US\$.

The fair value of the borrowings equal their carrying amounts as the impact of discounting is insignificant. Interest payable on borrowings is close to current market rates.

#### 16. REVENUE

Sale of goods - retail Sale of goods - wholesale

GROUP		
2015 US\$	2014 US\$	
1 012 022 576 686 224 594 667 674	908 287 404 216 76 311 312 570	
2 480 976	1 701 384	

GROUP
US\$
87 948 (87 948) 275 498
275 498 (304 229) 250 268
221 537

GR	OUP
2015 US\$	2014 US\$
680 523	_
5 319 562 836 501	5 500 000 500 000
6 156 063	6 000 000
22 400 318 6 910 487	18 766 956 4 840 424
29 310 805	23 607 380





GROUP

# Notes to the financial statements For the year ended 30 September 2015 (continued)

		O.K	OUF
17	EXPENSES BY NATURE	2015 US\$	2014 US\$
17.	Raw materials and consumables used Employee benefit expense (note 17.1) Audit fees	19 399 439 3 130 575	14 661 219 2 485 012
	- Current year - Prior year	18 700 50 204	12 320 67 419
	Directors' emoluments - Fees Postage and telephone Canteen Trade promotion Advertising costs Plant repairs and maintenance Building repairs and maintenance Building repairs and maintenance Electricity and water Depreciation (note 6) Quality and ISO certifications Security Machine running expenses Insurance Secretarial and printing costs Legal and professional fees Cleaning and laundry Subscriptions Computer expenses Commission Bank charges Travel Freight outwards Forklifts hire Allowance for impairment of trade receivables (note 9) Bad debts recovered Clinic Protective clothing Printing and stationery Import duty penalty Recognition expenses Attendance hamper Eastern district sales office expenses	76 114 53 933 82 125 20 752 21 440 1 736 437 65 712 157 771 645 352 310 037 121 620 117 922 294 629 61 000 34 011 51 065 56 890 29 545 58 613	69 128 75 452 69 985 24 726 22 387 1 050 264 60 903 209 926 535 014 254 441 56 178 122 789 318 644 56 339 41 796 37 384 49 171 27 518 50 725 35 378 46 217 90 268 76 371 43 548 162 917 (13 979) 16 314 16 182 53 009 12 223 18 089 10 745
	Provision for slow moving and obsolete inventories Other expenses	9 610 41 834	27 603 74 013
	TOTAL COST OF SALES, DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES	27 100 781	21 027 637
	The cost of sales, distributions costs and administrative expenses have been recognised as follows:		
	Cost of sales Distribution costs Administrative expenses	23 332 936 124 753 3 643 092	17 333 145 133 614 3 560 878
		27 100 781	21 027 637
17.1	Employee benefit expense		
	Salaries - executive management Salaries and wages non-executive employees Social security costs Pension costs Share options charge/(credit) (note 11.3)	801 457 2 065 974 42 623 166 526 53 995	528 630 1 787 072 35 903 138 031 (4 624)
		3 130 575	2 485 012





# Notes to the financial statements For the year ended 30 September 2015 (continued)

		GRO	UP
10	OTHER INCOME	2015 US\$	2014 US\$
10.	Rental income Scrap sales Profit on sale of investment in Medical Investments (Private) Limited	12 413 50 026	19 357 20 657 61 200
	Reversal of commission accrual Profit on sale of motor vehicles	24 348 27 109	21 188
	Previously provided for bad debts recovered Other	121 179 176	17 922
		235 251	140 324
19.	FINANCE INCOME Interest income	10 009	17 531
20.	FINANCE COSTS Interest paid	2 733	52 207
21.	INCOME TAX EXPENSE Current income tax	664 010	702 327
	Deferred income tax credit Capital gains tax on investment income	(8 454) 471	(47 612) 3 060
		656 027	657 775
	The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of 25.75% (2014: 25.75%) as follows:		
	Profit before income tax	2 452 551	2 685 391
	Notional taxation on profit for the year at a statutory rate of 25.75% Tax effects of:	631 532	691 488
	Income not subject to tax Expenses not deductible for tax purposes Permanent differences Income subject to tax at different rates Other	(16 891) 21 697 (8 347) (2 557) 30 593	(13 416) 2 176 (8 347) (12 699) (1 427)
		656 027	657 775
21.1	Current income tax liabilities At 1 October Tax paid during the year Tax charge for the year (note 21)	36 807 (675 063) 664 481	(668 580) 705 387
	At 30 September	26 225	36 807
	EARNINGS PER SHARE		
22.1	Basic earnings per share Profit attributable to owners of the parent	1 796 524	2 027 616
	Weighted average number of ordinary shares in issue	32 770 666	32 667 333
	Basic earnings per share (cents)	5.48	6.21
22.2	Profit attributable to owners of the parent	1 796 524	2 027 616
	Weighted average number of shares in issue Adjustment for:	32 770 666	32 667 333
	Share options outstanding at year end	688 334	251 667
		33 459 000	32 919 000
	Diluted earnings per share (cents)	5.37	6.16





#### Notes to the financial statements

For the year ended 30 September 2015 (continued)

#### 23. PENSION BENEFITS

#### **CAFCA Pension Fund**

The Group provides for pensions on retirement of all employees by means of a defined contribution pension fund. The pension fund scheme is administered by Marsh Employee Benefits Zimbabwe (Private) Limited. Contributions are made by both the Group and the employees at a rate of 11.5% and 7% respectively. All employees including working directors on the full-time permanent staff of the employer are eligible to be members of the fund.

