

2012 ANNUAL REPORT AND FINANCIAL STATEMENTS



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Company profile



Corporate

CAFCA Limited ("CAFCA") is quoted on the Harare, Johannesburg and London stock exchanges. Established in 1947, CAFCA is part of CBI Electric African Cables (RSA), which in turn is owned by Reunert Limited (RSA). It has been at the forefront of the cable industry in the region for more than 60 years, supplying large volumes of cable to power and telecommunication utilities as well as the mining, agricultural and industrial sectors.

CAFCA manufactures and supplies cable and allied products for the transmission and distribution of electrical energy and information primarily in Southern and Central Africa. We manufacture over 900 cabling products including 11kV XLPE cables all to British, South African and Zimbabwe quality standards.

CAFCA offers a toll manufacturing option to all its customers who can access key raw materials such as copper and aluminium, which are converted at the cost of value addition.

We also recover decommissioned cables for recycling that can be exchanged for other products within our manufacturing range.

Mission statement

Our business purpose is:

- To be a leading manufacturer and supplier of cable and allied products for the transmission and distribution of information and energy for the Central and Southern African markets.
- To be recognised for excellence in providing quality products and services that give best value to all our customers and other stakeholders.

Our operating principles are:

- We consistently delight customers,
- We innovate,
- We achieve excellence,
- We recognise suppliers as active partners in our business,
- We do it right,
- We keep getting better,
- We respect and value each other,
- We work as a team,
- We ensure personal development,
- We care for the environment and support the community.

The period in brief

Financial highlights

	12 months to 30 September 2012
Revenue	23 119 929
Operating profit	2 382 058
Profit before tax	2 292 278
Attributable profit	1 672 039
Earnings per share (cents)	5.13

Milestones

CAFCA was the first company in Zimbabwe to achieve ISO 9002 accreditation, later upgraded to ISO 9001:2000, which enables us to design as well as produce cabling to international standards.

In 1999 CAFCA became the first cable company in sub-Saharan Africa to be awarded the environmental standard, ISO 14001:2004.

Zimbabwe Electricity Supply Authority annual supply contracts

- Low voltage armoured cables: 1985-98, 2000-03
- All aluminium conductor: 1988-99, 2001-03
- Aluminium conductor steel reinforced 1988-99, 2001-03

Anglo American Corporation annual supply contract 1985-2000

BHP annual supply contract 1996-1999

Botswana Power Corporation

- Split concentric annual supply contract 2000-2004

Botswana Ministry of Health

- Annual supply of low smoke and fume white stripe cables 2002-2004

African Cables (South Africa)

- Monthly delivery of 600/1000V red stripe to SANS 1507 2003 specifications to date

Confederation of Zimbabwe Industries (CZI)

- Industrial Exporter of the Year 1st Runner up 2005

Quality management standard

Accredited to ISO 9001: 2000

(First company to gain accreditation in Zimbabwe: year 1999)

Accredited to ISO 9002:2000

(Design and manufacture)

Occupational health and safety standard

Accredited to OHSAS 18001:2007

Environment management standard

Accredited to ISO 14001:2004

(First cable company in sub-Saharan Africa to achieve the international quality standard)

Corporate governance

Corporate governance represents the means by which direction and control are applied to stewardship of an organisation's assets, tangible and intangible, financial and non-financial, in the pursuit and delivery of the primary objective of sustainable value creation.

Ethics

Directors, management and staff are required to maintain the highest possible standards of business ethics and accountability and appropriate disciplinary measures are in place in the event of non-conformity.

Board of directors

The board of directors of CAFCA Limited fully supports the highest standards of corporate governance and is committed to the principles of openness, integrity and accountability in dealings with all stakeholders.

The board fully recognises its responsibilities for setting the Company's strategic direction, providing the leadership to put this into effect, supervising the management of the business and reporting to the shareholders on its stewardship.

The board meets at least four times a year. One third of the board retire by rotation at the Annual General Meeting and may offer themselves as eligible for re-election.

Following the appointment of new directors to the board, an induction programme is arranged in order to facilitate their understanding of the Group.

Audit committee

This committee has been established to help the board discharge its responsibilities relating

to the safeguarding of assets, the operating of adequate systems and controls and of adding assurance and credibility to the Group's financial reporting process.

The audit committee assists the board in fulfilling its responsibilities by reviewing and making recommendations on the following:

- The financial reporting process,
- The systems of internal control,
- The process for the management of business risks,
- The audit process,
- The Group's process for monitoring compliance with relevant laws and regulations.





The audit committee has the authority to conduct or authorise investigations into any matters within its scope of responsibilities. The audit committee comprises no less than three non-executive directors. The board appoints committee members and the chairman of the audit committee from among its directors. The audit committee meets no less than four times a year.

Executive committee

This committee consists of the executive team, which is responsible for implementing the board's strategies, plans and policies, identifying risk for the board and for safety, health, environment and other operational matters.

Risk management

Effective risk management is a board responsibility and is integral to the Group's objective of consistently adding value to the business. Business risks have been identified and relevant strategies are in place to address them. An appropriate system is in place for monthly assessments and regular review by the board.



Management reporting

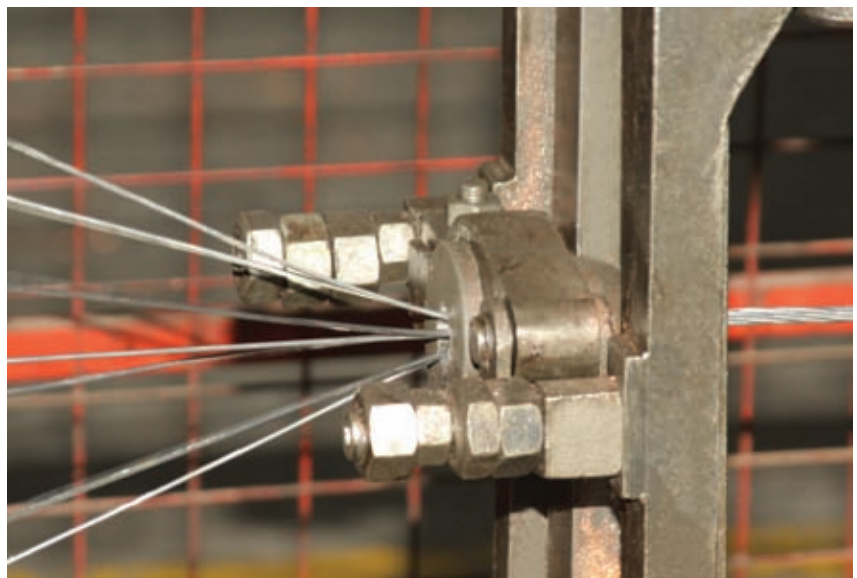
The Group's performance is monitored by weekly and monthly management meetings and is supported by management reporting disciplines that include the preparation of annual business plans and monthly results reported against budgets and other targets.

Compensation committee

This committee consists of two non-executive directors who review and approve executive and staff remuneration, inclusive of bonuses and benefits as well as directors' fees, within the board's terms of reference.

Operations controls

While operating risk can never be fully eliminated, the Group endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout its business. Key policies employed in managing operating risk involve the segregation of duties, transactions and authorisations, as well as monitoring financial and managerial reporting.



Directors' report



The directors have pleasure in presenting their report together with the financial statements of CAFCA Limited for the twelve months ended 30 September 2012.

Reporting currency

The financial reports have been prepared in United States Dollars ("US\$").

Capital

Authorised share capital

The authorised capital remains unchanged since last year.

Issued share capital

Ordinary shares were issued during the year. Issued share capital stands at 32 609 000 fully paid-up ordinary shares.

Unissued share capital

In terms of the Articles of Association of the Company, unissued shares are under the control of the directors.

Results for the year

The results for the year are set out on pages 18 to 42.

Attention to quality

Attention to quality is one of the reasons for our continued success.

At all levels we put our best endeavours into achieving product performance, safety and reliability. We monitor, control, document and regularly review all company activities from design through to production and inspection.

We hold quality systems' accreditation and product approvals from a number of authorities both local and international.

Meetings of directors

The following table sets out the number of board meetings held by CAFCA Limited during the period under review and those attended by each director.

	Meetings held	Meetings attended
H.P. Mkushi	4	4
R.N. Webster	4	4
A.E. Dickson	4	3
E.T.Z. Chidzonga	4	4
A. Mabena	4	4
S.E. Mangwengwende	4	4
T.A. Taylor	4	4

Directors' interests

Details of directors' interests in the ordinary shares of the company are shown below:

	Shares held directly	Shares held indirectly
H.P. Mkushi	-	399,105
R.N. Webster	-	136,700
E.T.Z. Chidzonga	100	-
A.E. Dickson	100	-
A. Mabena	100	-
S.E. Mangwengwende	100	-
T.A. Taylor	200	-

In terms of the Articles of Association of the Company, one third of the directors, excluding the managing director, will retire by rotation each year.

In accordance with the Articles of Association, Messrs H.P. Mkushi and A.E. Dickson retire by rotation.

