



Notice to Shareholders

REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE HALF ENDED 31 MARCH 2023

Statement of Profit or Loss and other Income For the half year ended 31 March 2023

	Inflation Adjusted		Historical Cost	
	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL
Revenue	15 704 221 891	6 264 812 383	15 699 795 167	2 886 217 693
Operating profit	6 464 602 031	1 823 757 977	7 065 113 815	888 993 383
Finance income	10 904	114 375	10 902	49 844
Finance cost	(455 599 335)	(139 650 629)	(450 822 350)	(64 975 901)
Monetary loss	(739 218 620)	(351 442 921)	-	-
Profit before income tax	5 269 794 980	1 332 778 802	6 614 302 367	824 067 326
Income tax expense	(1 471 113 731)	(371 161 043)	(1 627 445 114)	(241 498 612)
Profit for the period	3 798 681 249	961 617 759	4 986 857 253	582 568 714
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	3 798 681 249	961 617 759	4 986 857 253	582 568 714
Weighted average number of ordinary shares in issue	33 589 000	33 589 000	33 589 000	33 589 000
Basic earnings per share (cents)	11 078.10	2 862.90	14 758.82	1 734.40
Diluted earnings per share (cents)	11 013.86	2 803.84	14 671.97	1 728.87
Headline earnings per share(cents)	10 966.10	2 862.90	14 758.82	1 734.40

Statement of Financial Position As at 31 March 2023

	Inflation Adjusted		Historical Cost	
	31 March 2023 ZWL	30 Sept 2022 ZWL	31 March 2023 ZWL	30 Sept 2022 ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	1 032 806 235	550 929 744	548 644 910	33 068 548
Deferred income tax asset	-	-	179 425 017	154 945 844
	1 032 806 235	550 929 744	728 069 927	188 014 392
Current assets				
Inventories	10 661 467 800	10 186 083 599	7 550 970 930	5 318 397 450
Trade and other receivables	2 797 085 971	2 250 559 969	2 758 336 545	2 076 167 491
Cash and cash equivalents	659 261 098	606 335 335	659 261 098	576 723 908
	14 117 814 869	13 042 978 903	10 968 568 573	7 971 288 849
Total assets	15 150 621 104	13 593 908 647	11 696 638 500	8 159 303 241
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the parent				
Share capital	69 056	69 054	338	336
Share premium	220 824 219	185 564 678	67 458 816	32 248 821
Share option reserve	292 129 728	264 102 387	65 995 502	38 399 999
Retained earnings	11 819 985 360	8 021 304 111	9 200 697 414	4 213 840 161
Total equity	12 333 008 363	8 471 040 230	9 334 152 070	4 284 489 317
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	455 126 310	1 111 702 423	-	-
Current liabilities				
Trade and other payables	426 502 185	497 534 416	426 502 185	473 236 470
Provisions for other liabilities and charges	455 040 167	569 266 289	455 040 167	541 465 192
Current income tax liability	1 075 990 347	373 552 324	1 075 990 347	414 849 363
Borrowings	315 800 604	1 758 600 158	315 800 603	1 672 715 899
Dividend payable	89 153 128	812 212 807	89 153 128	772 547 000
	2 362 486 431	4 011 165 994	2 362 486 430	3 874 813 924
Total liabilities	2 817 612 741	5 122 868 417	2 362 486 430	3 874 813 924
Total equity and liabilities	15 150 621 104	13 593 908 647	11 696 638 500	8 159 303 241

