Cafca Limited
Share Code: CAC
ISIN Code: ZW0009011942

Notice To Shareholders

Audited Abridged Financial Results for the full year ended 30 September 2020

All figures are in Zimbabwean Dollar(ZWL$)

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	AUDITED	REVIEWED	AUDITED
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
For six months ended 30 September 2020				
STATEMENT OF COMPREHENSIVE INCOME				
Revenue	1,629,388,292	1,314,175,370	860,858,432	93,396,412
Operating profit	760,683,727	582,833,799	421,560,358	54,190,380
Finance cost	13,555	7,495	6,518	400
Finance income	(21,270,466)	(190,757)	(12,859,646)	(10,186)
Monetary loss	(272,783,744)	(102,833,445)	-	-
Profit before income tax	466,643,072	480,195,091	408,707,231	54,180,594
Income tax credit/(expense)	46,005	(205,493,389)	(90,899,893)	(12,913,152)
Profit for the period	466,689,037	274,701,703	317,807,338	41,257,442
Other comprehensive income:	-	-		
Total comprehensive income for the period	466,689,077	274,701,703	317,807,338	41,267,442
Issued Ordinary Shares (weighted) (number)	33,281,500	33,144,000	33,281,500	33,144,000
Basic Earnings per share (cents)	1,402.67	828.21	954.91	124.51
Diluted Earnings per share(number)	33,989,000	33,459,000	33,989,000	33,459,000
Diluted Earnings per share (cents)	1,373.06	821.01	123.34	11.53
Headline earnings per share(number)	33,281,500	33,144,000	33,281,500	33,144,000
Headline earnings per share(cents)	1,399.74	831.11	124.55	11.67

STATEMENT OF FINANCIAL POSITION	AUDITED 30 SEPT 2020	AUDITED 30 SEPT 2019	AUDITED 30 SEPT 2020	AUDITED 30 SEPT 2019
ASSETS	$	$	$	$
Non-Current Assets				
Property ,plant and equipment	103,703,508	118,043,249	3,763,553	4,119,489
Deferred tax asset	-	-	4,307,067	-
Current assets				
Inventories	1,181,400,925	721,574,271	354,113,375	41,080,634
Trade and other trade receivables	116,084,973	92,826,352	114,954,977	11,812,979
Cash and cash equivalents	172,043,312	110,325,993	172,043,312	14,528,403
Total Assets	1,573,232,718	1,042,769,865	649,182,284	71,541,505
Equity attributable to owners of the parent				
Share Capital	11,396	11,391	333	331
Share premium	13,151,899	10,756,410	1,291,321	332,323
Share option reserve	28,845,290	8,244,912	21,002,626	402,251
Retained earnings	1,245,447,710	778,758,633	372,642,056	54,863,464
Total Equity	1,287,456,255	797,771,350	394,936,336	55,598,369
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	31,630,512	127,222,390	-	433,656
Current liabilities				
Trade and other payables	64,211,739	60,291,916	64,211,738	7,939,608
Provisions for other liabilities and charges	46,828,474	21,426,243	46,828,474	2,821,538
Currrent income tax liabilities	53,625,874	13,669,754	53,625,874	1,800,118
Borrowings	89,579,862	22,388,213	89,579,862	2,948,215
Total liabilities	285,776,462	244,998,515	254,245,548	15,943,135
Total equity and liabilities	1,573,232,718	1,042,769,865	649,182,284	71,541,505

STATEMENT OF CHANGES IN EQUITY-INLATION ADJUSTED

	Share Capital	Share Premium	Share Option reserve	Retained earnings	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 October 2018	11,391	8,762,525	6,660,458	547,701,670	563,136,044
IFRS 9 adjustment	-	-	-	(738,878)	(738,878)
Transfer of non-distributable reserve					
Transaction with owners:					
Issue of shares	-	546,420	-	-	546,803
Share options	-	1,447,465	1,584,457	-	3,031,921
Dividend declared and paid	-	-	-	(42,905,863)	(42,905,863)
Total comprehensive income for the year	-	-	-	274,701,703	274,701,703
Net profit for the year	-	-	-	274,701,703	274,701,703
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2019	11,391	10,756,410	8,244,915	778,758,632	797,771,343
Balance at 1 October 2019	11,391	10,756,410	8,244,915	778,758,632	797,771,343
Transaction with owners:					
Issue of shares	-	138,283	-	-	138,283
Share options	6	2,225,166	20,600,375	-	22,857,546
Total comprehensive income for the period	-	-	-	466,689,077	466,689,077
Profit for the period	-	-	-	466,689,077	466,689,077
Other comprehensive income for the period	-	-	-	-	-
Balance at 30 September 2020	11,396	13,151,859	28,845,290	1,245,447,71C	1,287,456,255