The directors, being eligible, offer themselves for re-election.

None of the directors had any interest in the shares of the Company's subsidiaries at any time during the year. None of the directors had an interest in any contract of significance with the Group during the period.

Employment policies

CAFCA does not discriminate on the basis of race, religion, sex or disability and is committed to providing opportunities, safe working conditions and attractive remuneration to staff.

The Group endeavours to attract and retain talented and suitably qualified and experienced staff through performance-based reward systems, including an incentive bonus scheme.

Corporate governance

A statement on corporate governance is set out on page 4.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue as the company's auditors. A resolution to authorise their re-appointment will be proposed at the Annual General Meeting.

Senior executives

The management team comprises:

Rob Webster - Managing director

Caroline Kangara - Finance executive

Godfrey Maverera - Chief engineer

Patrick Muginyi - Human resources executive

Farai Mukumbira - Sales and marketing executive

Dumisani Mhlanga - Manufacturing executive

Directors



Chairman (non-executive)

Honour Piniel Mkushi

L.L.B (Hons), (London)

Appointed to the board on 1 January 1986.

Honour is an advocate of the High Court of Zimbabwe. He has been in private legal practice since 1971 and has an immaculate professional record with the Law Society of Zimbabwe.

Honour is currently a Senior Partner of Sawyer & Mkushi Legal Practitioners, attorneys, notaries and conveyancers. Honour is a corporate and commercial lawyer and also boasts experience in Constitutional Law making including attending the Geneva and Lancaster House, London negotiations for Zimbabwe's independence. He was a Commissioner involved in the drafting of the new Constitution for Zimbabwe in 1999.

Honour chairs the boards of seven reputable corporations in Zimbabwe.



Executive director/managing director

Robert Neill Webster

B.A.cc (Natal), C.A (Z)

Appointed to the board on 11 July 2006.

Rob completed his articles of clerkship with Coopers and Lybrand and left as an audit manager to join 5T Holdings as financial director. He later joined Apex Corporation as financial director and progressed to divisional executive of the foundry division. Rob was then approached by the CFI group to run Victoria Foods, which then led to promotion to divisional executive - poultry.

He joined CAFCA in 2006 as managing director.



Non-executive director

Thomas Alexander Taylor

B. Com. (Cape Town), C.A. (Z), C.A. (SA)

Appointed to the board on 11 October 1995.

Tom served his articles with Price Waterhouse where he worked in their Bulawayo, Harare and London offices. He was admitted as a partner in July 1972. Until June 1985, he was an audit partner in Bulawayo and partner in charge of the Botswana office. He then transferred to Harare as senior partner of Price Waterhouse Central Africa (Zimbabwe, Botswana, Malawi and Mozambique). Tom retired from the firm on 30 June 1995 after having completed 10 years as a senior partner.

Currently self-employed, Tom sits on the boards of various public and private companies.

Directors

continued



Non-executive director

Edwin Tavengwa Zinyoro Chidzonga
M.A. (Accounting & Finance)
UK, F.C.C.A. (UK), F.C.M.A (UK), M.I.M. (UK)
Appointed to the board on 17 February 2000.

Edwin joined Minerals Marketing Corporation of Zimbabwe (MMCZ) as a financial controller in 1983. In 1986, he was appointed managing director designate in the MMCZ European office, Zurich. In 1990, he was appointed managing director of MMCZ Sales, Zurich. Between 1994 and 1995, Edwin worked as managing director of Standard Chartered Finance, Zimbabwe and between 1996 and 1997 worked in the bank's London Head Office. Between 1998 and 2000, Edwin worked mainly as a consultant before joining Mining Industry Pension Fund where he was the chief executive officer.

Edwin sits on the boards of AIG Zimbabwe (Private) Limited; Duly's (Private) Limited and Intermarket Life Assurance Company of Zimbabwe, among other directorships.

Currently Edwin is an associate director clients and markets with Deloitte.



Non-executive director

Alvord Mabena
B. Sc. Mechanical Engineering
Appointed to the board on 19 February 1998.

Alvord had 20 years' experience in the railways industry, the last 10 as chief executive of the National Railways of Zimbabwe. He was heavily involved in the rehabilitation and upgrading of railway infrastructure and equipment.

A past president of the Zimbabwe Institute of Engineers, Alvord won the Institute of Personal Management 'Manager of the Year' award in 1992.

A businessman and director of other companies, Alvord is currently into farming and consultancy.



Non-executive director

Alan Ernest Dickson
B.Sc.Eng. (Elec.), M.Sc. (Eng.) Witwatersrand
Appointed to the board on 1 January 2011.

After having joined CBI-Electric African Cables in 1997 and working in various capacities, Alan was appointed managing director of the organisation in March 2009. Prior to joining CBI-Electric African Cables, he has worked for Matra Engineering Services and the University of Witwatersrand.



Non-executive director

Simbarashe Emanuel Mangwengwende
B.Sc. (Eng.) (Hons.) (Electrical Engineering)
(University of Zimbabwe), M.Sc. (Management of Technology) (Washington University, U.S.A), F.Z.W.E.I.E., Mem. I.E.E.E.
Appointed to the board on 1 October 2006.

Simbarashe (Simba) is an electric power engineering and management specialist with extensive experience in the electricity supply industry which includes more than 14 years (1992 to 2006) as chief executive of the Zimbabwe Electricity Supply Authority (ZESA), the country's national utility, eight years (1981 to 1988) in electricity distribution engineering in various capacities of increasing responsibility and four years (1988 to 1992) in corporate planning.

Since retirement in 2006 he has worked as an independent consultant and sits on the boards of several public and private companies and non-profit organisations.

His major achievements include the formulation of the National Energy Policy of Liberia; transforming of ZESA into one of the best managed state-owned power utilities in Africa; the formulation and initial implementation of Zimbabwe's electricity industry reform strategy including the launching of a sustainable rural electrification programme and playing a leading role in the establishment of the Southern African Power Pool (the first fully operational power pool in Africa).

Operations' report

Safety		
Year	Number of accidents	Lost man days
2012	13	9
2011	8	130
2010	17	27
2009	14	14
2008	4	71

Lost man days (from health and absenteeism)		
Year	Number	% of total man days
2012	841	3,22
2011	732	2,8
2010	716	2,13
2009	436	1,31
2008	700	1,96

CAFCA Limited acknowledges that the management of safety, health and the environment is an integral part of an effective and sustainable business.

CAFCA Limited has established a culture where all people take ownership and acknowledge their responsibility for the safety and health of everyone associated with the Group operations and for the management of environmental issues.

Objectives

- To comply with all applicable laws, regulations and standards for health and safety.
- To comply with local laws and international standards in respect of the environment.

Methodology

In support of these objectives, the Group aims to:

- Continue a culture of continuous improvement in all activities.
- Adopt a zero tolerance attitude to accidents.
- Continually review associated risks and act appropriately.
- Communicate potential risks to employees and contractors who are trained in their individual responsibilities to minimise and, where possible, eliminate such risks.
- Ensure that all employees wear appropriate protective clothing and equipment, which is provided by the Group.
- Conduct periodic internal and external audits of its safety, health and environmental management systems.
- Conduct continuing risk assessment, particularly on effective guarding of plant and equipment.
- Post appropriate signs.
- Train all new employees in basic safety as part of their induction programme.
- Provide additional training in first aid, fire fighting and the use of specialist safety equipment on an on-going basis.
- Carry out in-depth reviews of causes of accidents and implement necessary improvements to avoid a repetition.
- Benchmark with the mining industry regularly.
- Give appropriate publicity to health and safety issues.

We have not experienced any fatalities for at least 39 years. Accidents are defined as incidents, which result in injury or illness. The target is zero.

Health & safety

- Employees have induction and annual medicals.
- Job risk assessments are done annually to identify hazards of heat, dust, noise, chemicals, metals and gases. Necessary control measures are in place to protect employees.
- HIV/AIDS initiatives have been run and awareness posters placed on site.
- An HIV/AIDS' policy was approved by the board in July 2004.
- CAFCA was certified for OHSAS 18001:2007 in 2009.



Environment

CAFCA is continually improving its ISO 14001:2004 environmental management system.

The key environmental aspects CAFCA is concentrating on are:

- Gases and fumes' emissions
- Redundant cable
- Effluent
- Waste consumption
- Use of wooden battens and laggings
- Noise
- Diesel and petrol spillages
- Fuel usage
- Electricity

Environmental measurement and monitoring are conducted on key aspects as per statutory and standard requirements.

Internal and external audits are carried out periodically to ensure full compliance with the requirements of ISO 14001:2004 standard.

CAFCA is also participating in the Workington/Southernton environmental cluster, which focuses on:

- Waste minimisation
- Pollution prevention
- Efficient use of natural resources.



CAFCA's carbon footprint 2012

Executive summary

Greenhouse gases (GHGs) are gaseous elements of the atmosphere that absorb and emit radiation. The gases act as a shield that traps heat in the earth's atmosphere. The resulting greenhouse gas effect contributes to global warming. The six GHGs listed in the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. A carbon footprint is the total set of greenhouse gases emissions caused by an organisation, event or product. It is expressed in terms of the amount of carbon dioxide or its equivalent of other GHGs emitted.