Statement of Cash Flows

For the half year ended 31 March 2023

	Inflation Adjusted		Historical Cost	
	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL
Cash flows from operating activities				
Profit before income tax	5 269 794 980	1 332 778 802	6 614 302 367	824 067 326
Adjustments for:-				
Depreciation	46 391 599	25 260 615	13 606 699	340 601
Monetary loss	739 218 620	351 442 921	-	-
Profit on disposal of property, plant and equipment	(51 015 894)	-	(56 566 927)	-
Non-cash employee benefit-share based payment charge/(credit)	53 237 343	(420 799)	52 805 500	(468 000)
Finance income	(10 904)	(114 375)	(10 902)	(49 844)
Finance cost	455 599 335	139 650 629	450 822 350	64 975 901
Working capital changes:				
Increase in inventories	(475 384 202)	(1 634 637 220)	(2 232 573 480)	(859 104 849)
Increase in trade and other receivables	(546 526 002)	(397 717 782)	(682 169 054)	(362 298 557)
Decrease in trade and other payables	(71 032 231)	(45 427 350)	(46 734 285)	28 509 037
Decrease in provision for other liabilities and charges	(114 226 122)	(40 183 327)	(86 425 025)	13 471 405
Net cash generated from/(utilised in) operations	5 306 046 523	(269 367 887)	4 027 057 244	(290 556 980)
Finance income	10 904	114 375	10 902	49 844
Finance cost	(455 599 335)	(139 650 629)	(450 822 350)	(64 975 901)
Income tax paid	(995 641 087)	(284 094 271)	(990 783 300)	(116 874 272)
Net cash generated from/(utilised in) operating activities	3 854 817 005	(692 998 412)	2 585 462 496	(472 357 309)
Cash flows from investing activities				
Proceeds from sale of property plant and equipment	51 015 894	-	56,566,927	-
Acquisition of property, plant and equipment	(528 268 089)	-	(529 183 065)	-
Net cash utilised in investing activities	(477 252 195)	-	(472 616 138)	-
Cash flows from financing activities				
Decrease in borrowings	(1 442 799 554)	487 562 512	(1 356 915 296)	315 295 436
Proceeds from issue of shares	10 049 541	23 774 073	10 000 000	10 000 000
Dividend paid	(723 059 679)	-	(683 393 872)	-
Net cash (utilised in)/generated from financing activities	(2 155 809 693)	511 336 585	(2 030 309 168)	325 295 436
Increase/(decrease) in cash and cash equivalents	1 221 755 117	(181 661 828)	82 537 190	(147 061 873)
Cash and cash equivalents at the beginning of the year	606 335 335	635 511 995	576 723 908	237 542 707
Effects of inflations on cash and cash equivalents	(1 168 829 354)	(284 109 881)	-	-
Cash and cash equivalents at the end of period	659 261 098	169 740 286	659 261 098	90 480 834

Statement of Changes in Equity - Inflation Adjusted As at 31 March 2023

	Share capital ZWL	Share premium ZWL	Share option reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 October 2021	69 052	134 388 025	243 751 513	6 500 107 114	6 878 315 704
Total comprehensive income for the year	-	-	-	2 333 409 804	2 333 409 804
Profit for the year	-	-	-	2 333 409 804	2 333 409 804
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners in their capacity as owners					
Issue of shares	2	35 539 342	-	-	35 539 344
Share options	-	-	35 988 185	-	35 988 185
Share exercised	-	15 637 311	(15 637 311)	-	-
Dividened declared	-	-	-	(812 212 807)	(812 212 807)
Balance at 30 September 2022	69 054	185 564 678	264 102 387	8 021 304 111	8 471 040 230
Balance at 1 October 2022	69 054	185 564 678	264 102 387	8 021 304 111	8 471 040 230
Total comprehensive income for the period	-	-	-	3 798 681 249	3 798 681 249
Profit for the period	-	-	-	3 798 681 249	3 798 681 249
Other comprehensive income for the period	-	-	-	-	-
Transaction with owners in their capacity as owners					
Issue of shares	2	10 049 539	-	-	10 049 541
Share options exercised	-	-	53 237 343	-	53 237 343
Share options	-	25 210 002	(25 210 002)	(-)	-
Balance at 31 March 2023	69 056	220 824 219	292 129 728	11 819 985 360	12 333 008 363