STATEMENT OF CHANGES IN EQUITY-HISTORICAL COST

	Share Capital	Share Premium	Share Option reserve	Retained earnings	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 October 2018	331	254,701	193,600	15,648,706	16,097,338
Transfer of non-distributable reserve					
IFRS 9 adjustment	-	-	-	(21,447)	(21,447)
Transaction with owners:					
Issue of shares	-	21,250	-	-	21,250
Share options	-	56,372	208,651	-	265,023
Dividend declared and paid	-	-	-	(2,031,238)	(2,031,238)
Total comprehensive income for the year	-	-	-	41,267,443	41,267,443
Net profit for the year	-	-	-	41,267,443	41,267,443
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2019	331	332,323	402,251	54,863,464	55,598,369

Balance at 1 October 2019	331	332,323	402,251	54,863,464	55,598,369
Transaction with owners:					
Issue of shares	-	34,375	-	-	34,375
Share options	2	924,623	20,600,375	-	21,525,000
Total comprehensive income for the period	-	-	-	317,779,279	317,779,279
Profit for the period	-	-	-	317,779,279	317,779,279
Other comprehensive income for the period	-	-	-	-	-
Balance at 30 September 2020	333	1,291,321	21,002,626	372,642,742	394,936,336

STATEMENT OF CASH FLOWS

	30 SEPT 20	30 SEPT 2019	30 SEPT 2020	30 SEPT 2019
Profit before income tax	466,643,072	480,195,091	408,707,231	54,180,594
Depreciation	13,373,935	15,366,623	561,806	447,366
Monetary loss	272,783,744	102,455,445	-	-
Non-cash employee share based payment charge	40,602,504	4,291,948	21,525,000	265,028
Profit on sale of property plant, and equipment	(1,106,703)	1,024,618	(193,004)	(7,500)
Finance income	(13,555)	(7,495)	(6,518)	(400)
Finance cost	21,270,466	190,757	12,859,646	10,186
Provision for slow moving and obsolete inventories	374,625	5,295,463	135,328	304,080
Increase in allowance for impairment of trade receivables	798,390	1,231,891	3,092,411	162,223
Working capital changes:				
Increase in inventories	(460,201,280)	(430,162,077)	(313,168,069)	(32,760,289)
Increase in trade and other receivables	(23,258,621)	(25,021,800)	(106,331,429)	(9,968,485)
Increase in trade and other payables	3,919,824	408,661	56,272,130	6,199,277
Increase in provision for other liabilities and charges	25,402,233	6,726,175	44,006,936	2,394,633
Cash generated from operations	360,588,635	161,995,301	127,428,467	21,250,444
Tax paid	(61,891,012)	(90,098,669)	(43,746,289)	(11,447,498)
Finance income	13,555	7,495	6,518	400
Finance cost	(21,270,466)	(190,757)	(12,859,646)	(10,186)
Net cash generated from operating activities	277,440,771	71,257,886)	70,829,051	9,793,160
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property ,plant and equipment	(206,170)	(22,049,908)	(206,170)	(1,599,945)
Proceeds from sale of property,plant and equipment	1,106,703	158,422	193,004	7,500
Treasury bills settlement	-	123,779	-	6,180
Net cash generated from/(utilised in)investing activities	900,533	(21,767,706)	19,834	(1,586,265)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of share capital	138,283	546,420	34,375	21,250
Proceeds from borrowings	147,843,268	22,388,197	108,631,647	2,948,215
Repayment of borrowings	(27,718,161)	-	(22,000,000)	-
Divided paid	-	(162,325,995)	-	(2,532,967)
Increase/(decrease) in cash and cash equivalents	398,604,633	(89,445,714)	157,514,907	(5,673,928)
Cash and cash equivalents at the beginning of the year	110,325,993	304,622,090	14,528,404	8,854,476
Net foreign exchange differences on cash and cash equivalents	(342,319,297)	(90,730,968)	-	-
Net monetary difference on cash and cash equivalents	5,431,985	(14,119,415)	-	-
Cash and cash equivalents at the end of the period	172,043,311	110,325,993	172,143,311	14,528,404

NOTES THE FINANCIAL STATEMENTS
For the six months ended 30 September 2020

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

Basis of preparation
2.The Company's six months financial statements have been prepared in accordance with International Financial reporting Standards ("IFRS") and interpretations issued by ("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.

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 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 cover 5 deliveries in finished goods
-The Company has secured loans and overdraft facilities amounting to ZWL$137 million
-Company operations classified as an essential service
-Critical raw material suppliers are still shipping/supplying

4.Hyperinflation
Accounting Standard ("IAS 29") 'Financial reporting in Hyperinflationary economies' in Zimbabwe.The pronounceme\nt requires that companies that prepare and present financial statements for financial periods ended on or after 1 July 2019 to apply requirements of 1AS 29 'Financial reporting in Hyperinflationary economies'.
Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwe dollar and the purposes of fair presentation in accordance with IAS 29 and 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 30 September 2020	2 205.24	1.000
CPI as at 30 September 2019	290.4	2.791

CPI as at 30 September 2018	64.4	34.403

5.Audit opinion

These financial statements should be read in conjunction with the complete set of financial statements for the year ended 30 September 2020, which have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe). An adverse audit opinion has been issued because of noncompliance with International Accounting Standard ("IAS") 21 'The Effects of Foreign Exchange Rates' and International Accounting Standard ("IAS") 29 'Financial Reporting in Hyperinflationary Economies'. The independent audit report includes a section on key audit matters. Key audit matters included expected credit losses allowance on trade receivables. The financial statements were audited by Tinashe Rwodzi, CA(Z), a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ") Public Practice Certificate Number 253568 and a registered Public Auditor with the Public Accountants and Auditors Board, Public Auditor Certificate Number 100. The auditor's report on the financial statements is available for inspection at the Company's registered office.

