Cafca Limited
Share Code: CAC
ISIN Code: ZW0009011942

Notice To Shareholders

Reviewed Abridged Financial Results for the six months ended 31 March 2021

All figures are in Zimbabwean Dollar(ZWL)

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	REVIEWED	REVIEWED	REVIEWED
	31 MARCH 2021	31 MARCH 2020	31 MARCH 2021	31 MARCH 2020
For six months ended 31 March 2021	ZWL	ZWL	ZWL	ZWL
STATEMENT OF COMPREHENSIVE INCOME				
Revenue	1,341,520,494	1,002,159,222	1,234,211,579	206,936,335
Operating profit	348,672,831	417,498,348	325,031,871	85,407,859
Finance cost	(38,008,330)	(10,400,912)	(35,026,247)	(2,312,207)
Monetary (loss)/gain	(135,871,308)	28,438,702	-	-
Profit before income tax	152,793,193	435,536,137	290,005,624	83,095,652
Income tax expense	(86,076,144)	(100,696,503)	(105,801,658)	(28,617,096)
Profit for the period	66,717,049	334,840,549	184,203,966	54,478,556
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	66,717,049	334,840,125	184,203,966	54,478,556
Issued Ordinary Shares (weighted) (number)	33,389,000	33,259,000	32,389,000	33,136,000
Basic Earnings per share (cents)	199.82	1006.77	551.69	163.70
Diluted Earnings per share(number)	33,459,000	33,459,000	33,459,0000	33,459,000
Diluted Earnings per share (cents)	293.86	1000.74	541.95	123.34
Headline earnings per share(number)	33,389,000	33,259,000	33,389,000	33,389,000
Headline earnings per share(cents)	199.82	1002.85	551.69	199.82

STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	REVIEWED 31 MARCH 2021	AUDITED 30 SEPT 2020	REVIEWED 31 MARCH 2021	AUDITED 30 SEPT 2020
ASSETS	$	$	$	$
Non-Current Assets				
Property ,plant and equipment	123,184,146	129,783,530	3,473,325	3,763,552
Deferred tax asset	-	-	3,417,169	4,307,067
Current assets				
Inventories	1,584,048,143	1,478,507,188	580,036,383	354,113,375
Trade and other trade receivables	186,146,805	145,278,765	186,020,817	114,954,976
Cash and cash equivalents	108,899,448	215,309,865	108,899,448	172,043,312
Total Assets	2,002,320,391	1,968,879,348	881,847,142	649,182,282
Equity attributable to owners of the parent				
Share Capital	14,265	14,186	333	331
Share premium	24,081,865	16,459,379	7,911,822	1,291,321
Share option reserve	62,364,863	36,099,488	47,268,001	21,002,321
Retained earnings	1,625,413,891	1,558,696,841	556,845,873	372,670,801
Total Equity	1,711,874,885	1,611,269,971	612,026,028	55,598,369
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	20,624,391	39,460,007	-	-
Current liabilities				
Trade and other payables	39,476,059	80,360,118	39,476,059	64,211,739
Provisions and other liabilities	34,495,549	58,605,196	5,562,450	46,828,474
Currrent income tax liabilities	59,753,677	67,076,078	18,650,818	53,597,124
Borrowings	136,095,831	112,107,979	23,645,219	89,579,862
Total liabilities	290,445,506	357,609,377	269,821,115	15,943,135
Total equity and liabilities	2,002,320,392	1,968,879,348	881,847,142	649,182,282

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 2019	14,256	13,461,501	10,318,399	974,605,836	998,399,991
Transfer of non-distributable reserve					
Transaction with owners:					
Issue of shares	-	173,059	-	-	173,059
Share options	8	2,824,819	25,781,089	-	28,605,915
Total comprehensive income for the year	-	-	-	584,091,005	584,091,005
Net profit for the year	-	-	-	584,091,005	584,091,005
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2020	14,256	16,459,379	36,099,488	1,558,696,841	1,611,269,971
Balance at 1 October 2020	14,256	16,459,379	36,099,488	1,558,696,841	1,611,269,971
Transaction with owners:					
Issue of shares	-	31,240	-	-	31,240
Share options	-	7,591,246	26,599,411	-	33,856,623
Total comprehensive income for the period	-	-	-	66,717,049	66,717,049
Profit for the period	-	-	-	66,717,049	66,717,049
Other comprehensive income for the period	-	-	-	-	-
Balance at 31 March 2021	14,256	24,081,865	62,364,863	1,625,413,891	1,711,874,885