GHG figures were reported in the 2010 financial year end report and formed the baseline for comparative reporting as seen in table 1. Sources of GHG's at CAFCA have been confirmed and the GHG emissions due to the operations of the organisation in terms of the total amount of carbon dioxide emitted were calculated for the year 2012. To note is the fact that the financial year end of the company is now 30 September to allow coterminous year end consolidation of our accounts with those of the majority shareholder. The carbon footprint results reported in 2010 cover a 12 month period from January – December 2010; whilst 2011 results cover a 9 month period (January to September 2011), whilst the 2012 results

cover a 12 month period from October 2011 to September 2012. These results are shown in table 1.

CAFCA emissions' reporting has been organised in accordance with the Greenhouse Gas Protocol Standard, which is used as a guideline and reference document to facilitate emissions reporting in line with international standards. The operational boundary has been defined as scope 1 (direct emissions) and scope 2 (indirect emissions) only. Scope 3 (other indirect emissions from reporting company's upstream and downstream activities) emissions have not been reported due to lack of accurate data from third parties. Both the Greenhouse Gas Protocol and ISO 14064 Part 1:2006 - Greenhouse Gases standards, state that it is optional to report scope 3 emissions.

Direct emissions at CAFCA result from the consumption of charcoal, liquid petroleum gas (LPG), diesel, petrol and oxy-acetylene. Other direct emissions sources are carbon dioxide emissions from the copper smelting and extrusion processes. Direct fugitive emissions are from hydro fluorocarbons emitted from air conditioners and refrigerators. Indirect emissions at CAFCA are measured specifically from the use of purchased electricity.

Primary and secondary data is collected on a monthly basis from the company's departments. Emission factors to calculate carbon dioxide emissions are obtained from the Intergovernmental Panel on Climate Change (IPCC) (1996), IPCC (2006) and International Energy Agency (IEA) 2011. These sources are the recommended ones for default emission factors since Zimbabwe has not yet determined its specific emission factors.

CAFCA's total greenhouse gas emissions in 2012 were 3446 tons. Purchased electricity contributed 92% of the total greenhouse gas emissions. It is not possible to make a comparative analysis of 2011 and 2012 as 2011 was a shorter financial year. Hence comparison is done against the baseline results established in 2010. Electricity consumption increased by 19% in 2012 as compared to 2010. The increase in electricity consumption is attributed to the commissioning of the melting furnace (smelter) in early 2012 and 39% increase in production volumes in 2012 as compared to 2010. In 2010 and 2011 period, CAFCA was using one smelting furnace instead of two in line with the lower production volumes during that period. The overall impact of increased electricity consumption in 2012 was a resulting 17% increase in greenhouse gas emissions compared to 2010 emissions.

These initiatives include:

- i) Upgrades of machine electronic components;
- ii) Process improvement initiatives through quality improvement projects;
- iii) Factory control system improvements to reduce scrap, over usage and rework;
- iv) The replacement of incandescent lamps with energy saving bulbs;
- v) The phasing out of the use of electric heaters and;
- vi) The use of daylight switches for factory and security lights.

CAFCA's carbon footprint 2012

continued

Despite the increase in greenhouse gas emissions due to increased consumption of electricity in 2012, CAFCA managed to reduce its electricity energy intensity from 2845 Kwh/ton in 2010 to 2441 Kwh/ton (i.e 14% reduction) in 2012. The reduction in electricity energy intensity was mainly due to the implementation of energy saving initiatives.

Going forward, significant reductions in electricity energy intensities will be achieved through further implementation of energy efficiency programmes within the plant as this is where the bulk of electricity is consumed within CAFCA. Therefore CAFCA has embarked on an exercise to demarcate the factory into a number of load centres. Electricity energy intensities (Kwh/ton) per load centre shall be measured

in order to determine baseline energy intensities. These baseline measurements shall then form the basis for setting objectives and targets per load centre to necessitate incremental improvements.

In order to take a holistic approach encompassing all CAFCA energy sources, CAFCA has committed to the implementation of the international standard ISO 50001:2011 for energy management systems in 2013. The standard specifies the requirements for establishing, implementing, maintaining and improving an energy management system and also aims to help organizations continually reduce their energy use, and therefore their energy costs and greenhouse gas emissions.

Table 1 shows the CAFCA GHG emissions' inventory for 2010, 2011 and 2012.

TABLE 1: CAFCA GHG emissions inventories			
Emission sources	2012 total emissions (tons CO ₂) - 12 month period	2011 total emissions (tons CO ₂) - 9 month period	2010 total emissions (tons CO ₂) - 12 month period
Scope 1:			
PETROL			
Forklifts	16.46	17.35	10.95
Company vehicles	76.23	67.64	88.71
DIESEL			
Forklifts	13.6	7.1	14.84
Company vehicles	63.61	52.01	49.18
Generators	21.18	14.43	24.96
LPG	31.5	13.23	0.0024
CHARCOAL	45.45	1.52	6.6
HFC's			
Refridgerators	0.000765	0.000574	0.000765
Air conditioners	0.05	0.0375	0.05
ACETYLENE	0.44	0.79	0.676
GRAPHITE	3.151	2.82	4.66
EXTRUDERS	1.975	8.15	13.86
Scope 2:			
ELECTRICITY	3172.48	2 363.65	2722.15
TOTAL GHG EMISSIONS	3446.13	2 548.73	2936.64

Chairman's statement



Overview

The Company has been able to maintain both revenue and profit levels in a very difficult market that is less liquid than it was this time last year and expected to get tighter as we head towards elections.

Despite the national liquidity constraint, the Company statement of financial position reflects a much improved liquidity position with current assets covering current liabilities nearly three times. Were it not for a strategic decision to increase cover of aluminium raw materials at year end, the Company would have had nil borrowings. It is expected that the Company will be out of borrowings for most of the forthcoming year. Cash management still demands that we defer any declaration of dividends for 2012 performance.

The Company continues to invest resources in maintaining the three Management Systems in place, namely the Quality system ISO 9001:2008, the Environmental system ISO 14001:2004 and the Occupational Health and Safety System OHSAS 18001:2007, as these are key to competing both locally and in export markets.

During the coming year the Company will invest more time in the concept of integrated reporting especially in the work already done on our carbon footprint and will also work towards attaining certification in the new energy management system ISO 50001:2011.

Future outlook

As mentioned in previous years the outlook of the Company is to steadily build back to full capacity without exposing the Company to significant borrowings – investment in plant will be made once all working capital requirements have been met.

It is only a matter of time before the country starts investing heavily in the infrastructure from which the Company should be well placed to both contribute and benefit.

The majority shareholder with assistance from the Board is working steadily towards compliance with the Indigenisation Act (Chapter 14:33) and Regulations.

Thanks

We acknowledge with thanks the support we get from our various service providers namely the banks, legal, financial and audit service providers among others.

Thank you also to the Renuert Group and all the other shareholders for their continued support.

May I also take this opportunity to thank both my fellow Directors, management and staff at CAFCA for their valuable contribution and support throughout 2012.

A handwritten signature in black ink, appearing to be 'H. P. Mkushi'.

H. P. Mkushi
Board Chairman

CAFCA Limited
22 November 2012

Managing director's report



Performance

The comparative period is a nine month period against the current twelve months as the financial year end was changed last year to be coterminous with that of the majority shareholder for the purposes of consolidation.

Turnover for the year was \$23.1million against the nine month period of \$18.6million which if extrapolated is reflecting a stagnant and difficult market mainly due to market liquidity. Exports were 137% higher than the same twelve month period last year.

Profit after tax at \$1.6 million is in line with the 9 month previous period profit of \$1.3million if one extrapolates the result. Finance costs have reduced significantly due to both lower borrowings and lower cost of borrowings.

The consolidated statement of financial position shows a net borrowings/cash position of \$689 000 which financed mainly aluminium raw materials. A strategic decision was made to finance 200 tons of aluminium rod at year end as world supplies especially from the Middle East had become very unreliable. Despite the tight liquidity in the market, the Company managed to reduce debtors from \$3.7million to \$3.4million by mainly curtailing sales to non performing debtors. Current liabilities reflected an outflow of funds of \$900 000 being the reduction mainly in barter customer liability.

Operations

As a manufacturer in Zimbabwe, to remain competitive one has to have strategies to compensate for, the lack of liquidity in the market, the increased bureaucratic inefficiencies in transacting with most regulatory authorities and the lack of adequate support services both engineering and technical. It is also necessary to deal with the threat of imports which are not being supplied on a level playing field.

The market recognises that we supply superior technical cable, however we cannot rely solely on the quality of the cable to counter the threat of cheaper, inferior quality, imported cable. Our biggest

competitive advantage is the ability to offer incredibly short lead times. To this end we now work 2 x 12 hour shifts on all bottleneck machines and carry increased stocks of both raw materials and finished goods. Our maintenance team also gives us 24hour cover by following a shift system. Our strategy will be to continue to adapt our business model to create competitive advantage for the Company and at the very least survive in what is a very imperfect market.