#### National Social Security Authority Scheme

The Group and its employees contribute to the National Social Security Authority ("NSSA") Scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions as legislated from time to time.

		GRO	UP	
	Contributions recognised as an expense for the year are as follows:	2015 US\$	2014 US\$	
	Social security costs Pension costs	42 623 166 526	35 903 138 031	
		209 149	173 934	
24.	RELATED PARTY TRANSACTIONS The Company is controlled by CBI-Electric African Cables - a division of ATC (Proprietary) Limited, which owns 71% of the ordinary shares of the Group. The remaining 29% of the shares are widely held. The Group's ultimate parent is ATC (Proprietary) Limited.			
	The following transactions were carried out with related parties:  i) Sale of goods			
	CBI-Electric African Cables	3 630 226	1 912 452	
	Goods are sold based on the price lists in force and terms that would be available to third parties.			
	ii) Purchases of goods CBI-Electric African Cables	5 184 645	3 943 346	
	CBI - ATC (Proprietary) Limited	180 325	100 066	
	Purchases from related parties are based on the price list in force and terms that are available	5 364 970	4 043 412	
	to third parties.			
	iii) Year-end balances arising from purchase of goods/services			
	Amounts due to related parties CBI-Electric African Cables	-	774 673	
	The amounts due to related parties arise mainly from purchase transactions and are due two months after the date of sale. The receivables bear no interest.			
	iv) Year-end balances arising from sale of goods/services Amounts due from related parties			
	CBI-Electric African Cables	576 686	404 216	
	The amounts from related parties arise mainly from sales transactions and are due two months after the date of purchase. The payables bear no interest.			
	v) Remuneration to key management Key management includes directors (executive and non-executive) and executive managers (members of the executive committee).			
	Salaries and other short - term benefits Share options charge/(credit)	801 457 53 995	740 428 (4 624)	
	Directors' emoluments - Fees	76 114	69 128	
		931 566	804 932	

Outstanding share options granted to key management were 688 334 (2014: 251 667).

There were no loans made to directors or key management of the Group during the year (2014:US\$nil).





# Notes to the financial statements For the year ended 30 September 2015 (continued)

#### 25. **CAPITAL COMMITMENTS**

The Group had no significant capital commitments authorised by the directors or contracted for at the reporting date (2014:US\$nil).

**26. CONTINGENCIES**The Group did not have any contingent assets or liabilities at the reporting date (2014:US\$nil).

#### **EVENTS AFTER REPORTING DATE**

There were no material events after the statement of financial position date that have a bearing on the understanding of these financial statements. COMPANY

		COM	PANY
28.	INVESTMENT PROPERTY	2015 US\$	2014 US\$
	Net book amount	105 143	105 143
	The investment property comprises land which is not depreciated. The land is occupied by the subsidiary BICC Central Africa (Private) Limited and is used for the subsidiary's operations. The investment property is classified as property, plant and equipment in the Group's financial statements.		
	The fair value of investment property has been disclosed in note (3.3).		
29.	INVESTMENT IN SUBSIDIARY At 1 October Share option charge/(credit) Movement in share capital Movement in share premium	129 423 16 011 2 50 382	127 047 (4 624) - 7 000
	At 30 September	195 818	129 423
	The following table sets out the Group's holding in its subsidiary:  Country of Incorporation	% of equity interest 2015	% of equity interest 2014
	BICC Central Africa (Private) Limited. Zimbabwe	100%	100%
	Summarised financial information of subsidiary Set out below is the summarised financial information of the subsidiary.		
	Summarised statement of financial position Non-current assets Current assets Non-current liabilities Current liabilities	3 435 371 14 910 566 (619 625) (3 409 261)	2 947 524 11 758 825 (628 079) (2 013 689)
	Net assets	14 317 051	12 064 581
	Summarised statement of comprehensive income Revenue Cost of sales Distribution costs Administrative expenses Other income Finance income Finance costs Income tax expense Other comprehensive income	29 310 805 (23 332 936) (124 753) (3 643 092) 235 251 10 009 (2 733) (656 027)	23 607 380 (17 333 145) (133 614) (3 560 878) 140 324 17 531 (52 207) (657 775)
	Total comprehensive income for the year	1 796 524	2 027 616
	Summarised statement of cash flows Net cash (utilised in)/generated from operating activities Net cash utilised in investing activities Net cash generated from financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the year Cash and cash equivalents and bank overdrafts at the end of the year	(1 509 972) (381 225) 12 400 (1 878 797) 1 247 782 (631 015)	3 197 773 (279 775) 7 000 2 924 998 (1 677 216) 1 247 782





### Notes to the financial statements

For the year ended 30 September 2015 (continued)

	INCOME TAXES

The analysis of deferred income tax assets and deferred Income tax liabilities

Deferred income tax assets:

Deferred income tax assets to be recovered after more than 12 months

Deferred income tax assets to be recovered within 12 months

Deferred income tax liabilities: Deferred income tax liabilities to be recovered after more than 12 months

Deferred income tax liabilities to be recovered within 12 months

Deferred income tax liabilities (net)

The gross movement on the deferred income tax account is as follows:

At 1 October

Income statement credit

At 30 September

#### Deferred income tax liabilities

At 1 October 2013 Charge to the income statement

At 30 September 2014

At 1 October 2014 Credit to the income statement

At 30 September 2015

COMPANY			
2015 US\$	2014 US\$		
	- - -		
5 257	5 257 -		
5 257	5 257		
5 257	5 257		
5 257 -	5 257 -		
5 257	5 257		
Fair value adjustment US\$	Total US\$		
5 257 -	5 257 -		
5 257	5 257		
5 257 	5 257 -		
5 257	5 257		