Statement of Changes in Equity - Historical Cost As at 31 March 2023

Balance at 1 October 2021	334	7 848 820	60 948 002	1 135 018 186	1203 815 342
Total comprehensive income for the year	-	-	-	3 851 368 975	3851 368 975
Profit for the year	-	-	-	3 851 368 975	3851 368 975
Transactions with owners in	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners:					
Issue of shares	2	9 999 998	-	-	10 000 000
Share options	-	14 400 003	(14 400 003)	-	-
Share exercised	-	-	(8 148 000)	-	(8 148 000)
Dividend declared	-	-	-	(772 547 000)	(772 547 000)
Balance at 30 September 2022	336	32 248 821	38 399 999	4 213 840 161	4 284 489 317
Balance at 1 October 2022	336	32 248 821	38 399 999	4 213 840 161	4 284 489 317
Total comprehensive income for the period	-	-	-	4 986 857 253	4 986 857 253
Profit for the year	-	-	-	4 986 857 253	4 986 857 253
Other comprehensive income for the period	-	-	-	-	-
Transaction with owners:					
Issue of shares	2	9 999 998	-	-	10 000 000
Share options	-	25 209 997	(25 209 997)	-	-
Share exercised	-	-	52 805 500	-	52 805 500
Balance at 31 March 2023	338	67 458 816	65 995 502	9 200 697 414	9 334 152 070

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



Notice to Shareholders

REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE HALF ENDED 31 MARCH 2023

Notes to the Abridged Financial Statements For the half year ended 31 March 2023

NOTES TO THE FINANCIAL RESULTS

1 General Information

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

Functional currency and exchange rates

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which prescribed parity between the United States Dollar (USD) and the local currency as at and upto the effective date of 22 February 2019. The Company adopted the Zimbabwe Dollar as its functional and reporting currency in 2019 in line with the requirements of the law. For 2019 and subsequent financial years, the directors and management determined that the Company's functional currency is ZWL based on requirements of IAS 21. The annual financial statements for the year ended 30 September 2022 are therefore presented in ZWL being the currency of the primary economic environment in which the Company operates.

Auction rate: Having come into effect on 23 June 2020, the Foreign Currency Auction Market was operational throughout the year under audit.

The interbank exchange rate (Willing Buyer Willing Seller): With effect from 09 May 2022, the interbank exchange system was put in place to run parallel to the Foreign Currency Auction System.

Market participants willing to participate on the interbank exchange market/foreign currency auction market are required to meet the eligibility criteria specified by the Reserve Bank of Zimbabwe (RBZ). The Company participated on the Foreign Currency Auction Market during the year to fund operations.

The Company determined that there is no other appropriate exchange rate with observable inputs for financial reporting and therefore applied the auction exchange rate up to 9 May 2022 and the interbank exchange rate subsequent to 9 May 2022. The following exchange rate was applied to translate foreign currency transactions and balances for the half year ended 31 March 2023:-

Closing exchange rate- USD 1: ZWL 929.86 (2022: ZWL 142.42)

3 Going concern

Management has assessed that the Company will continue operating as a going concern,citing the following:-

- a. The company has limited exposure to foreign liabilities.
- b. The company has stock cover of 3 months in finished goods.
- c. The company has adequate working capital and facilities from local banks.
- d. Demand for cable remains strong.

4 Inflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of the measuring unit current at the end of the reporting date. The restatement has been calculated by means of adjustment factors derived from the blended consumer price index (CPI) prepared by Zimbabwe National Statistics Agency (ZimStat). The adjustment factors used to restate the financial statements as at 31 March 2023, using 2022 base year are as follows:

	Indices	Conversion factor
CPI as at 31 March 2023	274.01	1.000
CPI as at 30 September 2022	260.63	1.051
CPI as at 31 March 2022	146.06	1.876

5 Independent External Auditor's Statement

The abridged interim financial information for the six months ended 31 March 2023 has been reviewed by Grant Thornton Chartered Accountants (Zimbabwe). An adverse review conclusion was issued due to non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies regarding the use of weighted inflation indices as there was no official data for ZWL inflation indices.

The auditor's review conclusion on the abridged interim financial information for the six months ended 31 March 2023 is available on the websites of the ZSE and the Company or for inspection at the Company's registered office.

The engagement partner responsible for the review is Edmore Chimhowa (Public Practice Certificate Number 0470).

