

**REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020**
**STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 31 March 2020

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
Revenue	294 275 777	162 555 789	206 936 335	18 589 544
Operating profit	122 594 941	30 741 740	85 407 859	3 546 518
Finance income	-	-	-	-
Finance cost	(3 054 142)	-	(2 312 207)	-
Monetary gain (loss)	8 350 790	1 515 311	-	-
Profit before income tax	127 891 589	32 257 051	83 095 652	3 546 518
Income tax expense	(29 568 552)	(8 722 503)	(28 617 096)	(994 406)
Profit for the year	98 323 037	23 534 549	54 478 556	2 552 112
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	98 323 037	23 534 549	54 478 556	2 552 112
Weighted average number of ordinary shares in issue	33 259 000	33 136 000	33 259 000	33 136 000
Basic earnings per share (cents)	295.63	71.02	163.80	7.70
Diluted earnings per share (cents)	293.86	70.31	123.34	7.63
Headline earnings per share (cents)	294.48	71.02	124.55	7.70

**STATEMENT OF FINANCIAL POSITION**

As at 31 March 2020

	REVIEWED		AUDITED	
	31 March 2020 ZWL\$	30 Sept 2019 ZWL\$	31 March 2020 ZWL\$	30 Sept 2019 ZWL\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	40 582 993	43 379 448	3 850 322	4 119 488
<b>Current assets</b>				
Inventories	359 048 143	265 169 698	117 233 985	41 080 634
Trade and other receivables	38 455 433	34 112 543	34 226 970	11 812 979
Cash and cash equivalents	24 701 569	40 543 450	24 701 569	14 528 403
	422 205 145	339 825 692	176 162 525	67 422 016
<b>Total assets</b>	462 788 138	383 205 139	180 012 846	71 541 504
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity attributable to owners of the parent				
Share capital	4 186	4 186	331	331
Share premium	4 418 160	3 952 849	646 323	332 323
Share option reserve	9 629 316	3 029 905	6 829 501	402 251
Retained earnings	384 507 289	286 184 249	109 342 020	54 863 464
<b>Total equity</b>	398 558 951	293 171 190	116 818 175	55 598 369
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities	6 427 178	46 752 669	5 392 662	433 656
<b>Current liabilities</b>				
Trade and other payables	9 943 521	22 156 543	9 943 521	939 608
Provisions for other liabilities and charges	5 562 451	7 873 882	5 562 450	2 821 538
Dividend payable	-	-	-	-
Current income tax liabilities	18 650 818	5 023 469	18 650 818	1 800 118
Borrowings	23 645 219	8 227 388	23 645 219	2 948 215
	57 802 009	43 281 281	57 802 008	15 509 479
<b>Total liabilities</b>	64 229 187	90 033 950	63 194 671	15 943 135
<b>Total equity and liabilities</b>	462 788 138	383 205 140	180 012 846	71 541 504