# Shareholder and other supplementary information

Ratios and statistics	2015	2014	2013	2012
Number of shares (000)	32 771	32 667	32 609	32 609
Attributable earings per share (cents)	5	6	4	5
Diluted earnings per share (cents)	5	6	4	5
Price: earnings ratio	7	5	8	10
Market price per share (cents)	40	30	35	53
Ratio and returns				
Profitability (%)				
Operating margin	7	9	8	10
Return on equity	10	17	15	21
Solvency				
Financial gearing ratio (%)	5	-	16	8
Interest cover (times)	-	52.00	13.09	26
Shareholders' funds to turnover (%)	0.49	0.52	0.43	0.51
Liquidity				
Current assets to interest-free liabilities and short term borrowings	4	6	4	4
Other				
Number of employees	202	169	159	147
Number of shareholders	512	619	616	741





# Shareholder and other supplementary information Shareholding information

#### Top 20 shareholders

as at 30 September 2015

	Shareholder	Number of shares	% of total
1	AFRICAN CABLES LIMITED	23 076 174	70.42
2	MESSINA INVESTMENTS	3 569 204	10.89
3	NATIONAL SOCIAL SECURITY (WCIF)	712 224	2.17
4	DELTA ENFIELD CABLES	448 800	1.37
5	NATIONAL PENSION SCHEME	413 461	1.26
6	JOHN MUKARO	412 916	1.26
7	RADIA PRAKASH	389 479	1.19
8	STANBIC NOMINEES (PRIVATE) LIMITED	347 759	1.06
9	FARM AND TRADE	250 744	0.77
10	DELWARE TRADING (PRIVATE) LIMITED	223 366	0.68
11	ZWM NOMINEES (PRIVATE) LIMITED	154 884	0.47
12	AVENELL INVESTMENTS (PRIVATE ) LIMITED	141 207	0.43
13	STEPHENSON P.H	130 000	0.40
14	ARMADA (PRIVATE) LIMITED	128 261	0.39
15	GEZMARK INVESTMENTS (PRIVATE) LIMITED	120 549	0.37
16	WILSON ESQ, KENT RAYMOND	120 000	0.37
17	FERBOS NOMINEES (PRIVATE) LIMITED	92 367	0.28
18	TFS NOMINEES (PRIVATE) LIMITED	91 723	0.28
19	CAROLINE KANGARA	78 988	0.24
19	CONTRUCTION INDUSTRY PENSION FUND	61 702	0.19
		30 963 805	94.49
	OTHER	1 806 861	5.51
	TOTAL	32 770 666	100.00

Analysis of shareholding	Number of shareholders	%	Number of shares	%
1 - 500	192	37.43	39 347	0.12
501 - 1000	115	22.42	78 829	0.24
1001 - 5000	99	19.30	437 735	1.34
5001 - 10000	36	7.02	238 621	0.73
10001 - 50000	49	9.55	1 005 411	3.07
50001 - 100000	6	1.17	467 180	1.43
100001- and above	15	3.12	30 503 543	93.08
Total	512	100	32 770 666	100

Non-public shareholders are defined in the Zimbabwe Stock Exchange Listing Requirements, which requires disclosure of public and non-

CBI-Electric Africa Cables and Messina Investements and the directors' interests in the ordinary shares of the Company disclosed on page 6 are categorised as non-public shareholders of the Company.

The directors of the Company;
 An associate of the Company or any subsidiaries;
 The trustees of any employee share scheme or pension fund established for the benefit of any director or employees of the Company and

<sup>Any person who, by virtue or any agreement, has the right to nominate a person to the board of the Company; or
Any person who, is interested in more than 10% or more of the securities of the Company of the relevant class unless exempted by the committee.</sup> 

# Shareholder and other supplementary information

#### Shareholders' calendar 2015-2016

2015 Annual report distributed	Jan 2016	2016 results announced	Nov 2017
70 <sup>th</sup> Annual General Meeting	Feb 2016	2016 annual report	Jan 2017
2016 half-year results announced	May 2016	71 <sup>st</sup> Annual General Meeting	Feb 2017

#### Notice to shareholders

Notice is hereby given that the  $70^{th}$  annual general meeting of the members of CAFCA Limited will be held in the boardroom at the company's registered office at 54 Lytton Road, Workington, Harare, at 12.00 noon on Thursday 18 February 2016 for the following purposes:

- 1. To receive and consider the director's report, audited financial statements and the report of the auditors for the year ended 30 September 2015.
  To appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year.

- 3. To approve the audit fees for the year. 4. To re-elect as directors Mr H.P. Mkushi and Mr G.J.H. Steyn.

By order of the Board

C.Kangara Company Secretary 25 January 2016

1. A member entitled to vote at the above meeting may appoint one or more proxies as alternate or alternatives to attend the meeting, to vote and speak in the member's stead.

A proxy need not be a member.

- Proxy forms must be lodged with the company secretary at least 48 hours before the commencement of the meeting.
   For further information on voting procedures, see the notes on the proxy information sheet.

