Cafca Limited
Share Code: CAC
ISIN Code: ZW0009011942

Notice To Shareholders

Audited Abridged Financial Results for the full year ended 30 September 2021

All figures are in Zimbabwean Dollar (ZWL$)

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	AUDITED	REVIEWED	AUDITED
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
For six months ended 30 September 2021				
STATEMENT OF COMPREHENSIVE INCOME				
Revenue	3,953,721,111	2,469,319,281	3,376,708,926	860,858,433
Operating profit	618,909,191	1,132,519,437	1,119,588,420	421,560,359
Finance income	29,153	20,542	28,272	6,518
Finance cost	(104,269,709)	(32,235,147)	(84,129,253)	(12,859,646)
Monetary loss	(355,927,035)	(393,069,040)	-	-
Profit before income tax	158,761,600	707,235,791	1,035,487,439	408,707,231
Income tax (expense)/credit	(420,949,994)	69,720	(273,111,141)	(90,899,892)
(Loss)/Profit for the year	(262,208,393)	707,305,511	762,376,299	317,807,339
Other comprehensive income:	-	-		
Total comprehensive(loss)/income for the year	(262,208,393)	707,305,511	762,376,299	317,807,339
Issued Ordinary Shares (weighted) (number)	33,389,000	33,281,500	33,389,000	33,281,500
Basic (Loss)/Earnings per share (cents)	(785.31)	2,125.22	2,283.32	954.91
Diluted Earnings per share(number)	33,989,000	33,989,000	33,989,000	33,989,000
Diluted (Loss)/ Earnings per share (cents)	(771.45)	2,080.98	2,243.01	935.03
Headline earnings per share(number)	33,389,000	33,281,500	33,389,000	33,281,500
Headline (loss)/earnings per share(cents)	(790.64)	2,121.48	2,276.83	954.40

STATEMENT OF FINANCIAL POSITION

	AUDITED 30 SEPT 2021	AUDITED 30 SEPT 2020	AUDITED 30 SEPT 2021	AUDITED 30 SEPT 2020
ASSETS	$	$	$	$
Non-Current Assets				
Property ,plant and equipment	138,277,570	157,161,478	3,183,826	3,763,551
Deferred tax asset	-	-	43,203,784	4,307,067
Current assets				
Inventories	1,509,362,481	1,790,399,563	929,934,974	354,113,375
Trade and other trade receivables	380,238,427	175,925,446	378,780,378	114,954,976
Cash and cash equivalents	237,542,707	260,729,668	237,542,707	172,043,312
Total Assets	2,265,421,184	2,384,216,155	1,592,645,669	649,182,279
Equity attributable to owners of the parent				
Share Capital	17,266	17,263	334	333
Share premium	33,602,585	19,931,499	7,848,820	1,291,321
Share option reserve	60,948,000	43,714,706	60,948,001	21,002,626
Retained earnings	1,625,296,903	1,887,505,295	1,135,018,348	372,642,050
Total Equity	1,719,864,753	1,951,771,350	1,203,815,503	394,936,330
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	156,726,265	47,784,132	-	-
Current liabilities				
Trade and other payables	123,733,340	97,312,155	123,733,340	64,211,739
Provisions for other liabilities and charges	69,514,858	70,968,017	69,514,858	46,828,474
Currrent income tax liabilities	65,573,942	81,225,826	65,573,942	53,625,874
Borrowings	89,579,862	22,388,213	130,008,026	89,579,862
Total liabilities	545,556,431	433,047,391	388,830,166	254,245,949
Total equity and liabilities	2,265,421,184	2,384,216,155	1,592,645,669	649,182,279

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	17,263	16,301,216	12,495,074	1,180,199,783	1,209,103,336
Transaction with owners:					
Issue of shares	-	209,566	-	-	209,209
Share options	-	3,420,717	31,219,632	-	34,640,349
Total comprehensive income for the year	-	-	-	707,305,511	707,305,511
Net profit for the year	-	-	-	707,305,511	707,305,511
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2020	17,263	19,931,499	43,714,706	1,887,505,294	1,951,168,762
Balance at 1 October 2020	17,263	19,931,499	43,714,706	1,887,505,294	1,951,168,762
Transaction with owners:					
Issue of shares	-	37,830	-	-	138,283
Share options	2	13,633,256	(13,633,256)	-	-
Share options	-		30,866,551	-	30,866,551
Total comprehensive income for the year	-	-	-	(262,208,393)	(262,208,393)
Profit for the period	-	-	-	(262,208,393)	(262,208,393)
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2021	17,265	33,602,5859	60,948,000	1,625,296,903	1,719,864,752

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	54,834,714	55,569,619
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	-	-	-	317,807,339	317,807,339
Net profit for the year	-	-	-	317,807,339	317,807,339
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 September 2020	333	332,323	21,002,626	372,642,053	394,936,330

