Cafca Limited
Share Code: CAC
ISIN Code: ZW0009011942

Notice To Shareholders

Reviewed Abridged Financial Results for the six months ended 31 March 2020

All figures are in Zimbabwean Dollar(ZWL$)

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	UNAUDITED	REVIEWED	UNAUDITED
	31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
For six months ended 31 March 2020	ZWL$	ZWL$	ZWL$	ZWL$
STATEMENT OF COMPREHENSIVE INCOME				
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 cost	(3,054,142)	-	(2,312,207)	-
Monetary gain	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)	(8,772,503)	(28,617,096)	(994,406)
Profit for the period	98,323,037	23,534,549	54,478,556	2,552,112
Other comprehensive income:	-	-		
Total comprehensive income for the period	98,323,037	23,534,549	54,478,556	2,552,112
Issued Ordinary Shares (weighted) (number)	33,259,000	33,136,000	32,259,000	33,136,000
Basic Earnings per share (cents)	295.63	71.02	163.80	7.70
Diluted Earnings per share(number)	33,459,000	33,459,000	33,459,0000	33,459,000
Diluted Earnings per share (cents)	293.86	70.31	70.31	7.63
Headline earnings per share(number)	33,259,000	33,136,000	32,259,000	33,136,000
Headline earnings per share(cents)	294.48	71.02	124.55	7.70

STATEMENT OF FINANCIAL POSITION **As at 31 March 2020**	REVIEWED 31 MARCH 2020	AUDITED 30 SEPT 2019	REVIEWED 31 MARCH 2020	AUDITED 30 SEPT 2019
ASSETS	$	$	$	$
Non-Current Assets				
Property ,plant and equipment	40,582,993	43,263,957	3,850,322	4,119,488
Current assets				
Inventories	359,048,143	265,169,698	117,233,985	41,080,634
Trade and other trade 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
Total Assets	462,788,138	383,205,139	180,012,846	71,541,504
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
Total Equity	398,558,951	293,171,190	116,818,175	55,598,369
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	6,427,178	46,752,669	5,392,662	433,656
Current liabilities				
Trade and other payables	9,943,521	22,156,543	9,943,521	939,608
Provisions and other liabilities	5,562,451	7,873,882	5,562,450	2,821,538
Currrent 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
Total liabilities	64,229,187	90,033,950	63,194,671	15,943,135
Total equity and liabilities	462,788,138	383,205,140	180,012,846	71,541,504

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	4,186	3,220,120	2,447,637	201,273,648	206,945,591
IFRS 9 adjustment	-	-	-	(271,529)	(271,529)
Transfer of non-distributable reserve					
Transaction with owners:					
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
Total comprehensive income for the year	-	-	-	100,949,506	100,949,506
Net profit for the year	-	-	-	100,949,506	100,949,506
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2019	4,186	3,952,849	3,029,905	286,184,247	293,171,188
Balance at 1 October 2019	4,186	3,952,849	3,029,905	286,184,247	293,171,188
Transaction with owners:					
Issue of shares	-	46,992	-	-	46,992
Share options	-	418,319	6,599,411	-	7,017,730
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	-	-	-	-	-
Balance at 31 March 2020	4,186	4,418,160	9,629,316	384,507,289	398,558,951

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	-	28,750	-	-	28,750
Share options	-	285,250	6,427,250	-	6,712,500
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	-	-	-	-	-
Balance at 30 September 2020	331	646,323	6,829,501	109,342,020	116,818,175