#### Shareholders' information

#### **Proxy information**

- 1. A member of CAFCA Limited who is entitled to attend and cast a vote at a general meeting of the company may:
  - Vote personally at the meeting or
  - - not more than two proxies,

    - an attorney, or in case of a body corporate, a corporate representative to attend the meeting.
- 2. A proxy need not be a member of CAFCA Limited.
- When more than one proxy is appointed, each proxy must be appointed to represent a stated proportion of the member's voting rights. If no proportion is specified, the appointment is of no effect.
- 4. Unless the member specifically directs the proxy how to vote, the proxy may either vote as he/she thinks fit, or abstain from voting.
- 5. Where the member is a natural person, the proxy form must be signed either by the member personally or by a duly appointed attorney.
- If an attorney signs the proxy form on behalf of a member, the relevant power of attorney or the authority under which it is signed, or a certified copy thereof must be deposited together with the proxy form at the company's registered offices
- Where a member is a body corporate, the proxy must be executed in accordance with the laws of the country of incorporation and in terms of the Memorandum and Articles of Association of the Company.
- Any person who is a joint holder of shares may appoint a proxy and, if more than one of the joint holders appoints a proxy or seeks to vote personally at the meeting, then the person whose name stands first on the register shall alone be entitled to vote.
- 9. In the case of joint holders of shares, all holders must sign the proxy form.
- 10. The proxy form must be received by the company secretary NOT LATER THAN forty-eight (48) hours before the scheduled time of the annual general meeting.

### 1.0 Managing director's overview



CAFCA Limited ("CAFCA") strives to be a leading business entity by adopting sustainable ways of doing business as today's corporates are no longer judged only on financial performance but also on their social and environmental impacts on their stakeholders. Over the past 20 years, the organisation has adopted Quality (ISO 9001), Environmental (ISO 14001), and Occupational Health and Safety (OHSAS 18001) management systems. We are also currently waiting for Energy Management System (ISO 50 001:2011) certification to compliment the above. It is in this vein that we have embraced Sustainability Reporting as guided by the Global Reporting Initiative (GRI) G4 Guidelines. This is our inaugural Sustainability report. The report covers our economic, environmental and social performance on the material aspects for the financial year 2015 (October 2014 - September 2015). The organisation's performance, operations and outlook position is covered in the Managing Director's report, refer to page 10.

G4 - 1 G4 - 28 to G4 - 29

Shehar

R.N. Webster

Managing Director



### 2.0 About this report

The report has been prepared in accordance with GRI G4 Guidelines for sustainability reporting. Our report has been prepared in line with "In accordance - Core" option of the GRI G4 guidelines. The scope of this report includes all business operations of CAFCA. Information presented here has been extracted from our primary internal records. All measurement units are as per the relevant GRI recommended units. No restatements of information have been provided in this report since it is the first report. Where applicable, we have included financial year 2014 figures for comparative purposes. The reporting cycle shall be annual.

A copy of this report can be obtained on request from CAFCA. Your feedback is welcome. Questions, comments, suggestions or feedback relating to this report or our sustainability performance may be sent by email to marketing@cafca.co.zw. The contact person is Godfrey Mavera, Chief Engineer, CAFCA Limited, P.O Box 1651, Harare.

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#### **2.1** Reporting process and materiality

We constituted a Sustainability Reporting team, which includes senior executives, with a responsibility to give overall direction for the report content. The main focus of the G4 guidelines is the "materiality" which means those topics which are relevant to our operations. The Sustainability Reporting team conducted a materiality analysis and the results formed the basis for the content of this report.

Stakeholder feedback was gathered by our key executives and management team on an ongoing basis. Industry practices and our own assessments were taken into account in determining the most material economic, environmental and social aspects to our business as well as to our stakeholders. The results of the materiality analysis were approved by our executive management team. The report seeks to present the environmental, social, and economic performance of CAFCA in the wider context of sustainability. This report reflects significant environmental, social and economic impacts. Our Sustainability Report culminates with a GRI Content Index.

From the aspects listed in the G4 Guidelines, the material aspects for CAFCA are:

### Economic performance Economic Environment Materials, Energy, Water, Emissions, Waste, Compliance, Environmental. Grievence Mechanisms and Overall (total protection expenditure). Employment, Labour-Management Relations. Health and safety, Training and Education.

#### 2.2 Boundary of material aspects

We mapped the material impacts to indicate where they occur in a significant manner. While some of the impacts occur within CAFCA, others occur outside of our organisation. The table below indicates the mapping.

Our Material Aspects	Material within CAFCA	Material outside CAFCA
Economic Economic performance	V	√
Environment		
Materials	√	
Energy	$\checkmark$	√
Water	√	√
Emissions	√	√
Overall	√	
Social		
Employment	√	
Labour-Management Relations	√	
Occupational Health and Safety	√	
Training and Education		

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#### 2.3 ASSURANCE

We have relied on our internal procedures to verify the accuracy of the information provided in this report.

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#### 3.0 About CAFCA

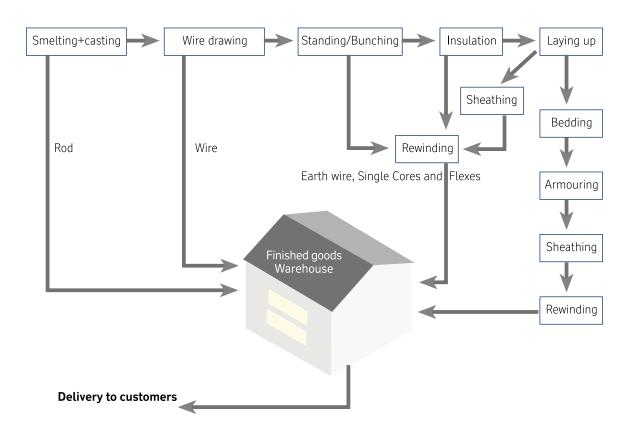
The following sections cover general information on CAFCA.