**STATEMENT OF CASH FLOWS**

As at 31 March 2020

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
Profit before income tax	127 891 589	32 257 051	83 095 652	3 546 518
Adjustments for:				
Depreciation	2 023 57	11 733 666	268 866	197 646
Monetary (gain)/loss	(8 350 790)	(1 515 311)	-	-
(Profit)/loss on disposal of property, plant and equipment	(381 561)	(65 787)	(193 004)	(7 500)
Non-cash employee benefit-share based payment charge	7 017 730	953 759	6 712 500	108 733
Finance income	-	(1 439)	-	(164)
Finance cost	3 054 142	-	2 312 257	-
<b>Working capital changes:</b>				
Increase in inventories	(93 878 446)	(17 651 541)	(76 153 351)	(2 012 358)
Increase in trade and other receivables	(4 342 889)	(2 532 431)	(22 413 991)	(288 709)
Decrease in trade and other payables	(12 189 785)	(20 843 094)	2 003 913	(2 376 210)
Increase in provision for other liabilities	(2 311 430)	-	2 740 912	-
<b>Net cash generated from operations</b>	18 532 131	(7 665 127)	(1 626 245)	(832 044)
Finance income	-	1 626	-	164
Finance cost	(3 054 142)	-	(2 312 257)	-
Income tax paid	(8 441 097)	(5 594 385)	(6 807 091)	(637 786)
<b>Net cash generated from operating activities</b>	7 036 891	(13 257 886)	(10 745 593)	(1 469 666)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment	-	(2 881 487)	-	(328 503)
Proceeds from the sale of property, plant and equipment	381 561	62 717	193 004	7 150
Treasury bills settlement	-	-	-	-
<b>Net cash utilised in investing activities</b>	381 561	(2 818 771)	193 004	(321 353)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	15 417 831	-	20 697 004	-
Proceeds from issuance of shares - share options	46 992	168 853	28 750	19 250
<b>Net cash generated from financing activities</b>	15 464 823	168 853	20 725 754	19 250
Increase/(decrease) in cash and cash equivalents	22 883 274	(15 907 804)	10 173 165	(1 771 769)
Cash and cash equivalents at the beginning of the year	40 515 544	77 667 664	14 528 404	8 854 476
Net monetary differences on cash and cash equivalence	(38 697 249)	(6 780 686)	-	-
<b>Cash and cash equivalents at the end of the period</b>	24 701 569	54 979 174	24 701 569	7 082 707

**STATEMENT OF CHANGES IN EQUITY - INFLATION ADJUSTED**

As at 31 March 2020

	Share capital ZWL\$	Share premium ZWL\$	Share option reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
<b>Balance at 1 October 2018</b>	4 186	3 220 120	2 447 637	201 273 648	206 945 591
IFRS 9 adjustment	-	-	-	(271 529)	(271 529)
Total comprehensive income for the year	-	-	-	100 949 506	100 949 506
Profit for the year	-	-	-	100 949 506	100 949 506
Other comprehensive income for the year	-	-	-	-	-
<b>Transaction with owners in their capacity as owners:</b>					
Issue of shares	-	200 803	-	-	200 803
Share options	-	531 925	582 268	-	1 114 194
Dividend declared and paid	-	-	-	(15 767 378)	(15 767 378)
<b>Balance at 30 September 2019</b>	4 186	3 952 849	3 029 905	286 184 247	293 171 188
<b>Balance at 1 October 2019</b>	4 186	3 952 849	3 029 905	286 184 247	293 171 188
IFRS 9 adjustment	-	-	-	-	-
Total comprehensive income for the period	-	-	-	98 323 037	98 323 037
Profit for the period	-	-	-	98 323 037	98 323 037
Other comprehensive income for the period	-	-	-	-	-
<b>Transaction with owners in their capacity as owners:</b>					
Issue of shares	-	46 992	-	-	46 992
Share options	-	418 319	6 599 411	-	7 017 730
<b>Balance at 31 March 2020</b>	4 186	14 418 161	9 629 316	384 507 289	398 558 951

**STATEMENT OF CHANGES IN EQUITY - HISTORICAL COST**

As at 31 March 2020

	Share capital ZWL\$	Share premium ZWL\$	Share option reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
<b>Balance at 1 October 2019</b>	328	254 701	193 600	15 648 706	16 097 338
IFRS 9 Adjustment	-	-	-	(21 447)	(21 447)
Total comprehensive income for the year	-	-	-	41 267 443	41 267 443
Profit for the year	-	-	-	41 267 443	41 267 443
Transactions with owners in	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
<b>Transaction with owners:</b>					
Issue of shares	-	21 250	-	-	21 250
Share options	-	56 372	208 651	-	265 023
Dividend declared	-	-	-	(2 031 238)	(2 031 238)
<b>Balance at 30 September 2019</b>	331	332 323	402 251	54 863 464	55 598 369
<b>Balance at 1 October 2019</b>	331	332 323	402 251	54 863 464	55 598 369
Total comprehensive income for the period	-	-	-	54 478 556	54 478 556
Profit for the period	-	-	-	54 478 556	54 478 556
Other comprehensive income for the period	-	-	-	-	-
<b>Transaction with owners:</b>					
Issue of shares	-	28 750	-	-	28 750
Share options	-	285 250	6 427 250	-	6 712 500
<b>Balance at 31 March 2020</b>	331	646 323	6 829 501	109 342 020	116 818 175

**REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020**
**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 31 March 2020

**1 General Information**

CAFCA Limited (the "Company") manufactures and supplies cables for transmission and distribution of energy and information. It is a public limited liability company incorporated in Zimbabwe. The Company has its primary listing on the Zimbabwe Stock Exchange and secondary listing on the Johannesburg Stock Exchange.

**2 Basis of preparation**

The Company's six months financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) except for the non compliance with International Accounting Standard ("IAS 21"). The Effect of Changes in Foreign Exchange Rate explained in note 2.1.

**2.1 Statement of compliance**

The 2019 comparative financial statements have an unquantifiable mis-statement arising from exchange rates used as there is conflict between requirements of SI 33 of 2019 and IAS 21.

The law must take precedence over reporting standards.

**3 Going Concern**

The Company's management believes that despite COVID 19 the business will remain in operation for the foreseeable future. Management has assessed that the Company will continue operating as a going concern, citing the following:-

- The company has no exposure to foreign liabilities
- The Company has stock cover of six months deliveries in finished goods
- The Company has secured loans and overdraft facilities amounting to ZWL\$31 million
- Company operations classified as an essential service
- Critical raw material suppliers are still shipping/supplying.

**4 Hyperinflation**

The Public Accountants and Auditors Board issued pronouncement 01/2019 on the application of International Accounting Standard ("IAS") 29 'Financial reporting in Hyperinflationary economies' in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods ended on or after 1 July 2019 to apply requirements of IAS 29 'Financial reporting in Hyperinflationary economies.'

Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29 have been made in these financial statements to the historical cost financial information.

The sources of the price indices used were:  
Zimbabwe Statistical Office

	Indices	Conversion factor
CPI as at 31 March 2020	810.4	1.000
CPI as at 30 September 2019	290.4	2.791
CPI as at 31 March 2019	104.4	7.762

**5 Auditor's Statement**

The abridged financial statements have been reviewed by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and an adverse opinion was issued due to non-compliance with International Accounting Standard 21 "The Effect of Changes in Foreign Exchange Rates" as explained in note 2.1. Furthermore, the impact of the IAS 21 non-compliance filters on to the IAS 29 "Financial Reporting in Hyperinflationary Economies" -hyper-inflated numbers. Without qualifying the opinion attention has been drawn to the uncertainties around the COVID-19 worldwide pandemic however management is confident that the Company will be able to continue operating in the foreseeable future.

The review conclusion has been made available to management and those charged with the governance of CAFCA Limited, and the opinion is available for inspection at their registered office. The engagement partner responsible is Tinashe I Rwodzi.

**6 Related party transactions**

Reunert Engineering (Proprietary) Limited owns 69.83% of the company and the remaining 31.17% is widely held.

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
i) Purchases of goods				
CBI Electric African Cables - A Division of ATC (Proprietary) Limited	2 434 378	5 461 692	1 747 992	622 658
Metal Fabricators of Zambia Plc (Zamefa)	1 796 483	463 034	893 143	52 788
	4 230 860	5 924 725	2 641 134	675 446
ii) Balances arising from transactions with related parties				
a. Amounts due to related parties				
CBI Electric African Cables - A Division of ATC (Proprietary) Limited	-	249 716	-	32 170

The amounts due to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest and are unsecured.

Key management remuneration:

Key management includes directors (executive and non-executive) and executive managers (members of the executive committee)

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
Salaries and short term benefits	7 911 828	3 539 873	6 638 344	403 562
Share options charge	7 017 730	953 759	6 712 500	108 733
Directors' emoluments:				
- Fees	804 644	422 614	590 000	48 180
	15 734 202	4 916 246	13 940 844	560 475

**7 Segment information**

Company has one product line, and operates in one industry sector Revenue is primarily from customers who are domiciled in Zimbabwe and revenue from external customers pertains mainly to customers domiciled in Zambia, Malawi and Mozambique.

