

REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

Statement of Comprehensive Income For the six months ended 31 March 2022	Inflation Adjusted		Historical Cost	
	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL
Revenue	3 339 486 819	2 316 741 348	2 886 217 693	1 234 211 579
Operating profit	972 162 509	602 141 203	888 993 383	325 031 871
Finance income	60 968	-	49 844	-
Finance cost	(74 441 405)	(65 638 557)	(64 975 901)	(35 026 247)
Monetary loss	(187 338 252)	(272 636 153)	-	-
Profit before income tax	710 443 820	263 866 493	824 067 326	290 005 624
Income tax expense	(197 849 087)	(148 649 359)	(241 498 612)	(105 801 658)
Profit for the period	512 594 733	115 217 134	582 568 714	184 203 966
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	512 594 733	115 217 134	582 568 714	184 203 966
Weighted average number of ordinary shares in issue	33 589 000	33 389 000	33 589 000	33 389 000
Basic earnings per share (cents)	1 526.08	345.08	1 734.40	551.69
Diluted earnings per share (cents)	1 494.60	338.98	1 728.87	541.95
Headline earnings per share (cents)	1 526.08	345.08	1 734.40	551.69
Statement of Financial Position As at 31 March 2022	Inflation Adjusted		Historical Cost	
	31 March 2022 Reviewed ZWL	30 Sept 2021 Audited ZWL	31 March 2022 Reviewed ZWL	30 Sept 2021 Audited ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	183 734 051	197 199 339	2 843 083	3 183 826
Deferred tax asset	-	-	26 386 864	43 203 784
Total non current assets	183 734 051	197 199 339	29 229 947	46 387 610
Current assets				
Inventories	3 023 871 175	2 152 520 348	1 789 039 822	929 934 973
Trade and other receivables	754 267 963	542 262 685	741 078 934	378 780 378
Cash and cash equivalents	90 480 834	338 762 568	90 480 834	237 542 707
	3 868 619 972	3 033 545 601	2 620 599 590	1 546 258 058
Total assets	4 052 354 023	3 230 744 940	2 649 829 537	1 592 645 668
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the parent				
Share capital	24 624	24 621	337	334
Share premium	89 640 170	47 921 058	39 928 817	7 848 820
Share option reserve	86 918 689	86 918 689	38 400 000	60 948 000
Retained earnings	2 830 450 583	2 317 855 849	1 717 587 059	1 135 018 345
Total equity	3 007 034 066	2 452 720 217	1 795 916 213	1 203 815 499
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	196 676 649	2 23 509 252	-	-
Current liabilities				
Trade and other payables	152 242 378	176 457 634	152 242 378	123 733 341
Provisions for other liabilities and charges	77 716 087	99 135 993	82 986 263	69 514 858
Current income tax liability	173 381 381	93 515 803	173 381 220	65 573 942
Borrowings	445 303 462	185 406 041	445 303 462	130 008 026
	848 643 308	554 515 471	853 913 323	388 830 169
Total liabilities	1 045 319 954	778 024 723	853 913 323	388 830 169
Total equity and liabilities	4 052 354 023	3 230 744 940	2 649 829 537	1 592 645 668

Statement of Cash Flows As at 31 March 2022	Inflation Adjusted		Historical Cost	
	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL
Profit before income tax	710 443 820	263 866 493	824 067 326	290 005 624
Adjustments for:				
Depreciation	13 465 286	14 543 192	340 601	290 266
Monetary loss assets	187 338 252	272 636 153	-	-
Non-cash employee benefit-share based payment (credit)/charge	(224 309)	58 348 864	(468 000)	32 796 000
Finance income	(60 968)	-	(49 844)	-
Finance cost	74 441 405	65 638 557	64 975 901	35 026 247
Working capital changes:				
Increase in inventories	(871 350 827)	(182 336 423)	(859 104 849)	(225 923 008)
Increase in trade and other receivables	(212 005 278)	(61 273 725)	(362 298 557)	(71 065 842)
Decrease in trade and other payables	(24 215 256)	(70 604 803)	28 509 037	(24 735 681)
Decrease in provision for other liabilities and charges	(21 419 906)	(41 636 200)	13 471 405	(12 332 925)
Net cash (utilised in)/generated from operations	(143 587 781)	319 182 108	(290 556 980)	24 060 681
Finance income	60 968	-	49 844	-
Finance (utilised) cost	(74 441 405)	(65 638 557)	(64 975 901)	(35 026 247)
Income tax paid	(151 437 747)	(195 725 548)	(116 874 272)	(98 721 098)
Net cash (utilised in)/generated from operating activities	(369 405 964)	57 818 004	(472 357 308)	(109 686 664)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of property, plant and equipment	-	-	-	-
Net cash generated from investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	259 897 421	41 425 866	315 295 436	46 515 969
Proceeds from issuance of shares	12 672 878	53 950	10 000 000	26 875
Net cash generated from financing activities	272 570 299	41 479 816	325 295 436	46 542 844
(Decrease) increase in cash and cash equivalents	(96 835 666)	99 297 819	(147 061 873)	(63 143 820)
Cash and cash equivalents at the beginning of the year	338 762 568	371 829 778	237 542 707	172 043 312
Effects of IAS29 on cash and cash equivalents	(151 446 068)	(283 058 304)	-	-
Cash and cash equivalents at the end of the period	90 480 834	188 069 293	90 480 834	108 899 492