Staff

We record with regret the untimely deaths during the year of James Bazaya and Washington Gowa who had been with CAFA for 40 years and 31 years respectively.

Other than a few eligible employees taking retirement, there were no significant movements in staff during the year and no major labour related issues.

Outlook

We do not see significant growth in the year ahead due to possible elections, and the uncertainty that may prevail. Once elections are behind us and provided stable government policy with support from the international community we see no reason why there should not be increased growth for the Company.

Appreciation

We remain indebted to the ZESA group for their continued support and extend to them our grateful thanks.

We also acknowledge with thanks the continued support we get from our distributors, the mining sector and other customers.

To the staff at CAFA and the Board of Directors thank you for your contribution to CAFA's success of 2012.

A handwritten signature in dark ink, appearing to read 'R. N. Webster'.

R. N. Webster
Managing Director

CAFA Limited
22 November 2012

Directors' declaration


In the opinion of the directors of CAFCA Limited, the financial statements and notes set out on pages 18 to 42 have been prepared in accordance with the Zimbabwe Companies Act (Chapter 24:03) and:

- Give a true and fair view of the financial position of the Group as at 30 September 2012 and its performance as represented by the results of its operations and its cash flows for the year then ended.
- Comply with International Financial Reporting Standards.

- The directors confirm that the Group has adequate resources to operate for the foreseeable future and will remain a viable going concern in the year ahead.

Signed in accordance with a resolution of the directors:


H. P. Mkushi
Chairman
Harare, Zimbabwe


R. N. Webster
Managing Director
Harare Zimbabwe

22 November 2012





Independent auditor's report

To the shareholders of

CAFCA LIMITED

We have audited the consolidated financial statements of CAFCA Limited and its subsidiary (the "Group"), and the separate statement of financial position of CAFCA Limited (the "Company") standing alone, together the "financial statements", which comprise the consolidated and separate statements of financial position as at 30 September 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 18 to 42.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards; and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96 and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 30 September 2012, and of the Group's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)

Harare

20 December 2012

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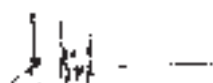
T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

Statements of financial position

As at 30 September 2012

		GROUP		COMPANY	
	Notes	2012 US\$	2011 US\$	2012 US\$	2011 US\$
ASSETS					
Non-current assets					
Property, plant and equipment	6	3 066 240	3 167 349	-	-
Investment property	7	-	-	105 143	105 143
Investment in subsidiary	8	-	-	146 198	132 176
		3 066 240	3 167 349	251 341	237 319
Current assets					
Inventories	9	6 428 876	5 084 887	-	-
Trade and other receivables	11	3 439 738	3 697 427	-	-
Cash and cash equivalents (excluding bank overdraft)	12	419 631	243 906	-	-
		10 288 245	9 026 220	-	-
Total assets		13 354 485	12 193 569	251 341	237 319
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the parent					
Share capital	13.2	326	326	326	326
Share premium	13.2	80 699	80 699	80 699	80 699
Share option reserve	13.3	65 497	51 475	65 497	51 475
Non-distributable reserve	13.4	-	3 891 668	-	99 562
Retained earnings		8 695 739	3 132 032	99 562	-
Total equity		8 842 261	7 156 200	246 084	232 062
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	14	732 929	716 697	5 257	5 257
Current liabilities					
Trade and other payables	15	2 670 073	3 557 308	-	-
Bank overdraft	16	1 108 649	751 112	-	-
Current income tax liabilities		573	12 252	-	-
		3 779 295	4 320 672	-	-
Total liabilities		4 512 224	5 037 369	5 257	5 257
Total equity and liabilities		13 354 485	12 193 569	251 341	237 319

These financial statements were approved for issue by the board of directors on 22 November 2012 and signed on its behalf by:



H.P. Mkushi
Chairman



R.N. Webster
Managing Director

Consolidated statement of comprehensive income

For the year ended 30 September 2012

	Notes	12 months to 30 September 2012 US\$	9 months to 30 September 2011 US\$
Revenue	17	23 119 929	18 566 051
Cost of sales	19	(18 187 087)	(14 774 756)
Gross profit		4 932 842	3 791 295
Distribution costs	19	(167 873)	(134 079)
Administrative expenses	19	(2 434 777)	(1 713 436)
Other income	18	51 866	60 358
Operating profit		2 382 058	2 004 138
Finance income	20	145	656
Finance costs	20	(89 925)	(171 432)
Profit before income tax		2 292 278	1 833 362
Income tax expense	21	(620 239)	(542 869)
Profit for the year/period		1 672 039	1 290 493
Other comprehensive income		-	-
Total comprehensive income for the year/period		1 672 039	1 290 493
Attributable to:			
- Owners of the parent		1 672 039	1 290 493
- Non-controlling interest		-	-
		1 672 039	1 290 493
Basic earnings per share (cents)	22	5.13	3.97
Diluted earnings per share (cents)	22	5.07	3.93

Consolidated statement of changes in equity

For the year ended 30 September 2012

	Share capital US\$	Share premium US\$	Share option reserve US\$	Non- distributable reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2011	324	11 100	38 740	3 891 668	1 841 539	5 783 371
Total comprehensive income for the period	-	-	-	-	1 290 493	1 290 493
Profit for the period	-	-	-	-	1 290 493	1 290 493
Other comprehensive income for the period	-	-	-	-	-	-
Transactions with owners:						
Share options	2	69 599	12 735	-	-	82 336
Balance at 30 September 2011	326	80 699	51 475	3 891 668	3 132 032	7 156 200
Balance at 1 October 2011	326	80 699	51 475	3 891 668	3 132 032	7 156 200
Total comprehensive income for the year	-	-	-	-	1 672 039	1 672 039
Profit for the year	-	-	-	-	1 672 039	1 672 039
Other comprehensive income for the year	-	-	-	-	-	-
Transfer of non-distributable reserve	-	-	-	(3 891 668)	3 891 668	-
Transactions with owners:						
Share options	-	-	14 022	-	-	14 022
Balance at 30 September 2012	326	80 699	65 497	-	8 695 739	8 842 261

Consolidated statement of cash flows

For the year ended 30 September 2012

	Notes	12 months to 30 September 2012 US\$	9 months to 30 September 2011 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		2 292 278	1 833 362
Adjustments for:			
Depreciation	6	213 621	150 814
Loss/(profit) on disposal of property, plant and equipment		1 940	(8 250)
Share option charge	13	14 022	78 469
Finance income	20	(145)	(656)
Finance costs	20	89 925	171 432
Working capital changes:			
Increase in inventories		(1 343 989)	(1 118 616)
Decrease/(increase) in trade and other receivables		257 689	(1 671 955)
(Decrease)/increase in trade and other payables		(887 235)	633 678
Net cash generated from operations		638 106	68 278
Finance income	20	145	656
Finance costs	20	(89 925)	(171 432)
Income tax paid		(615 686)	(630 553)
Net cash utilised in operating activities		(67 360)	(733 051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(116 352)	(157 965)
Proceeds from sale of property, plant and equipment		1 900	8 250
Net cash utilised in investing activities		(114 452)	(149 715)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	3 867
Net cash generated from financing activities		-	3 867
Net decrease in cash and cash equivalents		(181 812)	(878 899)
Cash and cash equivalents at the beginning of the year/period		(507 206)	371 693
Cash and cash equivalents at the end of the year/period (note 12)		(689 018)	(507 206)

Notes to the financial statements

For the year ended 30 September 2012

1. GENERAL INFORMATION

CAFCA Limited is a public limited liability company incorporated in Zimbabwe. The Company has its primary listing on the Zimbabwe Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. These financial statements were approved for issue by the board on 22 November 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS"), and in the manner required by the Zimbabwe Companies

Act Chapter (24:03) and the relevant Statutory Instrument SI 33/99 and SI 62/96. The financial statements are based on statutory records that are maintained under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Change in reporting date

In the previous reporting period the Group changed its year-end and the comparative information reflects the performance for 9 months.

2.1.2 Changes in accounting policy and disclosures

a) New standards, amendments and interpretations issued but not effective for 30 September 2012 year-ends and not early adopted.

The new standards amendments and interpretations do not have a material impact on the Group's financial statements.

Topic	Effective date	Key requirements
IAS 1 (amendment)	1 July 2012	'Presentation of financial statements' The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment do not address which items are presented in OCI.
IFRS 12 (new)	1 January 2013	Disclosures of interests in other entities. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IAS 19 (revised 2011)	1 January 2013	The impact on the Group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments but as the entity does not presently operate a defined benefit plan so the amendment is not expected to impact the Group.