6.**Related party transactions**

Reunert Electrical Engineering (Proprietary)Limited owns 69.83% of the company and the remaining 31.17% are widely held.
The following transactions were carried out with related parties:

	INFLATION ADJUSTED		HOSTORICAL COST	
	REVIEWED	UNAUDITED	REVIEWED	UNAUDITED
	30 SEPT 2020	**31 SEPT 2019**	**30 SEPT 2020**	**30 SEPT 2019**
Purchases during the period from the holding company:				
CBI-Electric African Cables-A Division of ATC(Pty) Limited	17,855,749	60,067,716	13,458,438	3,207,618
Metal Fabricators of Zambia Plc(Zamefa)	21,920,338	63,421,774	17,952,879	3,386,725
Key management remuneration:				
Key management includes directors(executive and non-executive) and members of the executive committee				
Salaries and short term benefits	73,459,224	32,608,382	46,012,246	2,748,494
Share options charge	40,602,504	4,291,948	21,525,000	265,028
Director' emoluments				
-Fees	4,436,524	2,168,467	2,220,017	129,330
Total	118,498,652	29,140,797	69,757,2634	3,142,852

7.**Segmentation information**

The 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 domicile in Zambia,Malawi and Mozambique.

Revenue analysis

Revenue from customers domiciled in Zimbabwe	1,436,823,381	1,202,089,283	747,389,936	86,056,638
Revenue from external customers	192,564,910	112,086,087	113,468,496	7,339,775
	1,629,388,291	**1,314,175,370**	**860,858,432**	**93,395,413**

Revenue from transactions with single and local customers that amount to 10% of more each of the Company's revenues, equal approximately (inflation adjusted)$171,716,475 (2019) $23,141,584).These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the major component of the total revenue from three major customers of least 10% is as follows:

	INFLATION ADJUSTED		**HISTORICAL COST**	
	Reviewed	**Unaudited**	**Reviewed**	**Unaudited**
	30 SEPT 2020	**30 SEPT 2019**	**30 SEPT 2020**	**31 SEPT 2019**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Energy Transmission	78,716,425	23,141,584	56,229,081	2,592,366

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

Revenue from customers	1,629,388,292	1,314,175,370	860,858,432	93,396,413
Profit before interest and taxation	760,683,727	582,833,799	421,560,358	54,190,380
Net finance income	13,555	7,495	6,518	400
Finance cost	21,270,466	190,757	12,859,646	10,186
Income tax(credit)/expense	(46,005)	205,493,389	90,899,893	12,913,152
	INFLATION ADJUSTED		**HISTORICAL COST**	
	Reviewed	**Audited**	**Reviewed**	**Audited**

	30 Sept 2020	30 Sept 2019	31 Sept 2020	30 Sept 2019
Total assets	1,573,232,719	1,042,769,865	649,182,283	71,541,504
Liabilities	285,776,462	244,998,950	254,245,948	15,943,135

8.Capital commitments

The Company had no significant capital commitments authorised or contracted for at the reporting period (2019:ZWL$Nil)

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed	**Audited**	**Reviewed**	**Audited**
	30 Sept 2020	**30 Sept 2019**	**30 Sept 2020**	**30 Sept 2019**
9.**Property plant and equipment**				
Capital expenditure	206,170	22,049,908	206,170	1,599,945
Depreciation	13,023,571	15,366,623	561,806	447,366

COMMENTARY AND OVERVIEW OF RESULTS

Volumes

CAFCA managed to slightly improve volumes year on year from 1735 conductor tonnes in 2019 to 1744 conductor tonnes in 2020. COVID 19 related downturn together with dampened local demand was offset by improved export sales in the region. The holding of good finished goods stocks and consignment stock arrangements in the region negated logistical and supply side constraints.

Turnover

Turnover in historical cost terms improved by 822% well ahead of inflation indices. Turnover in inflation adjusted terms increased by 24% partly due to the slight increase in tonnage but mainly due to sales mix – more copper conductor sales and less aluminium conductor sales.

Profitability

Earnings per share historically increased by 667% again ahead of inflation whilst inflation adjusted earnings per share increased by 95%.

Statement of Financial Position

The balance sheet remains strong with a net positive bank balance of $82.5 million and debtors mainly being foreign US$ balances. Liabilities are mainly customer deposits and local RTGS suppliers – we have no foreign currency liabilities.

Dividend

No dividend has been proposed as the stability of the current exchange regime is not certain and requirements for future working capital unknown. The positive bank balances were being held against auction commitments received but not yet made available.

Outlook

We have budgeted for an increase in volumes in 2021 which we believe is attainable provided there are no significant changes in the economy or in the regional economies.

By order of Board

C Kangara
Company Secretary
17 November 2020