Balance at 1 October 2020	333	332,323	21,002,626	372,642,053	394,936,330
Transaction with owners:					
Issue of shares	-	26,875	-	-	26,875
Shares exercised	1	6,530,624	(6,530,625)	-	-
Share options	-	-	46,476,000	-	46,476,000
Total comprehensive income for the year	-	-	-	762,376,299	762,376,299
Profit for the period	-	-	-	762,376,299	762,376,299
Other comprehensive income for the period	-	-	-	-	-
Balance at 30 September 2021	334	7,848,820	60,948,000	1,135,018,20	1,203,815,50

STATEMENT OF CASH FLOWS

	30 SEPT 21	30 SEPT 2020	30 SEPT 2021	30 SEPT 2020
Profit before income tax	158,741,600	707,235,791	1,035,487,439	408,707,594
Depreciation	18,883,314	20,268,044	579,725	561,805
Monetary loss	355,927,035	393,069,040	-	-
Non-cash employee share based payment charge	56,383,258	61,532,629	46,475,999	21,525,000
Profit on sale of property plant, and equipment	(2,361,703)	(1,677,196)	(2,164,258)	(226,004)
Finance income	(29,153)	(20,542)	(28,272)	(6,518)
Finance cost	104,269,709	32,235,147	84,129,235	12,859,646
Provision for slow moving and obsolete inventories	(7,123,972)	567,740	2,330,822	135,328
Increase in allowance for impairment of trade receivables	6,425,312	1,209,963	8,121,917	3,092,411
Working capital changes:				
Decrease/(Increase) in inventories	288,161,053	(697,429,767)	(578,152,420)	(313,168,069)
Increase in trade and other receivables	(204,312,981)	(35,248,174)	(271,947,319)	(106,331,429)
Increase in trade and other payables	26,421,186	5,940,448	59,521,600	56,272,130
(Increase)/decerease in provision for other liabilities	(1,453,158)	38,496,793	22,686,384	44,006,936
Cash generated from operations	799,931,742	526,179,917	407,040,869	127,428,467
Tax paid	(338,972,509)	(93,795,122)	(300,059,790)	(43,843,609)
Finance income	29,153	20,542	28,272	6,518
Finance cost	(104,269,709)	(32,235,147)	(84,129,253)	(12,859,646)
Net cash generated from operating activities	356,718,678	400,170,190	22,880,099	70,731,730
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property ,plant and equipment	-	(312,448)	-	(206,170)
Proceeds from sale of property,plant and equipment	2,421,944	1,677,196	2,164,258	226,004
Net cash generated from/(utilised in)investing activities	2,421,944	1,364,747	2,164,258	19,834
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	37,830	209,566	26,875	34,375
Proceeds from borrowings	(5,749,235)	182,048,199	40,428,164	86,728,973

Cash (utilised)/generated from financing activity	5,711,406	182,257,765	40,455,039	86,763,348
Increase in cash and cash equivalents	353,429,215	182,048,199	65,499,396	157,514,912
Cash and cash equivalents at the beginning of the year	260,729,667	167,197,778	172,043,31	14,528,401
Net monetary difference on cash and cash equivalents	(376,616,172)	(490,260,813)	-	-
Cash and cash equivalents at the end of the year	237,542,707	260,729,668	237,542,707	172,043,313

NOTES THE FINANCIAL STATEMENTS
For the year months ended 30 September 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 and IAS 29 Financial Reporting in Hyperinflationary Economies.The financial statements are presented in Zimbabwe Dollars(ZWL) and all
Values are rounded to the nearest dollar, except where otherwise indicated.
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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$320 million
-Company operations classified as an essential service
-Critical raw material suppliers are still shipping/supplying
-Demand for cable has remained firm with sales volumes projected to increase to 2 700tons from 2 600tons in the ensuing year.

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 2021	3 342.02	1.000
CPI as at 30 September 2020	2,205.20	1.515
CPI as at 30 September 2019	290.4	11.509

5.Audit opinion

'The Company annual financial statements have been audited by PricewaterhouseCoopers (PwC) Chartered Accountants (Zimbabwe) who have issued an adverse opinion on the basis of non-compliance with IAS 21, 'Effects of changes in foreign exchange rates', and IAS 29 'Financial reporting in hyper-inflationary economies'.

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The audit report has been made available to management and those charged with the governance of CAFCA Limited and is available for inspection at the Company registered office. The independent audit opinion includes a section on key audit matters.Key audit matters included a section 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 registered Public Auditor with the Public Accountants and Auditors Board,Public Auditor Certificate Number 100.The auditor's report on the financial statement is available for inspection at Company's registered office.