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) New standards, amendments and interpretations issued but not effective for 30 September 2012 year-ends and not early adopted. *(continued)*

Topic	Effective date	Key requirements
IAS 12 (amendment)	1 January 2012	'Income taxes' on deferred tax. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.
IFRS 9 (new)	1 January 2013, subsequently deferred to 1 January 2015	IFRS 9 - Financial instruments is the first standard issued as subsequently part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.
IFRS 10 (new)	1 January 2013	IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The changed definition and application guidance is not expected to result in widespread change in the consolidation decisions made by IFRS reporting entities, although some entities could see significant changes.
IFRS 13 (new)	1 January 2013	Fair value measurement. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) New standards, amendments and interpretations issued but not effective for 30 September 2012 year-ends and not early adopted. *(continued)*

Topic	Effective date	Key requirements
IFRS 7 (amendment)	1 January 2013	Financial instruments: Disclosures assets and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
IAS 32 (amendment)	1 January 2014	Financial instruments: presentation. This amendment updates the application guidance in IAS 32, 'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments clarify that the right of set-off must be available today, that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement.
IAS 27 (revised 2011)	1 January 2013	Separate financial statements. IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
Improvements to IFRSs (Issued May 2012)	The amendments are effective for annual periods beginning on or after 1 January 2013	These amendments are the result of conclusions the International Accounting Standards Board ("IASB") reached on proposals made in its annual improvements project. They contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b) New and amended standards and interpretations that have been issued and are not yet effective for 30 September 2012 year-ends and are not relevant to the Group (although they may affect the accounting for future transactions).

Topic	Effective date	Key requirements
IAS 28 (revised 2011)	1 January 2013	Associates and joint ventures. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
IFRS 11 (new)	1 January 2013	Joint arrangements. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
IFRS 1 (amendment)	1 January 2013	'First time adoption' on government loans. The amendment aligns IFRS 1 with the IAS 20 requirements (after its revision in 2008) to prospectively fair value government loans with a below-market rate of interest. The general requirement in IFRS 1 for first-time adopters to apply IFRSs retrospectively at the date of transition to IFRSs could mean some entities have to measure such government loans at fair value at a date before the date of transition to IFRS.
IFRIC 20 (new)	1 January 2013	'Stripping costs in the production phase of a surface mine' IFRIC 20, 'Stripping costs in the production phase of a surface mine', sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

2.1.3 Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financing.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of

control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of *de-facto* control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In the separate financial statements investments in subsidiaries are accounted for at cost less impairment.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.3 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive team that makes strategic decisions.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Group and Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the United States of America Dollar (US\$), which is the Group and Company's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	10 to 15 years
Motor vehicles and other equipment	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

2.6 Investment property

Investment property is property held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

The investment property comprises of land which is stated at cost and is not depreciated. An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in income statement.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents on the statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.10 Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities as appropriate.

A financial liability is derecognised when the obligation under liability is discharged, cancelled or expires.

Financial liabilities included in trade and other payables are initially recognised at fair value and subsequently at amortised cost. The

fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liabilities simultaneously.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises: raw materials, direct labour, other direct costs and related production overheads but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.13 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity as a deduction, net of tax, from the proceeds.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Zimbabwe. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. If, however, the deferred income tax arises from the initial recognition of an asset or

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.16 Current and deferred income tax (*continued*)

liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or liability settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in associates and subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the holding company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when the deferred income tax assets and liabilities relate to income levied by the same taxation authority on either entity or different taxable entities where there is an intention to settle the balance on a net basis.

2.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income

statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of value added tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised as follows:

(a) Sales of goods - wholesale

Sales of goods are recognised when the products have been delivered to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Sales of goods - retail

Sales of goods are recognised when the Group sells a product to the customer.

2.22 Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Employee benefits

(a) Pension obligations

The Group operates a defined contribution plan, the assets of which are held in a separate fund administered by Marsh Employee Benefits Zimbabwe (Private) Limited. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The pension plan is funded by payments from employees and by the Group and by taking account of the recommendations of independent actuaries. The Group has no further payment once the contributions have been paid. The contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Short-term employee benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.24 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.25 Share-based payments

The Group operates an equity settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by the fair value of the options granted, including the impact of service and non-market vesting conditions.

Non-market performance and service conditions are included in

assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises the estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

Where the Group cannot estimate reliably the fair value of the equity instruments granted at measurement date, the Group measures the equity instruments at their intrinsic value.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of the subsidiary is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company's accounts.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors, (the "board"). The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

(a) Market risk

i) Foreign exchange risk

The Group is exposed to foreign currency risk arising from various currency exposures on purchases that are denominated in a currency other than the US\$, primarily with respect to the South African Rand ("ZAR"). Foreign exchange risk arise from future commercial transactions and recognised assets and liabilities.

Management has set up a policy requiring the Group to manage its foreign exchange risk against their functional currency. As at the reporting date, the Group had no significant exposures to foreign exchange risk (2011:nil).

ii) Price risk

The Group is not exposed to commodity or equity security price risk because it had no assets nor obligations that expose the Group to these risks at the reporting date (2011:nil).

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Financial risk factors (continued)

iii) Cash flow and interest rate risk

As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group has no borrowings issued at variable rates and is therefore not exposed to cashflow interest rate risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding trade receivables. The Group manages and analyses credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Only approved financial institutions with sound capital bases are utilised to invest surplus funds. For customers, credit control assesses the credit worthiness of the customers before credit is granted.

The executive management team meets regularly to manage the concentration of credit risk and set and assess limits for the individual customer. The team assesses the credit risk quality of the customer, taking into account its financial position, past experience and other factors. Counterparty specific exposure is monitored against concentration of credit risk in relation to the total credit risk exposure to all counterparties. The Group has well established credit control procedures that monitor activity on a customer account and allow for remedial actions should the customer not comply with payment terms. Payment terms and credit limits vary between customer classes as follows:

- key customer: individually negotiated up to a maximum of 60 days
- other customers: 30 days

Credit limits are open, but are monitored based on the financial position and history of the customer's ability to pay.

In the view of management, the credit quality of trade receivables is considered sound and there is no recent history of significant default. Management does not expect any significant losses from non-performance by counter parties.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

Trade and other receivables (excluding prepayments)
Cash and bank

The fair value of cash and cash equivalents at 30 September approximates the carrying amount.

Credit quality of financial assets

The credit quality of trade receivables can be assessed by reference to historical information about counterparty default rates:

Counterparties without external credit rating:

Group 1
Group 2
Group 3

Group 1-Existing customers with no defaults in the past

Group 2-Existing customers with some defaults in the past. All defaults were fully recovered.

Group 3-Existing customers with defaults not recovered.

There are no significant concentrations of credit risk with respect to cash and cash equivalents as the Group holds cash accounts with high quality financial institutions with sound financial and capital cover. The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings:

Financial Institution	Rating	2012 US\$	2011 US\$
Barclays Bank of Zimbabwe Limited	AA-	325 476	201 351
Standard Chartered Bank Zimbabwe Limited	AA-	257	6 903
Stanbic Bank Zimbabwe Limited	AA-	86 628	32 587
MBCA Bank Limited	A+	138	108
African Banking Corporation of Zimbabwe Limited	BBB	6	1 470
		412 505	242 419

The balance of cash and bank comprises petty cash balances held by the entity amounting to US\$7 126 (2011:US\$1 487).

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. Where major gaps appear, action is taken in advance to close or minimise the gaps.

Cash flow forecasting is performed in the operating entity. Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 17) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt

financing plans, covenant compliance, compliance with internal statement of financial position ratio targets.

Surplus cash held by the operating entity over and above balance required for working capital management is invested in interest-bearing current accounts or time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room. At the reporting date, the Group held cash credit of approximately \$419 631 (2011: \$243 906) which is expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's non-derivative financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	1 month US\$	6 months US\$	1 month to to 1 year US\$	6 months Total US\$
At 30 September 2012				
Assets				
Trade and other receivables (excluding prepayments)	2 793 053	15 492	-	2 808 545
Cash and cash equivalents	419 631	-	-	419 631
	3 212 684	15 492	-	3 228 176
Liabilities				
Trade and other payables (excluding statutory liabilities)	2 605 510	-	-	2 605 510
Bank overdraft	1 108 649	-	-	1 108 649
	3 714 159	-	-	3 714 159
Liquidity gap	(501 475)	15 492	-	(485 983)
Cumulative liquidity gap	(501 475)	(485 983)	(485 983)	-
At 30 September 2011				
Assets				
Trade and other receivables (excluding prepayments)	3 692 563	864	-	3 693 427
Cash and cash equivalents	243 906	-	-	243 906
	3 936 469	864	-	3 937 333
Liabilities				
Trade and other payables (excluding statutory liabilities)	3 504 174	-	-	3 504 174
Bank overdraft	773 364	-	-	773 364
	4 277 538	-	-	4 277 538
Liquidity gap	(341 069)	864	-	(340 205)
Cumulative liquidity gap	(341 069)	(340 205)	(340 205)	-

The Group determines ideal weights for maturity time buckets which are used to benchmark the actual maturing profile. Maturing mismatches across the time buckets are managed through borrowings.