#### **3.1** CAFCA overview

We refer you to "CAFCA Overview" section of the Integrated Annual report (pages 1 and 3).

G4 - 3 to G4 - 7 G4 - 56

### 3.2 CAFCA supply chain



CAFCA supply chain is as indicated above. Key raw materials (mainly copper, aluminium, polyvinyl chloride, polythene, and galvanised steel wire) are imported due to lack of domestic suppliers. Products are manufactured to national and international standards, namely: SAZ 240, SAZ 732, SANS 1507, SANS 1339, SANS 1418 and BS 215 standards. Finished goods can be purchased and collected at the retail shop at the factory site in Harare, at our Bulawayo retail shop, through our distributors and informal market retail shops. We provide consignment stock to some of our key customers.

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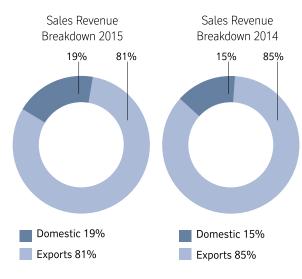
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### 3.3 Changes in supply chain

In the third Quarter of 2015, the organisation opened a retail shop in Bulawayo at its premises which was previously leased to one of its distributors. This has enabled CAFCA to do direct sales in the southern region. The retail shop contributes 3-5% of total sales revenue.

#### 3.4 Markets

CAFCA's turnover is predominantly from the domestic market. Exports are mainly to South Africa, Zambia, Malawi and Mozambique - comprising about 15-20% of turnover. See below the sales revenue breakdown for 2014 and 2015. Exports are depressed due to pricing issues which are caused by the high operating costs prevalent in Zimbabwe and weakening domestic currencies in the export markets.



#### 3.5 Scale of organisation

The organisation's manpower status was as shown in the table below for the year 2015 and 2014.

Type of employment	2015	2014
Permanent	158	148
Learnership	33	19
Contract	1	2
Students on attachment	10	10
Total	202	179

Refer to "Statement of financial position" section on page 13 and "Group performance review" section on page 44 of the Integrated Annual Report 2015 for information on net sales and total capitalisation broken into equity and debt as well as sales volumes.

G4 - 9 to G4 - 10

### **4.0** Managing our risks

The demanding management of risk is an important part of our overall sustainability programme. Refer to "Corporate Governance" section of the Integrated Annual Report page 4-6.

### 4.1 Risk management system

Our risk management system supports our strategic goals and is designed to effectively identify, assess and mitigate our sustainability and business risks. The key personnel/teams within this system, and their primary risk management responsibilities, are as follows:

Teams/Personnel	Risk management responsibilities
Board of directors Audit committee	Identifying, monitoring and control of risk management efficiency, reviewing risk management strategies and reports.
Managing director The senior executive team	Identifying, managing and mitigating business operational risks.
Operational managers	Identifying, evaluating, mitigating and reporting everyday risks.

#### **4.2** Key sustainability risks and opportunities

We have identified a number of sustainability risks and opportunities across our business. These include:

G4 **-** 2

MATERIAL ASPECT	RISK/OPPORTUNITY	MITIGATION MEASURE
ECONOMIC	Liquidity constraints in the country causing curtailing of capital projects in the following sectors – power and telecommunications, mining, industry and construction. This reduces the number of customers who are able to buy cable resulting in lower local sales.	Continue to process 100% recycled copper coming from the commodity exchange agreement with ZETDC in order to ease working capital constraints.  Use letter of credit to purchase major raw materials.
	Increased competition from imports due to opening up of global markets and inadequate protection from government.	Fully utilise our competitive advantage of shorter delivery periods and high quality of products.  Offer consignment stocks to key customers.  Lobby for the banning of sub standard imported cables through the Zimbabwe Energy Regulatory Authority (ZERA) and ZETDC.
	Falling copper and aluminum prices on the world market forcing us to drop prices and margins.	Slow down in production whilst pushing for clearance of finished goods stocks valued at higher cost.
EMPLOYEES	Labour relations may be strained due to negative macro-economic environment.	Regularly communicate with employees through monthly management briefings and Works Councils in order to keep them updated on the performance of the organisation.
ECONOMIC & ENVIRONMENTAL	Identify and implement opportunities for energy performance improvements driven by ISO 50001:2011 Energy Management System standard implementation.	Not applicabe

# **5.0** CAFCA's position on precautionary principle

The precautionary principle to risk management states that if an action or policy has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the action or policy is not harmful, the burden of proof that it is not harmful falls on those taking an action [Wikipedia, Dec 2015].

#### **6.0** Membership

CAFCA actively participates and contributes to national organisations. Though we hold simple membership roles in these organisations, our executives participate and share their knowledge in working groups and conferences organised by these organisations. The organisations in which we hold membership are:

- a) Confederation of Zimbabwe Industries
- b) National Employment Council for Engineering, Iron and Steel Industries
- c) Employers' Confederation of Zimbabwe
- d) Engineering, Iron and Steel Association of Zimbabwe
- e) Business Council of Sustainable Development Zimbabwe
- f) Zimbabwe Institute of Engineers
- g) Construction Industry Federation of Zimbabwe

Our associations with the above organisations provide opportunities for us to interact and engage with diverse stakeholders.

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#### 7.0 Awards

Refer to "Milestones" section on page 3 of the Integrated Annual Report 2015.