6 Related party transactions

	Inflation Adjusted		Historical Cost	
	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL
Purchases of goods				
CBI Electric African Cables - A Division of ATC (Proprietary) Limited	161 580 517	-	161 580 517	-
Metal Fabricators of Zambia PIC (Zamefa)	-	567 422 438	-	255 473 745
	161 580 517	567 422 438	161 580 517	255,473,745
Sale of goods				
Metal Fabricators of Zambia(PIC) (Zamefa)	1 924 922	-	1 915 433	-
Key management remuneration:				
Key management includes directors (executive and non-executive) and executive managers (members of the executive committee)				
Salaries and short term benefits	699 808 398	197 719 274	700 421 699	91 425 430
Share options charge/(credit)	53 237 343	(420 799)	52 805 500	(468 000)
Directors' emoluments:				
-Fees	35 189 013	36 104 227	35 200 000	17 150 000
	788 234 754	233 402 702	788 427 199	108 107 430

7 Segment information

Revenue is primarily from customers who are domiciled in Zimbabwe and revenue from external customers pertains mainly to customers domiciled in Malawi, Rwanda and Mozambique.

	Inflation Adjusted		Historical Cost	
	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL
Revenue is analysed as follows:				
Revenue from customers domiciled in Zimbabwe	13 962 462 914	5 897 168 832	13 956 840 558	2 718 650 181
Revenue from external customers	1 741 758 977	367 643 551	1 742 954 609	167 567 512
	15 704 221 891	6 264 812 383	15 699 795 167	2 886 217 693

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

	Inflation Adjusted		Historical Cost	
	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL
Retail Sector	2 993 751 543	847 392 517	2 986 157 726	390 355 078

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

	Inflation Adjusted		Historical Cost	
	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2023 Reviewed ZWL	31 March 2022 Reviewed ZWL
Revenue from customers	15 704 221 891	6 264 812 383	15 699 795 167	2 886 217 693
Profit before interest and taxation	6 464 602 031	1 823 757 977	7 065 113 815	888 993 383
Finance income	10 904	114 375	10 902	49 844
Finance cost	455 599 335	139 650 629	450 822 350	64 975 901
Income tax expense	1 471 113 731	371 161 043	1 627 445 114	241 498 612
Total assets	14 117 814 869	-	11 696 638 500	8 159 303 241
Liabilities	2 817 612 741	5 122 868 417	2 362 486 430	3 874 813 924

8 Capital commitments

The company had no significant capital commitments authorised by the directors orcontracted for at the reporting period (2022: ZWL nil)

9 Property plant and equipment

Capital expenditure	528 268 089	-	529 183 065	-
Depreciation charge	46 391 599	25 260 615	13 606 699	340 601

Commentary and overview of results

Overview

The commentary has been limited to the historical cost numbers as the inflation adjusted numbers do not work with blended inflation indices.

Turnover

Turnover increased by 444% to ZWL\$15.7 billion compared to the same period last year. Volumes were down 9.5% but were compensated for in the sales mix where copper conductors increased 4.7%.

Exports were slightly up year to date compared to the same period last year with a new consignment stock initiative in Tanzania in addition to the previous Rwanda, Malawi and Mozambique consignment stock initiatives.

The local sales are down mainly due to grey imports but also low business activity with the Utility customers.

Profitability

Profit after tax for the year at ZWL\$4.9 billion was 455% up on the comparable period last year and in line with the turnover increase.

We have repaid our local borrowings so the ZWL\$450,8 million on the expensive borrowings will not recur. The company has moved to a net positive bank positon awaiting more affordable interest rates.

Statement of Financial Position

Non-current assets increased due to replacement of vehicles. Included under trade and other receivables are goods in transit which together with the increase in inventories reflects our strategy of investing our profits back into inflation hedged assets.

Borrowings of ZWL\$315.8 million is a foreign currency denominated loan.

Outlook

The company is concerned with the non-availability of foreign currency and in April has already lost production days due to stock outs of copper cathode.

The pricing, quality and supply of power is a concern as our production processes cannot have interruptions nor can the furnace be switched off. Price increases should be commensurate with quality and supply commitments.

The market remains tight and we continue to seek assistance from the Authorities to stop grey imports.

Dividend

A dividend will be considered at year end.

By order of Board
27 April 2023

C Kangara
Company Secretary