Notes to the financial statements

For the year ended 30 September 2012

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in its industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated on 'equity' on the consolidated statement of financial position plus debt.

During the period the Group's strategy was to maintain the gearing ratio at 50%.

The gearing ratio as at 30 September was as follows:

Total borrowings (note 16)
Less: cash and cash equivalents
Net debt
Total equity

Total capital

Gearing ratio

GROUP	
2012 US\$	2011 US\$
1 108 649	751 112
(419 631)	(243 906)
689 018	507 206
8 842 261	7 156 200
9 531 279	7 663 406
7%	7%

3.3 Fair value of financial assets and liabilities

3.3.1 Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

At 30 September 2012 the Group had no financial instruments stated at fair value (2011: nil).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition,

seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact deferred income tax provisions in the period in which such determination will be made.

b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on projected life cycles of these assets. It could change significantly as a result of technological innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amount of property, plant and equipment would be an estimated \$21 362 lower or higher where the useful lives were to differ from management's estimate by 10%.

Notes to the financial statements

For the year ended 30 September 2012

continued

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

c) *Going concern*

The directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 30 September 2012, the directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the directors believe that under the current Zimbabwe economic environment a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

5. SEGMENTAL ANALYSIS

Segment information

The executive management team is the Group's chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the executive team that are used to make strategic decisions.

The Group has one product line, and operates in one industry sector.

Revenue is primarily from customers who are domiciled in Zimbabwe and other revenue is from external customers domiciled in South Africa and Zambia.

	GROUP	
	12 months to 30 September 2012 US\$	9 months to 30 September 2011 US\$
Revenue from customers domiciled in Zimbabwe	20 369 835	16 799 867
Revenue from external customers	2 750 094	1 766 184
	<u>23 119 929</u>	<u>18 566 051</u>

Revenues from transactions with single local customers that amounted to 10% or more each, of the Group's revenues, equal approximately \$11 146 875 (2011: US\$9 962 514). These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the major component of the total revenue from three major individual local customers with revenue of at least 10% each is as follows:

3 988 420	3 821 862
3 804 276	3 591 810
3 354 179	2 548 842
<u>11 146 875</u>	<u>9 962 514</u>

The total of non-current assets located in Zimbabwe is US\$3 066 240 (2011: US\$3 167 349) and there are no noncurrent assets located in other countries.

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

	GROUP			
	2012 Cables US\$	2012 Total US\$	2011 Cables US\$	2011 Total US\$
Revenue from customers	23 119 929	23 119 929	18 566 051	18 566 051
Profit before interest and taxation	2 423 491	2 423 491	2 004 138	2 004 138
Net interest	131 213	131 213	170 776	170 776
Income tax expense	620 239	620 239	542 869	542 869
Total assets	<u>13 354 485</u>	<u>13 354 485</u>	<u>12 193 569</u>	<u>12 193 569</u>
Total liabilities	<u>4 512 224</u>	<u>4 512 224</u>	<u>5 037 369</u>	<u>5 037 369</u>

Notes to the financial statements

For the year ended 30 September 2012

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	GROUP				
	Land US\$	Buildings US\$	Plant and equipment US\$	Motor vehicles US\$	Total US\$
6. PROPERTY, PLANT AND EQUIPMENT					
Nine months ended 30 September 2011					
Opening net book amount	105 143	730 727	2 028 837	295 491	3 160 198
Additions	-	-	70 840	87 125	157 965
Depreciation charge	-	(14 359)	(72 569)	(63 886)	(150 814)
Closing net book amount	105 143	716 368	2 027 108	318 730	3 167 349
At 30 September 2011					
Cost	105 143	765 828	2 277 067	466 060	3 614 098
Accumulated depreciation	-	(49 460)	(249 959)	(147 330)	(446 749)
Net book amount	105 143	716 368	2 027 108	318 730	3 167 349
Year ended 30 September 2012					
Opening net book amount	105 143	716 368	2 027 108	318 730	3 167 349
Additions	-	34 145	61 372	20 835	116 352
Disposal	-	-	(3 840)	-	(3 840)
Depreciation charge	-	(19 146)	(102 924)	(91 551)	(213 621)
Closing net book amount	105 143	731 367	1 981 716	248 014	3 066 240
At 30 September 2012					
Cost	105 143	799 973	2 333 939	486 895	3 725 950
Accumulated depreciation	-	(68 606)	(352 223)	(238 881)	(659 710)
Net book amount	105 143	731 367	1 981 716	248 014	3 066 240

Depreciation expense of US\$213 621 (2011: US\$150 814) has been charged in 'administrative expenses'.

	COMPANY	
	2012 US\$	2011 US\$
7. INVESTMENT PROPERTY		
Opening net book amount	105 143	105 143
Closing net book amount	105 143	105 143

The investment property comprises land which is not depreciated.

The investment property is occupied by the subsidiary 'BICC Central Africa (Private) Limited' and is used for the subsidiary's operations.

The investment property is classified as property, plant and equipment in the consolidated financial statements.

Management has assessed the fair value of the land with reference to market values and the fair value approximates the carrying values.

8. INVESTMENT IN SUBSIDIARY

Opening balance	132 176	49 840
Shares at cost	-	-
Share option charge	14 022	82 336
	146 198	132 176

The investment in the subsidiary comprises 100% shareholding in BICC Central Africa (Private) Limited.

Notes to the financial statements

For the year ended 30 September 2012

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9. INVENTORIES

Raw materials and consumables
Work in progress
Finished goods
Provision for slow moving and obsolete stock

The cost of raw materials and consumables recognised as an expense included in 'cost of sales' amounts to US\$15 633 628 (2011: US\$12 907 028).

10. FINANCIAL INSTRUMENTS BY CATERGORY

Assets as per statement of financial position:

Loans and receivables
Trade and other receivables (excluding pre-payments)
Cash at bank and on hand

Liabilities as per statement of financial position:

Financial liabilities at amortised cost
Trade and other payables (excluding statutory liabilities)
Bank overdraft (note 16)

11. TRADE AND OTHER RECEIVABLES

Trade receivables
Less: provision for impairment of trade receivables
Trade receivables - net
Prepayments
Other receivables

COMPANY	
2012 US\$	2011 US\$
3 005 976	2 586 199
848 220	969 753
2 762 942	1 593 580
(188 262)	(64 645)
6 428 876	5 084 887
2 808 545	3 693 427
419 631	243 906
3 228 176	3 937 333
2 605 510	3 504 174
1 108 649	751 112
3 714 159	4 255 286
2 803 298	3 681 620
(6 845)	-
2 796 453	3 681 620
631 193	4 000
12 092	11 807
3 439 738	3 697 427

As at 30 September 2012, trade receivables of US\$2 785 276 (2011: US\$3 680 598) were fully performing.

As at 30 September 2012, trade receivables of US\$18 022 (2011: US\$1 022) were past due but not impaired and US\$6 845 (2011: US\$ nil) were past due and impaired.

These relate to a number of independent customers for whom there is no recent history of default.

The quality of debtors is considered sound.

At 30 September 2012, the ageing analysis of these trade receivables is as follows:

Up to 1 month	2 780 961	3 680 756
1 month to 6 months	22 337	864
6 months to 1 year	-	-
	2 803 298	3 681 620

The other classes within trade and other receivables do not contain impaired assets.

The movement on provision for impairment of trade receivable is as follows:

At beginning of period	-	6 101
Unused amounts reversed	-	(6 101)
Provision for receivables impairment	6 845	-
	6 845	-

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The fair value of trade and other receivables approximate the carrying values.

The Group does not hold collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in US\$.

Notes to the financial statements

For the year ended 30 September 2012

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12. CASH AND CASH EQUIVALENTS

Cash at bank
Cash on hand
Cash and cash equivalents (excluding bank overdraft)

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Cash and cash equivalents (excluding bank overdraft)
Bank overdraft (note 16)

GROUP	
2012 US\$	2011 US\$
412 505	242 419
7 126	1 487
419 631	243 906
419 631	243 406
(1 108 649)	(751 112)
(689 018)	(507 206)

13. RESERVES

13.1 Authorised share capital

50 000 000 ordinary shares of US\$0.00001 each.

13.2 Issued and fully paid share capital

At 1 January 2011

Employee share option scheme:

Shares issued

At 30 September 2011

At 1 October 2011

Employee share option scheme:

Shares issued

At 30 September 2012

GROUP AND COMPANY			
		US\$	US\$
		500	500
Number of shares US\$	Ordinary shares US\$	Share premium US\$	Total US\$
32 415 667	324	11 100	11 424
193 333	2	69 599	69 601
32 609 000	326	80 699	81 025
32 609 000	326	80 699	81 025
-	-	-	-
32 609 000	326	80 699	81 025

The unissued share capital is under the control of the directors subject to the limitations of the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations.