#### 8.0 Stakeholder Engagement

Our engagement with various stakeholder groups is ongoing. The engagement is done through our operations and senior management executives who regularly engage with our stakeholders in their respective roles via a range of channels in order to understand and address their concerns and expectations. Stakeholders' views and feedback about our operations and products are important considerations in our business decisions including in the identification and prioritisation of sustainability issues.

Our stakeholders include customers, suppliers, shareholders and investors, government and regulators, financial institutions, employees, local communities and trade and industry associations.

Below is a summary of how we engage our key stakeholders.

Stakeholder	Why they are important to us	Who is responsible to engage them	Channels of engagement	Frequency of engagement
Employees	Success of business depends on their skills, expertise and dedication	Management team representatives     Line managers	Works Council meetings     Management briefings     SHEQ meetings     NEC meetings	Monthly and as agreed by both parties
Shareholders and investors	Provide us with capital to develop and expand operations	Board of directors	Board meetings     Analyst briefings     Annual general meetings	• Quarterly • Annually
Customers	Buy our products to provide revenue and certainty to our business	Sales and marketing management team     Senior executives	Meetings     Telephone     conversations     Email     correspondences     Customer     evaluations	On-going
Suppliers	Provide us with raw materials, spares and services which we need to create valuable products	Procurement management team	Meetings     Telephone     conversations     Email     correspondences     Customer     evaluations	On-going
Government and regulators	Set the laws under which our business operates	Senior executives	<ul><li>Meetings</li><li>Written communications</li></ul>	As and when issues arise

G4 - 24 to G4 - 27

### 9.0 Our economic performance

CAFCA ensures economic sustainability by delivering a strong financial performance which will ensure that the organisation operates into the future. Since the organisation is listed on the Zimbabwe Stock Exchange, it is legally required to disclose financial performance information to the public. CAFCA has religiously complied with this requirement since its listing on the bourse.

In line with the GRI G4 disclosure requirements, we are providing our economic performance summary below.

**Economic Performance** 

Challenges

- Economic uncertainty
- No liquidity
- Throats from Imports
- Weakening copper price on international market

Summary of key economic performance indicators

	2015 US\$	2014 US\$	2013 US\$	2012 US\$	2011 US\$
Turnover	29 310 805	23 607 380	23 858 213	23 119 929	18 566 051
Domestic	23 801 710	20 034 889	21 267 729	20 369 835	16 799 866
Export	5 509 095	3 572 491	2 590 484	2 750 094	1 766 185
Profit before income tax	2 452 551	2 685 391	1 910 887	2 292 278	1 833 362
Profit attributable to shareholders	1 796 524	2 027 616	1 416 509	1 672 039	1 290 493
Capital expenditure	415 276	300 963	250 210	116 352	157 965
Shareholders equity	14 311 794	12 269 611	10 239 619	8 842 261	7 156 200
Operating salaries and wages	2 921 084	2 342 342	2 120 271	2 167 282	1 766 185
Operating expenses	27 100 781	21 027 637	21 862 537	20 789 737	16 622 271
Payments to government (income tax)	675 063	688 582	546 932	615 686	630 553

For more information, refer to the following Integrated Annual Report 2015 sections:

G4 - 17

G4 - EC1

### 10.0 Our environmental performance

It is the policy of CAFCA to conduct its activities in a responsible manner, balancing business demands with the need to protect and improve the environment. It is reflected in our commitment to incorporate environmental concerns and requirements into all aspects of the business, through the implementation of ISO 14 001 Environmental Management System and ISO 50 001 Energy Management System standards. The implementation of these systems enables us to achieve continual improvement in environmental performance.

According to GRI G4 guidelines, our material issues are:

- Materials
- Energy
- Water
- Emissions
- Compliance
- Overall
- Environmental Grievance Mechanisms

<sup>&</sup>quot;Statement of Financial Position" section on page 13

<sup>&</sup>quot;Consolidated statement of comprehensive income" section on page 14

<sup>&</sup>quot;Consolidated statement of changes in equity" section on page 15

<sup>&</sup>quot;Consolidated statement of cash flows" section on page 16

<sup>&</sup>quot;Ratios and statistics" section on page 44

#### 10.1 Materials

Non-renewable materials used

Material	2015 (metric tonnes)	2014 (metric tonnes)
Copper	1 862	1 072
Aluminium	1 583	1 143

100% scrap copper is recycled to manufacture cables, which is the organisation's primary product.

G4 -EN1

100% scrap aluminium is recycled to manufacture billets or sold to third parties for reuse.

G4 - EN2

### **10.2** Energy

Non renewa	Non renewable fuel consumptions for energy used within the organisation.								
ID	Energy source	Consumption (GJ) 2015	Energy intensity (GJ/ton) 2015	Consumption (GJ) 2014	Energy intensity (GJ/ton) 2015				
1	Electricity	23 0913	6.9	16 503	7.7				
2	Charcoal	722	0.02	3.5	0.0016				
3	Liquified Petroleum Gas	986	0.3	881	0.4				
4	Diesel	2 481	0.7	1 899	0.9				
5	Petrol	521	0.2	816	0.4				
Total		27 802	8.3	20 094	<b>9</b> .3				
	1	1							

Note: conversion factors obtained from International Energy Agency.

The energy intensity reduced by approximately 11% as a result of the benefit of economies of scale in 2015. This was coupled with benefits achieved through the implementation of ISO 50 001:2011 Energy Management system during the 2015 financial year.

G4 -EN3

G4 - EN5

#### **10.3** Water

Source	2015 (m <sup>3</sup> )	2014 (m <sup>3</sup> )
Municipal	0	0
Underground borehole	13 434	11 410

The organisation relies on underground borehole water. Municipal water supply is not reliable. The organisation trusts that the investment being put by government towards refurbishing the water works which supplies water to Harare will improve the municipal water situation in the city. The capacity of our borehole is 4,2m³/hour.