Revenue is analysed as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
Revenue from customers domiciled in Zimbabwe	265 810 637	154 914 210	185 866 238	17 761 220
Revenue from external customers	28 465 141	7 641 580	21 070 580	828 324
	294 275 777	162 555 790	206 936 335	18 589 544

Revenues from transactions with single local customers that amounted to 10% or more of the Company's revenues equals approximately (inflation adjusted) \$78 716 475 (2019: \$23 141 584)

These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the major component of the total revenue from major customers of at least 10% is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
Energy transmission and retail	78 716 475	23 141 584	56 229 081	2 592 366

The Company only has one reportable segment. The historical cost carrying amount of non-current assets located in Zimbabwe is ZWL\$ 3 850 322, (2019) \$3 121 495.

The segment information provided to the executive team for the product reportable segments for the six months ended 31 March are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
Revenue from customers	294 275 777	162 555 789	206 036 335	18 589 544
Profit before interest and taxation	127 891 589	32 257 051	83 095 652	3 546 518
Finance income	-	1 439	-	164
Finance cost	3 054 142	-	2 312 207	-
Income tax expense	29 568 552	8 722 503	28 617 096	994 406

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	AUDITED 30 Sept 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	AUDITED 30 Sept 2019 ZWL\$
Total assets	462 788 138	383 205 139	180 012 846	71 541 504
Liabilities	64 229 187	90 033 950	63 194 671	15 943 135

**8 Capital commitments**

The company had no significant capital commitments authorised by the directors or contracted for at the reporting period (2019: \$nil)

**9 Property plant and equipment**

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$	REVIEWED 31 March 2020 ZWL\$	UNAUDITED 31 March 2019 ZWL\$
Capital expenditure	-	2 881 487	-	328 503
Depreciation charge	2 023 571	1 733 666	268 866	197 646

**Commentary and overview of results** (This commentary is based on the historical cost accounts)

**Profitability**

Volumes for the six month period to 31 March 2020 were 836 tonnes in line with the comparative period last year of 844 tonnes. We managed to grow export volumes from 11% to 14% of sales.

In historical cost ZWL\$ terms turnover has moved from \$18,6 million in the comparative period last year to \$206,9 million in the current half year period.

Arising from the inflation benefit of carrying large stocks of finished goods and no foreign liabilities plus the gain on export debtors and foreign bank and cash balances, profit before taxation for the current six months period was \$83,1 million against \$3,5 million made in the comparative period last year.

**Statement of financial position**

The impact of hyperinflation on working capital is well illustrated when comparing the investment in inventories and trade and other receivables between March 2020 and March 2019. The amounts invested therein as at 31 March 2020 are ZWL\$15,6 million against the investment as at 31 March 2019 of ZWL\$11,2 million.

The increase in investment in working capital has been funded by profits generated in the period and borrowings at 31 March of \$23,645,219.

**Outlook**

Despite the impact of the corona virus on the local market, export market and supply chains we are still pursuing our monthly sales model of 140 tonnes.

Assisting CAFCA to mitigate these threats are our finished goods stock of 746 tonnes and our export consignment stock arrangements. We have commitments from our raw materials suppliers that our immediate needs will be met with only our imported spare parts requirement being a minor challenge. Despite the expected local market liquidity constraints indications from our local customers are that local sales expectations will be met.

**Dividend**

Hyperinflation is seriously affecting our ability to finance increased investment in working capital. Access to bank facilities is being hindered by the inability of banks to increase facilities due to their own constraints. Despite bank facilities in place of \$45,0 million the most CAFCA has been able to utilise is \$26,0 million.

Accordingly, the Directors have resolved to waive payment of an interim dividend until such time as liquidity improves in the local market.

By order of Board  
07 May 2020

C Kangara  
Company Secretary