Notes to the financial statements

For the year ended 30 September 2012

continued

13. RESERVES (continued)

13.3 Share option reserve

Share options are granted to directors and selected employees. The directors were empowered to allot 3 232 700 unissued ordinary shares to senior personnel for the purpose of fulfilling the requirements of the employee share option scheme. The exercise price of the granted options is equal to the market prices of the shares on the date of the grant. Under the scheme, share options granted are exercisable between 31 December 2013 and 31 December 2015 at a price of US\$0.12 per share.

The Group has no legal or constructive obligation for repurchase or to settle the options in cash. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	GROUP AND COMPANY	
	Number of shares	Exercise price per share
Options authorised	3 232 700	
Granted	355 000	0.12
Options to be exercised in 2013	118 334	0.12
Options to be exercised in 2014	118 333	0.12
Options to be exercised in 2015	118 333	0.12
	355 000	

Of the 355 000 outstanding share options, none are currently exercisable. The share-based transactions have been valued using the intrinsic value method because the fair value of the instruments cannot be estimated reliably. The intrinsic value is the difference between the market value of the share to which the employee has the right to subscribe or which the employee has the right to receive and the price the employee is required to pay for those shares.

All the outstanding share options are held by key management. There are no vesting conditions.

The movement on the share option reserve is as follows:

	GROUP	
	2012 US\$	2011 US\$
At beginning of period	51 475	38 740
Charge to the income statement	14 022	78 469
Transfer to share capital	-	(65 734)
At end of year	65 497	51 475
At beginning of year	3 891 668	3 891 668
Transfer to retained earnings	(3 891 668)	-
At end of year	-	3 891 668
	COMPANY	
At beginning of year	99 562	99 562
Transfer to retained earnings	(99 562)	-
At end of year	-	99 562

The non-distributable reserve arose as a result of the transition from the use of the Zimbabwe dollar as the functional and presentational currency. IFRS 1 permits the transfer of such a non-distributable reserve to distributable reserves. The directors have decided to transfer the balance of \$3 891 668 (Group) and \$99 562 (Company) to retained earnings.

Notes to the financial statements

For the year ended 30 September 2012

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14. DEFERRED INCOME TAXES

The analysis of deferred income tax assets and deferred income tax liabilities

Deferred income tax assets:

Deferred income tax assets to be recovered after more than 12 months

Deferred income tax assets to be recovered within 12 months

Deferred income tax liabilities:

Deferred income tax liabilities to be recovered after more than 12 months

Deferred income tax liabilities to be recovered within 12 months

Deferred income tax liabilities (net)

The gross movement on the deferred income tax account is as follows:

At beginning of period

Income statement charge

At 30 September

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

Deferred tax assets

At 1 January 2011

Credit to income statement

At 30 September 2011

At 1 October 2011

Charge to income statement

At 30 September 2012

Deferred tax liabilities

At 1 January 2011

Credit to income statement

At 30 September 2011

At 1 October 2011

Charge to income statement

At 30 September 2012

GROUP AND COMPANY			
2012 US\$	2011 US\$	2012 US\$	2011 US\$
(5 293)	(46 236)	-	-
-	-	-	-
(5 293)	(46 236)	-	-
738 222	721 987	5 257	5 257
-	40 946	-	-
738 222	762 933	5 257	5 257
732 929	716 697	5 257	5 257
716 697	718 806	5 257	5 257
16 232	(2 109)	-	-
732 929	716 697	5 257	5 257

Revenue
received in
advance
US\$

Total
US\$

(44 497)

(44 497)

(1 739)

(1 739)

46 236

46 236

(46 236)

(46 236)

40 943

40 943

(5 293)

(5 293)

Accelerated tax
depreciation
US\$

Total
US\$

763 303

763 303

(370)

(370)

762 933

762 933

762 933

762 933

(24 711)

(24 711)

738 222

738 222

Notes to the financial statements

For the year ended 30 September 2012

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15. TRADE AND OTHER PAYABLES

Trade payables
Amount due to related parties (note 24)
Social security expenses and other taxes
Accrued expenses
Provisions for other liabilities and charges (note 15.1)

GROUP	
2012 US\$	2011 US\$
1 334 649	1 946 084
853 867	1 053 437
64 563	53 134
104 730	223 409
312 264	281 244
2 670 073	3 557 308

15.1 Provisions for other liabilities and charges

At the beginning of the period
Movement in current year

At end of the year

Bonus	Leave pay	Total
206 417	74 827	281 244
22 106	8 914	31 020
228 523	83 741	312 264

16. BORROWINGS

Bank overdraft

The Group has an overdraft facility limit of US\$2,500 000 and a loan facility limit of US\$500 000.
The facilities bear interest at 10% per annum and are not secured.

The Group has the following undrawn facilities:

Fixed rate: expiring within 1 year:

Bank overdraft

Loan

1 108 649	751 112
1 391 351	898 888
500 000	-
1 891 351	898 888

All borrowings are denominated in US\$.

The fair value of the borrowings equals their carrying amounts as the impact of discounting is insignificant.

17. REVENUE

Sale of goods-retail
Sale of goods-wholesale

12 775 788	10 185 659
10 344 141	8 380 392
23 119 929	18 566 051

18. OTHER INCOME

Rental income
Scrap sales
Other

17 217	12 913
34 080	46 772
569	673
51 866	60 358

Notes to the financial statements

For the year ended 30 September 2012

continued

19. EXPENSES BY NATURE

Raw materials and consumables used
Employee benefit expense (note 19.1)
Audit fees:
- Current year
- Prior year
Directors' emoluments:
- Fees
- Other
Postage and telephone
Canteen
Trade promotion
Advertising costs
Plant repairs and maintenance
Repairs and maintenance-building
Electricity and water
Depreciation
Quality and ISO certifications
Security
Machine running expenses
Insurance
Secretarial and printing costs
Vehicle repairs and maintenance
Legal and professional fees
Cleaning and laundry
Subscriptions
Computer expenses
Commission
Bank charges
Other expenses

TOTAL COST OF SALES, DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

The cost of sales, distribution costs and administrative expenses have been recognised as follows:

Cost of sales
Distribution costs
Administrative expenses

19.1 EMPLOYEE BENEFIT EXPENSE

Salaries - executive management
Salaries and wages - non-executive employees
Social security costs
Pension costs
Share options charge

GROUP	
2012 US\$	2011 US\$
15 633 628	12 907 028
2 167 282	1 569 602
36 622	28 090
-	35 475
44 965	26 069
134 188	105 960
35 431	34 789
74 852	45 207
16 700	42 191
4 504	49 423
1 008 208	740 791
63 567	50 540
530 595	231 229
213 621	150 814
78 743	85 598
113 419	79 259
185 312	89 340
48 778	37 206
38 074	32 528
155 018	112 248
22 475	16 854
36 677	26 749
24 332	14 831
24 577	26 749
23 012	-
41 433	29 395
33 724	54 306
20 789 737	16 622 271
18 187 087	14 774 756
167 873	134 079
2 434 777	1 713 436
20 789 737	16 622 271
395 353	417 994
1 620 230	983 098
11 237	7 770
126 440	82 271
14 022	78 469
2 167 282	1 569 602

Notes to the financial statements

For the year ended 30 September 2012

continued

20. FINANCE COSTS AND INCOME

20.1 Finance cost

Interest paid - bank overdraft

20.2 Finance income

Interest income on short-term bank deposits

Finance income

Net finance costs

21. INCOME TAX EXPENSE

Current income tax

Deferred income tax charge/(credit)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the basic tax rate of 25.75% (2011:25.75%) as follows:

Profit before income tax

Notional taxation on profit for the year at a statutory rate of 25.75%

Tax effects of :-

Income not subject to tax

Non-deductible expenses

Prescribed limit on passenger motor vehicles

Other

23. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during 2012.

Profit attributable to shareholders (US\$)

Weighted average number of ordinary shares in issue

Basic earnings per share (cents)

(b) Diluted earnings per share is calculated by adjusting the weighted average number outstanding to assume conversion of all dilutive potential ordinary shares. The Group has share options as a category of dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Profit attributable to shareholders (US\$)

Weighted average number of shares in issue

Share options outstanding at year end

Diluted earnings per share (cents)

GROUP	
2012 US\$	2011 US\$
89 925	171 432
89 925	171 432
(145)	(656)
(145)	(656)
89 780	170 776
604 007	544 978
16 232	(2 109)
620 239	542 869
2 292 278	1 833 362
590 262	472 091
(2 303)	-
9 676	12 051
16 189	58 727
6 415	-
620 239	542 869
1 672 039	1 290 493
32 609 000	32 523 074
5.13	3.97
1 672 039	1 290 493
32 609 000	32 523 074
355 000	355 000
32 964 000	32 878 074
5.07	3.93

Notes to the financial statements

For the year ended 30 September 2012

continued

23. PENSION BENEFITS

CAFCA Pension Fund

The Group provides for pensions on retirement of all employees by means of a defined contribution pension fund. The Pension Fund is administered by Marsh Employee Benefits Zimbabwe (Private) Limited. Contributions are made by both the Group and the employees at a rate of 11.5% and 7% respectively. All employees including executive directors and permanent staff, are eligible to be permanent members of the fund.