Most of CAFCA's manufacturing processes which use water are closed-loop and therefore only make-up water is drawn from the water sources. The organisation is exploring ways to recycle or reuse waste water from the few processes that are not close-looped and the recycled/reused water shall be measured during the next financial year. G4 - EN8 to G4 - EN10

#### 10.4 Emissions

### CAFCA's carbon footprint 2015

#### **Executive summary**

Greenhouse gases (GHGs) are gaseous elements of the atmosphere that absorb and emit radiation. The gases act as a shield that traps heat in the earth's atmosphere. The resulting greenhouse gas effect contributes to global warming. The six GHGs listed in the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. A carbon footprint is the total set of greenhouse gases' emissions caused by an organisation, event or product. It is expressed in terms of the amount of carbon dioxide or its equivalent of other GHGs emitted.

Table 1 shows the GHG emission figures for the 2015 financial year. GHG emission figures for 2010 to 2014 financial years are also shown for comparative purposes.

CAFCA emissions reporting has been organised in accordance with the Greenhouse Gas Protocol Standard, which is used as a guideline and reference document to facilitate emissions reporting in line with international standards. The operational boundary has been defined as scope 1 (direct emissions) and scope 2 (indirect emissions) only. Scope 3 (other indirect emissions from reporting company's upstream and downstream activities) emissions have not been reported due to lack of accurate data from third parties. Both the Greenhouse Gase Protocol and ISO 14064 Part 1:2006 - Greenhouse Gases standards, state that it is optional to report scope 3 emissions.

Direct emissions at CAFCA result from the consumption of liquefied petroleum gas (LPG), diesel, petrol, acetylene, charcoal and emissions from copper smelting and extrusion processes. Indirect emissions at CAFCA come from the use of purchased grid electricity. Emission factors used to calculate carbon dioxide equivalent emissions were obtained from the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA).

CAFCA's total greenhouse gas emissions in financial year 2015 (FY15) were 4270 tonnes of  $CO^2$  equivalent ( $CO^{2e}$ ). This is

a 31% increase from previous year's total greenhouse gas emissions of 3 272 tCO<sup>2e</sup>. Purchased electricity contributed 91% of the total greenhouse gas emissions in the year under review. Electricity consumption increased by 29% in FY15 as compared with FY14. This was due to the fact that the copper smelting furnace was recommissioned in February 2015 in order to process copper raw material that had accumulated from the commodity exchange arrangement in place with the national electricity utility. This decision was made to unlock cash which was tied up in copper raw material. Thus the total production output increased by 55% in FY15 vs FY14.

The overall GHG emission intensity decreased from  $1.52 \, tCO^{2e}$  per metal tonne in FY14 to  $1.28 \, tCO^{2e}$  per metal tonne in FY15 – a 16% reduction. This was achieved as a result of an improved electricity energy intensity in FY15. The whole facility electricity energy intensity was 1886 kWh per metal tonne in FY15 as compared to 2 295 kWh per metal tonne in FY14. This was mainly due to economies of scale achieved at the smelting and casting furnaces due to increased throughput against a backdrop of a high electricity base load. In addition, reduction of  $tCO^{2e}$  per metal tonne was as a result of production process improvements in FY15 which were part of Energy Management System (ISO 50 001:2011) implementation. The furnaces contribute approximately 40% of whole facility electricity consumption.

Going into FY16, the organisation plans to achieve further improvements in energy performance through the implementation of ISO 50001:2011 Energy Management System. The organisation has plans to implement solar energy technologies for water heating, office lighting and electronic equipment, replace non-saving and energy saving bulbs/fittings with LED, reduce compressed air waste and upgrade electronic control systems for some production machines. These improvements are expected to yield improved GHG emissions intensity in FY16.

### **10.4** Emissions (continued)

# CAFCA's carbon footprint 2015 (continued)

Table 1 shows the CAFCA GHG emission inventories

TABLE 1: CAFCA GHG emissions inventories						
Emission sources	2015 total emissions (tonnes CO <sup>2e</sup> ) - 12 month period	2014 total emissions (tonnes CO <sup>2e</sup> ) - 12 month period	2013 total emissions (tonnes CO <sup>2e</sup> ) - 12 month period	2012 total emissions (tonnes CO <sup>2e</sup> ) - 12 month period	2011 total emissions (tonnes CO <sup>2</sup> ) - 9 month period	2010 total emissions (tonnes CO <sup>2e</sup> ) - 12 month period
Scope 1: PETROL Forklifts Company vehicles	0 36.81	0 57.66	0.46 65.55	16.46 76.23	17.35 67.24	10.95 88.71
<b>DIESEL</b> Forklifts Company vehicles Generators	33.09 114.38 24.33	22.39 95.3 9.84	27.52 78.74 13.44	13.6 63.61 21.18	7.1 52.01 14.43	14.84 49.18 24.96
LPG	58.05	53.67	48.65	31.5	13.23	0.00024
CHARCOAL	97	1.22	61.49	45.45	1.52	6.6
<b>HFC's</b> Refrigerators Air conditioners	0.0000765 0.005	0.000765 0.005	0.000765 0.002	0.000765 0.05	0.000574 0.0375	0.000765 0.05
ACETYLENE	0.71	0.62	0.44	0.44	0.79	0.676
GRAPHITE	5.649	5.59	4.345	3.151	2.82	4.66
EXTRUDERS	3.9571	2.39	1.23	1.975	8.15	13.86
Scope 2: ELECTRICITY	3896.21	3023.43	3403.71	3172.48	2363.65	2722.15
TOTAL GHG EMISSIONS (tons CO <sup>2</sup> e)	4270.19	3272.12	3705.58	3446.13	2548.33	2936.64
TOTAL PRODUCTION METAL TONNES	3337	2152	2120	2062	1977	1405
GHG EMISSIONS INTENSITY (tonnes CO <sup>2e</sup> per metal tonne)	1.28	1.52	1.75	1.67	1.68	1.95