6.**Related party transactions**

Reunert Electrical Engineering (Proprietary)Limited owns 50.46% of the company and the remaining 49.54% are widely held.
The following transactions were carried out with related parties:

	INFLATION ADJUSTED		HOSTORICAL COST	
	REVIEWED	UNAUDITED	REVIEWED	UNAUDITED
	30 SEPT 2021	**31 SEPT 2020**	**30 SEPT 2021**	**30 SEPT SEPT 2020**
Purchases during the period from the holding company:				
CBI-Electric African Cables-A Division of ATC(Pty) Limited	21,798,284	27,060,178	16,097,348	13,458,438
Metal Fabricators of Zambia Plc(Zamefa)	94,427,699	33,220,021	73,029,734	17,952,879
Sale of goods				
CBI-Electric Telecoms(Proprietary) Limited	2,011,803	-	1,429,225	-
Key management remuneration:				
Key management includes directors(executive and non-executive) and members of the executive committee				
Salaries and short term benefits	211,775,760	111,326,612	88,894,491	46,012,426
Share options charge	56,383,258	61,532,629	46,525,999	21,525,000
Director' emoluments				
-Fees	7,410,436	6,724,107	6,209,989	2,220,017
Total	275,569,454	179,583,349	141,580,479	69,757,263

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	3,547,555,119	2,177,489,367	3,030,837,119	747,389,936
Revenue from external customers	406,165,991	291,829,914	345,871,807	113,468,496
	3,953,721,111	**2,469,319,281**	**3,376,708,926**	**860,858,432**

Revenue from transactions with single and local customers that amount to 10% of more each of the Company's revenues, equal approximately (inflation adjusted)$542,102,024 (2020) $260,017,091).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 2021	**30 SEPT 2020**	**30 SEPT 2021**	**31 SEPT 2020**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Retail sector (2021) and 2020 comparative was in energy sector	542,102,024	260,017,091	69,135,774	12,283,081

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	3,953,721,111	2,469,319,281	3,376,708,926	860,858,433
Profit before interest and taxation	618,909,191	1,132,519,437	1,119,588,420	421,560,359
Net finance income	29,153	20,542	28,272	6,518
Finance cost	104,269,709	32,235,147	84,129,253	12,859,646
Income tax expense (credit)	420,949,994	(69,720)	273,111,141	90,899,892

	INFLATION ADJUSTED		**HISTORICAL COST**	
	Reviewed	**Audited**	**Reviewed**	**Audited**
	30 Sept 2021	**30 Sept 2020**	**31 Sept 2021**	**30 Sept 2020**

Total assets	2,265,421,185	2,384,216,155	1,592,645,669	649,182,281
Liabilities	545,556,431	433,047,391	388,830,166	254,245,949

7.Capital commitments

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

	INFLATION ADJUSTED		**HISTORICAL COST**	
	Reviewed	**Audited**	**Reviewed**	**Audited**
	30 Sept 2021	**30 Sept 2020**	**30 Sept 2021**	**30 Sept 2020**
8.**Property plant and equipment**				
Capital expenditure	-	312,448	-	206,170
Depreciation	18,883,314	20,268,044	579,725	561,805

COMMENTARY AND OVERVIEW OF RESULTS

Volumes

Volumes for the year ended 30 September 2021 at 2604 tons increased 49% on the previous year. Local sales increased 57% on the back of a post COVID improvement in the economy whilst the export sales improved 16%.

Turnover

Turnover in historical cost terms improved by 292% of which 49% can be attributable to volume increases and the balance to sales mix, the increase in the price of copper and some to inflation.

Exports are translated at the auction exchange rate ruling at the time of invoicing.

Profitability

In historical terms profit before tax at 31% of turnover is well above our normal benchmark and mainly attributable to the impact of holding high manufactured stocks made at old prices.

Statement of Financial Position

In historical terms the balance sheet has grown during the year by $656.3 million with $566.4 million of the profit being reinvested back into stock.

Debtors are mainly US$ denominated whilst we have no foreign liabilities.

We had a net cash position of ZWL$108 million mainly due to having to hold cash to cover our foreign currency auction back log.

Despite detailed interrogation of the mechanics of applying the Standard and the indices used, the Inflation adjusted financial result has not been commented on as the profit is not consistent with both the historical cost profit extrapolation nor the profit obtained by calculating open and closing balance sheets in the US $.

Dividend

Cash is being set aside to cater both for the auction system requirement and the impact that future hyperinflation may have on having to finance working capital.

Accordingly, the Directors have deemed it prudent not to recommend the declaration of a dividend at this time.

Outlook

We have budgeted for a modest increase in volumes in 2021/22 against a back ground of uncertainty in the foreign currency availability and pricing and the impact of increased competition in our regional markets.

By order of Board

C Kangara
Company Secretary
22 November 2021