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 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 year	-	-	-	317,807,337	317,807,337
Net profit for the year	-	-	-	317,807,337	317,807,337
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2020	333	1,291,321	21,002,626	372,670,801	394,965,081
Balance at 1 October 2020	333	1,291,321	21,002,626	372,670,801	394,965,081
Transaction with owners:					
Issue of shares	-	26,875	-	-	26,875
Share options	-	6,593,626	26,265,375	-	32,859,001

Total comprehensive income for the period	-	-	-	184,175,072	184,175,072
Profit for the period	-	-	-	184,175,072	184,175,072
Other comprehensive income for the period	-	-	-	-	-
Balance at 31 March 2021	333	7,911,822	47,268,001	556,845,873	612,026,029

STATEMENT OF CASH FLOWS

	31 MARCH 2021	31 MARCH 2020	31 MARCH 2021	31 MARCH 2020
	ZWL	ZWL	ZWL	ZWL
Profit before income tax	152,793,193	435,536,138	290,095,652	3,546,518
Depreciation	8,421,307	6,891,299	290,226	268,866
Monetary gain	157,871,308	(28,438,702)	-	-
Non-cash employee share based payment charge	33,787,197	23,898,953	32,796,000	6,712,500
Profit on sale of property plant, and equipment	-	(1,299,410)	-	(193,004)
Finance cost	38,787,197	23,898,953	32,796,000	2,312,257
Working capital changes:				
Increase in inventories	(105,582,804)	(319,704,025)	(225,923,008)	(76,153,351)
Increase in trade and other receivables	(40,868,041)	(14,789,754)	(77,278,163)	(22,413,991)
Increase in trade and other payables	(40,884,059)	(41,512,440)	(24,735,681)	2,003,913
Increase in provision for other liabilities and charges	(24,109,647)	(7,871,599)	(12,322,925)	-
cash generated from operations	184,820,974	63,111,372	24,060,641	(1,626,246)
Tax paid	(113,335,843)	(28,746,912)	(98,721,098)	(6,807,091)
Finance cost	(38,008,330)	(10,400,912)	(35,026,247)	(2,312,257)
Net cash generated from operating activities	33,476,801	23,964,216	(109,686,704)	(10,745,594)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property,plant and equipment	-	1,299,410	-	193,004
Net cash utilised in investing activities	-	1,299,410	-	193,004
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	23,987,852	52,505,584	46,515,969	20,697,004
Share options	31,240	160,032	26,875	28,750
Increase/(decrease) in cash and cash equivalents	57,495,893	77,929,241	(63,143,861)	10,173,164
Cash and cash equivalents at the beginning of the year	215,309,865	137,976,107	172,043,312	14,528,404
Net monetary difference on cash and cash equivalents	(163,906,306)	(131,783,881)	-	-
Cash and cash equivalents at the end of the period	108,899,448	84,121,467	108,899,448	24,701,568

NOTES THE FINANCIAL STATEMENTS
For the six months ended 31 March 2021

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 Hyperinflationery Economies.The financial statements are presented in Zimbabwean Dollars(ZWL) and values are rounded to the nearest dollar,except otherwise indicated.

2.1 Statement of Compliance
The 2020 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 four months' deliveries in finished goods
-The Company has secured loans and overdraft facilities amounting to ZWL $281 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 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 2021	2,759.83	1.000
CPI as at 30 September 2020	2,205.24	1.251
CPI as at 31 March 2020	810.40	3.406

5.Auditors statement
The abridged financial statements have been reviewed by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and unqualified opinion was Without qualifying the opinion attention has been drawn to the uncertainties around Covid-19 worldwide pandemic however Management is confident that the Company will be able to continue to 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 (Public Practice Certificate Number 253568).