National Social Security Authority scheme

The entity and its employees contribute to the National Social Security Authority ("NSSA") scheme. This is a special Security scheme which was promulgated under the National Social Security Authority Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions recognised as an expense for the year are:

Social security costs
Pension costs

GROUP	
2012 US\$	2011 US\$
11 237	7 770
126 440	82 271
137 677	90 041
765 160	718 914
12 094 689	6 391 653
-	155 136
12 094 689	6 546 789
853 867	1 053 437
597 750	417 994
14 022	78 469
611 772	496 463

24. RELATED PARTY TRANSACTIONS

The company is controlled by CBI - Electric African Cables - a division of ATC (Proprietary) Limited, which owns 71% shares of the Company. The remaining 29% of the shares are widely held. The Group's ultimate parent is ATC (Proprietary) Limited.

The following transactions were carried out with related parties:

i) Sale of goods:

CBI - Electric African Cables - a division of ATC (Proprietary) Limited

ii) Purchases of goods:

CBI - Electric African Cables - a division of ATC (Proprietary) Limited
CBI - ATC (Proprietary) Limited

iii) Year-end balances arising from purchase of goods/services:

Payables to related parties:

CBI - Electric African Cables - a division of ATC (Proprietary) Limited

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

iv) Remuneration to key management:

Key management includes directors (executive and non-executive) and executive managers (members of the executive committee).

Salaries and other short-term benefits
Share options

Outstanding share options granted to key management were 355 000 (2011: 355 000)

There were no loans made to directors or key management of the Group during the year (2011:nil).

25. CAPITAL COMMITMENTS

The Group had no significant capital commitments authorised by the directors or contracted for at the reporting date (2011:nil).

26. CONTINGENCIES

The Group did not have any contingent assets or liabilities at the reporting date (2011:nil).

27. SUBSEQUENT EVENTS

There were no subsequent events that would have any effect on these financial statements.

Value added statement

For the year ended 30 September 2012

Wealth created

Revenue
Other income
Less: bought in material
Value added by the Group

Wealth distribution

To employees:
To government: taxation
Retained

Total

GROUP	
12 months to 30 September 2012 US\$	9 months to 30 September 2011 US\$
23 119 929	18 566 051
51 866	60 358
(18 712 235)	(15 223 445)
4 459 560	3 402 964
2 167 282	1 569 602
620 239	542 869
1 672 039	1 290 493
4 459 560	3 402 964

Ratios and statistics

	2012	2011	2010	2009
Share performance				
Number of shares (000)	32 609	32 609	32 416	32 327
Attributable earnings per share	5.13	3.97	3.85	1.34
Diluted earnings per share	5.07	3.93	3.78	1.33
Price:earnings' ratio	10.33	17.63	4.16	11.23
Market price per share (cents)	53	70	16	15
Market capitalisation (\$)	17 282 770	22 826 300	5 186 507	4 489 100
Ratios and returns %				
Profitability				
Operating margin	10	11	11	10
Return on equity	21	20	24.00	13.00
Solvency				
Financial gearing ratio	0.4	0.60	-	0
Interest cover (times)	26	12	12	31
Total interest-bearing debt to shareholders' funds	0.13	0.10	-	-
Total liabilities to shareholders' funds	0.51	0.70	0.65	0.45
Liquidity				
Current assets to interest-free liabilities and short-term borrowings	4	2	2	3
Productivity				
Turnover per employee US\$	157 278	126 300	118 620	55 220
Turnover to payroll (times)	11	13	11	8
Shareholders' funds to turnover (%)	38	39	35	62
Other				
Number of employees	147	147	138	132
Number of shareholders	741	622	382	355

Group performance review

	12 months 2012	9 months 2011	12 months 2010	12 months 2009
Metal Sales	1 953	1 525	1 511	795
FINANCIAL	US\$	US\$	US\$	US\$
Turnover	23 119 929	18 566 051	16 369 539	7 289 086
Domestic	20 369 835	16 799 866	15 407 045	7 049 554
Export	2 750 094	1 766 185	962 494	239 532
Profit before tax	2 292 278	1 833 362	1 683 409	696 833
Profit attributable to shareholders	1 672 039	1 290 493	1 246 875	594 664
Dividend	-	-	-	-
Capital expenditure	116 352	157 965	239 871	3 654
Shareholders' funds	8 842 261	7 156 200	5 783 371	4 532 606

Analysis of shareholders

Top 20 shareholders as at 30 September 2012

Shareholder	Number of shares	% of total
1 CBI-ELECTRIC AFRICAN CABLES - a division of ATC (Proprietary) Limited	23 076 174	70.77
2 MESSINA INVESTMENTS	3 569 204	10.95
3 NATIONAL SOCIAL SECURITY (WCIF)	712 224	2.18
4 DELTA ENFIELD CABLES	448 800	1.38
5 RADIA PRAKASH	442 825	1.36
6 NATIONAL PENSION SCHEME	413 461	1.27
7 JOHN MUKARO	412 916	1.27
8 TSF NOMINEES	279 802	0.86
9 FARM AND TRADE	250 744	0.77
10 NATIONAL RAILWAYS OF ZIMBABWE	160 154	0.49
11 AVENELL INVESTMENTS (PRIVATE) LIMITED	141 207	0.43
12 DELWARE TRADING (PRIVATE) LIMITED	136 700	0.42
13 STEPHENSON P.H	130 000	0.40
14 ARMADA (PRIVATE) LIMITED	128 261	0.39
15 GEZMARK INVESTMENTS (PRIVATE) LIMITED	120 549	0.37
16 WILSON ESQ,KENT RAYMOND	120 000	0.37
17 FERBROS NOMINEES	92 367	0.28
18 EDWARDS NOMINEES (PRIVATE) Ltd	73 087	0.22
19 PATSANZA LAMBERT	58 000	0.18
20 REMO NOMINEES (PRIVATE) LIMITED	50 386	0.15
	30 816 861	94.50
OTHER	1 792 139	5.50
TOTAL	32 609 000	100.00

Analysis of shareholding

	Number of shareholders	%	Number of shares	%
1- 500	190	25.64	37 207	0.11
501-1000	244	32.93	79 491	0.24
1001-5000	195	26.32	433 787	1.33
5001-10000	44	5.94	302 835	0.93
10001-50000	46	6.21	936 819	2.87
50001-100000	5	0.67	329 051	1.01
100001 and above	17	2.29	30 489 810	93.51
Total	741	100	32 609 000	100

Shareholders' calendar 2012-2013

2012 Annual report distributed	Jan 2013	2013 results announced	Nov 2014
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67 th Annual General Meeting	Feb 2013	2013 Annual report	Jan 2014
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2013 half-year results announced	May 2013	68 th Annual General Meeting	Feb 2014
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Dividend dates: Nil

Notice to shareholders

Notice is hereby given that the 67th annual general meeting of the members of CAFCA Limited will be held in the boardroom at the company's registered office at 54 Lytton Road, Workington, Harare, at 12.00 noon on Thursday 21 February 2013 for the following purposes:

1. To receive and consider the directors' report, audited financial statements and the report of the auditors for the year ended 30 September 2012.
2. To appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year.
3. To approve the audit fees for the year.
4. To re-elect as directors Messrs H.P Mkushi and A.E. Dickson

Notes

1. A member entitled to vote at the above meeting may appoint one or more proxies as alternate or alternates to attend the meeting, to vote and speak in the member's stead.

A proxy need not be a member

2. Proxy forms must be lodged with the company secretary at least 48 hours before the commencement of the meeting.
3. For further information on voting procedures, see the notes on the proxy information sheet.

Shareholders' information

Proxy information

1. A member of CAFCA Limited who is entitled to attend and cast a vote at a general meeting of the company may:
 - Vote personally at the meeting or
 - Appoint:
 - not more than two proxies,
 - an attorney, or
 - in case of a body corporate, a corporate representative to attend the meeting.
2. A proxy need not be a member of CAFCA Limited.
3. When more than one proxy is appointed, each proxy must be appointed to represent a stated proportion of the member's voting rights. If no proportion is specified, the appointment is of no effect.
4. Unless the member specifically directs the proxy how to vote, the proxy may either vote as he/she thinks fit, or abstain from voting.
5. Where the member is a natural person, the proxy form must be signed either by the member personally or by a duly appointed attorney.
6. If an attorney signs the proxy form on behalf of a member, the relevant power of attorney or the authority under which it is signed, or a certified copy thereof must be deposited together with the proxy form at the company's registered offices.
7. Where a member is a body corporate, the proxy must be executed in accordance with the laws of the country of incorporation and in terms of the Memorandum and Articles of Association of the corporation.
8. Any person who is a joint holder of shares may appoint a proxy and, if more than one of the joint holders appoints a proxy or seeks to vote personally at the meeting, then the person whose name stands first on the register shall alone be entitled to vote.
9. In the case of joint holders of shares, all holders must sign the proxy form.
10. The proxy form must be received by the company secretary NOT LATER THAN forty-eight (48) hours before the scheduled time of the annual general meeting.