STATEMENT OF CASH FLOWS

	31 MARCH 2020 ZWL$	31 MARCH 2019 ZWL$	31 MARCH 2020 ZWL$	31 MARCH 2019 ZWL$
Profit before income tax	127,891,589	32,257,257	83,095,652	3,546,518
Depreciation	2,023,057	11,733,666	268,866	197,646
Monetary gain	(8,350,790)	(1,515,311)	-	-
Non-cash employee share based payment charge	7,017,730	953,759	6,712,500	108,733
Profit on sale of property plant, and equipment	(381,561)	(65,787)	(193,004)	(7,500)
Finance income	-	(1,439)	-	(164)
Finance cost	3,054,142	-	2,312,257	-
Working capital changes:				
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)
Increase in trade and other payables	(12,189,78)	(20,843,094)	2,003,913	(2,376,210)
Increase in provision for other liabilities and charges	(2,331,430)	-	2,740,912	-
cash generated from/(utilised in) operations	18,532,131	(7,665,127)	(1,626,245)	(832,044)
Tax paid	(8,441,097)	(5,594,385)	(6,807,091)	(637,786)
Finance income	-	1,439	-	164
Finance cost	(3,054,142)	-	(2,312,257)	-
Net cash generated from/(utilised in) operating activities	7,036,891	(13,257,886)	(10,745,593)	(1,469,666)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property ,plant and equipment	-	(2,881,487)	-	(328,503)
Proceeds from sale of property,plant and equipment	381,561	62,717	193,004	7,150
Net cash utilised in investing activities	381,561	2,818,771	193,004	(321,353)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	15,417,831	-	20,697,004	-
Share options	46,992	168,853	28,750	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 difference on cash and cash equivalents	(38,697,249)	(6,780,686)	-	-
Cash and cash equivalents at the end of the period	24,701,569	54,979,174	24,701,569	7,082,707

NOTES THE FINANCIAL STATEMENTS
For the six months ended 31 March 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.
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 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 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 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 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.Auditors 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 IAS 21 filters on to 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 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 31 MARCH 2020	UNAUDITED 31 MARCH 2019	REVIEWED 31 MARCH 2020	UNAUDITED 31 MARCH 2019
(i)Purchases during the period from the holding company:				
CBI-Electric African Cables-A Division of ATC(Pty) 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
(ii)Balances arising from purchase of goods/services:				
a.Amounts due to related parties:				
CBI-Electric African Cables-A Division of ATC (Pty) Limited	-	249,716	-	32,170
(iv)Key management remuneration:				
Key management includes directors(executive and non-executive) and members of the executive committee				
Salaries and short term benefits	7,911,828	3,539,873	6,638,344	403,562
Share options charge	7,017,730	953,759	5,712,500	108,733
Director' emoluments				
-Fees	8O4,644	422,614	590,000	48,180
Total	**15,734,202**	**4,916,246**	**13,940,844**	**560,475**

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 domiciled

in Zambia,Malawi and Mozambique.

Revenue analysis

Revenue from customers domiciled in Zimbabwe	265,810,637	154,914,210	185,866,238	17,761,220
Revenue from external customers	28,465,140	7,641,580	21,070,580	828,324
	294,275,777	**162,555,790**	**206,936,335**	**18,589,544**

Revenue from transactions with single and local customers that amount to 10% of more each of the Company's revenues, equal 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 three major customers of least 10% is as follows:

	INFLATION ADJUSTED		**HISTORICAL COST**	
	Reviewed	**Unaudited**	**Reviewed**	**Unaudited**
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 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	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
Net 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	**Audited**	**Reviewed**	**Audited**
	31 March 2020	**30 Sept 2019**	**31 March 2020**	**30 Sept 2019**
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)

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed	**Audited**	**Reviewed**	**Audited**
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
8.**Property plant and equipment**				
Capital expenditure	-	2,881,487	-	328,503
Depreciation	2,023,571	1,733,666	268,866	197,646

COMMENTARY AND OVERVIEW OF RESULTS

The commentary has been 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$151,6 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 $23,645,073.

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

C Kangara
Company Secretary
20 May 2020

Directors: H.P. Mkushi (Chairman) R.N. Webster (Managing)
E.T.Z Chidzonga P.E de Villiers L.de Jager A.E. Dickson A. Mabena S.E Mangwengwende G.J.H Steyn T.A Taylor