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 2021	**UNAUDITED 31 MARCH 2020**	**REVIEWED 31 MARCH 2021**	**UNAUDITED 31 MARCH 2020**
(i)Purchases during the period from the holding company:				
CBI-Electric African Cables-A Division of ATC(Pty) Limited	25,247,618	8,290,300	22,715,431	1,747,992
Metal Fabricators of Zambia Plc(Zamefa)	15,365,811	6,117,942	14,258,546	893,143
(ii)Key management remuneration:				
Key management includes directors (executive and non-executive) and members of the executive committee				
Salaries and short term benefits	43,354,650	26,943,813	39,792,481	6,638,344
Share options charge	33,787,197	23,953,759	32,796,000	6,712,500
Director' emoluments				
-Fees	2,977,553	2,730,007	2,725,000	590,000
Total	**80,119,400**	**53,572,772**	**75,313,481**	**13,940,844**

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	1,197,059,037	905,220,892	1,099,111,689	185,866,238
Revenue from external customers	144,461,457	96,938,334	135,099,890	21,070,580
	1,341,520,494	**1,002,159,226**	**1,234,211,579**	**206,936,818**

Revenue from transactions with single and local customers that amount to 10% of more each of the Company's revenues, equal approximately (inflation adjusted)$123,184,146 (2020) $129,183,530).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 2021	31 March 2020	31 March 2021	31 March 2020
	ZWL	ZWL	ZWL	ZWL
Retail	208,660,115	268,069,775	190,939,460	56,229,081

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

Revenue from customers	1,341,520,494	1,002,159,222	1,234,211,579	206,936,818
Profit before interest and taxation	348,672,831	435,536,138	325,031,871	85,407,859
Finance cost	38,008,330	10,400,912	35,026,247	2,312,207
Income tax expense	86,076,144	100,696,012	105,801,658	28,617,096

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed	Audited	Reviewed	Audited
	31 March 2021	30 Sept 2021	31 March 2021	30 Sept 2021
Total assets	2,002,320,392	1,576,092,822	881,847,142	649,182,282
Liabilities	290,445,506	218,733,165	269,821,115	254,217,201

8.Capital commitments

The Company had no significant capital commitments authorised by the directors or contracted for at the reporting period(2020:$nil)

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed	Audited	Reviewed	Audited
	31 March 2021	31 March 2020	31 March 2021	31 March 2020

8. **Property plant and equipment**

Depreciation	-	-	-	-
Capital expenditure	8,421,307	6,891,299	290,226	268,866

COMMENTARY AND OVERVIEW OF RESULTS

VOLUMES

Volumes for the half year were 1175 tonnes, an increase over the prior year comparative period of 41%. Export volumes increased over the prior year comparative period by 52%. Sales are buoyant in the following sectors - mines, retail, construction and industry.

PROFITABILITY

Pretax profit in historical terms increased from $83.096 million in the prior year to $290.006 million in the current half year an increase of 249%. However, adjusting for the impact of inflation for the 6 months reduced the inflation adjusted pretax profits from $435.536 million in the prior half year to $152.793 million in the current half year. The anomaly between historical profits increasing whilst inflation adjusted profits decreased is explained by the fact that a significant amount of stock manufactured in prior years was sold in the current period which reduces the amount of uplift in the monetary gain/loss calculation.

STATEMENT OF FINANCIAL POSITION

Borrowings have increased from $89.6 million to $136.095 million to finance working capital. Historical cost stock in monetary terms has increased from $345.113 million to $580.036 million despite the fact that stock volumes went down from 865 tonnes to 727 tonnes.

OUTLOOK

We do not expect the next quarter to be materially different to the current quarter

- Local sales in the buoyant sectors should continue.
- Export sales may be marginally affected by the volatile London Market Exchange copper price.

Borrowings will continue to increase to fund working capital firstly because the price of copper has gone up and secondly the inflation impact of replacing old stock with current replacement cost.

DIVIDEND

The Directors have not proposed a dividend to shareholders in view of the need to finance working capital out of borrowings.

By order of Board

C Kangara
Company Secretary
17 May 2021

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