G4 - EN15 to G4 - EN18

#### **10.5** Waste

#### 10.5.1 Hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
	2015	
Solid waste	105	Landfill
Electrical waste	1	Landfill
	2014	
Solid waste	115	Landfill
Electrical waste	3	Landfill

#### 10.5.2 Non-hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
	201	5
General waste	429	Landfill
Plastic waste	3	Recycling by third parties
	201	4
General waste	291	Landfill
Plastic waste	2.7	Recycling by third parties
Paper waste	0.16	Recycling by third parties

All waste is disposed of directly by the organisation.

#### 10.6 Compliance

The organisation did not receive any fines and/or sanctions for non-compliance with environmental laws and regulations during the period under review. However, we were penalised a total sum of US\$1,000 by the Environmental Management Agency (EMA) for contamination of storm water drains with waste lubricant in 2014. The corrective measure put in place to avoid recurrence was to redesign the waste lubricant collection reticulation system to make it foolproof.

#### **10.7** Environmental grievance mechanisms

In the reporting period the organisation received three complaints from the neighboring company Whelson Transport (Private) Limited as a result of the offending odor that was being emitted from the incineration process to recover copper from redundant copper cables. The initial corrective action put in place was to increase the incinerator chimney by 5m to widen the fall out area. Process changes were also implemented by blending different types of cable scrap materials in order to suppress the odor. As a permanent solution the organisation has stopped incineration of PE and PVC coated cables, and it is exploring options of copper recovery which does not involve burning of the scrap cable. G4-EN34

#### 10.8 Overall

**Environmental Management Expenses** 

2015	2014	
US\$	US\$	
40 546	46 522	

G4 - EN31

#### **11.** Our people

CAFCA recognises that its employees play a pivotal role in driving the organisation and determining its sustainability. The organisation provides equal opportunities, without discriminating against gender, race, physical ability or HIV/AIDS status. We value our employees' contributions and commit to treat our employees in a respectable, fair and professional manner. The organisation continues to apply its HIV/AIDS policy adopted in 2004.

We recognise and respect employees' right to freedom of association and collective bargaining within the scope of national laws of Zimbabwe. 100% of our employees are covered by collective bargaining agreements. Our management has an ongoing and constructive engagement with employees at all levels to address any issues or concerns they might have. Our policy is to provide necessary advance notice in the case of significant operational changes that could substantially affect them.

Our Occupational Health and Safety policy as enshrined in our SHE policy is dedicated to continual improvement in safety and health management and performance. We continue to apply our OHSAS 18001 Occupational Health and Safety management system in our commitment to achieve zero work related accidents and diseases.

The organisation supports the employees' professional growth to attain its vision which is to be recognised for excellence in providing quality products and services that give the best value to all our customers and other stakeholders. We invest in training and development to enhance the capabilities of our employees. Training needs for employees are identified and prioritised by management based on organisational needs. Broad training areas include production machine operations, engineering handson skills, quality knowledge, SHEQ systems, leadership development, induction and ethics awareness. All employees and contractors are given induction on anti-corruption policy and procedures. The training is imparted by both internal and external trainers.

G4 - 11

### **11.1** New employee hires by gender

Year	Category	Male	Female	Total	% rate
2015	New hires	47	8	55	27
2014	New hires	34	7	41	23

### **11.2** New hires by age group

ر 18-20	/rs	21-30 yrs	31-40 yrs	41-50 yrs	51-63 yrs
	_		2015		
			2015		
	3	43	5	3	1
% Rate	5	78	9	5	2
			2014		
	0	34	5	2	0
% Rate	0	83	12	5	0

### **11.3** Employee turnover by gender

Category	Male	Female	Total	Total rate
Turnover	20	5	25	12
Turnover	14	4	18	10
	Turnover	Turnover 20	Turnover 20 5	Turnover 20 5 25

### **11.4** Employee turnover by age group

21-30 yrs	31-40 yrs	41-50 yrs	51-65 yrs
	2015 - %		
19	2	3	1
76	8	12	4
	2014 - %		
7	5	26	0
39	28	33	0
	19 76	2015 - % 19 2 76 8  2014 - % 7 5	19 2 3 76 8 12  2014 - % 7 5 26

G4 - LA1

### **11.5** Health and safety performance

100% of our employees are represented in joint management-worker health and safety committee. The Health and safety statistics for 2014 and 2015 are shown in the table below.

Number of work related accidents

	2015	2014
Injuries	13	7
Fatalities	0	0
Total number of accidents	13	8
Lost man-days due to injuries	51	182

All injuries were related to males.

G4 - LA5 to G4 - LA6

### **11.6** Training and education

The training statistics for 2014 and 2015 are shown in the table below.

	2015	2014
Number of employees trained	267	87
Number of man days trained	367	429
% Female	10	5
% Male	90	95

G4 - LA9

### **12.** GRI content index

This document meets the criteria of being in accordance with the G4 Guidelines for sustainability reporting on the core level.

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