Statement of Changes in Equity - Inflation Adjusted As at 31 March 2022	Share capital ZWL	Share premium ZWL	Share option reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 October 2020	24 619	28 424 555	62 342 078	2 691 794 453	2782 585 705
IFRS 9 adjustment	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(373 938 604)	(373 938 604)
Loss for the year	-	-	-	(373 938 604)	(373 938 604)
Restatement of owners equity	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners in their capacity as owners					
Issue of shares	-	53 950	-	-	53 950
Share options	-	-	44 019 167	-	44 019 167
Share exercised	2	19 442 554	(19 442 556)	-	-
Balance at 30 September 2021	24 621	47 921 058	86 918 689	2 317 855 849	2 452 720 217
Balance at 1 October 2021	24 621	47 921 058	86 918 689	2 317 855 849	2 452 720 217
Total comprehensive income for the period	-	-	-	512 594 733	512 594 733
Profit for the period	-	-	-	512 594 733	512 594 733
Other comprehensive income for the period	-	-	-	-	-
Transaction with owners in their capacity as owners					
Issue of shares	-	12 672 878	-	-	12 672 878
Share options	3	29 046 234	-	-	29 046 237
Balance at 31 March 2022	24 624	89 640 170	86 918 689	2 830 450 583	3 007 034 066
Statement of Changes in Equity - Historical As at 31 March 2022					
Balance at 1 October 2020	333	1 291 321	21 002 625	372 642 193	394 936 473
Total comprehensive income for the year	-	-	-	762 376 152	762 376 152
Profit for the year	-	-	-	762 376 152	762 376 152
Transactions with owners in	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners:					
Issue of shares	-	26 875	-	-	26 875
Share options	1	6 530 624	(6 530 626)	-	-
Shares exercised	-	-	46 476 000	-	46 476 000
Balance at 30 September 2021	334	7 848 820	60 948 000	1 135 018 345	1 203 815 499
Balance at 1 October 2021	334	7 848 820	60 948 000	1 135 018 345	1 203 815 499
Total comprehensive income for the period	-	-	-	582 568 714	582 568 714
Profit for the period	-	-	-	582 568 714	582 568 714
Other comprehensive income for the period	-	-	-	-	-
Transaction with owners:					
Issue of shares	-	10 000 000	-	-	10 000 000
Share options	3	22 079 997	(22 548 000)	-	(468 000)
Balance at 31 March 2022	337	39 928 817	38 400 000	1 717 587 059	1 795 916 213

REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

Notes to the Financial Statements
For the six months ended 31 March 2022

1 General Information

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

2 Basis of preparation

The Company's annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) except for non compliance with International Accounting Standard ("IAS 21"). The Effect of Changes in Foreign Exchange Rate explained in note 2.1 Hyperinflationary Economies . The financial statements are presented in Zimbabwe Dollars (ZWL) and all values are rounded to the nearest dollar, except where otherwise indicated.

2.1 Statement of Compliance

The 2021 comparative financial statements have an unquantifiable mis-statement arising from exchange rates used as there is conflict between requirements of SI 33 of 2019 and IAS 21.

3 Going concern

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

- a. The company has no exposure to foreign liabilities.
- b. The company has stock cover of 3 months in finished goods
- c. The company has adequate loans and overdraft facilities to finance working capital requirements.
- d. Impact of Covid 19 is diminishing and critical raw material suppliers are shipping/supplying.
- f. Demand for cable has remained firm.

4 Hyperinflation

Accounting Standard ("IAS") 29 'Financial reporting in Hyperinflationary economies' in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods ended on or after 1 July 2019 to apply requirements of IAS 29 'Financial reporting in Hyperinflationary economies.'

Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29 have been made in these financial statements to the historical cost financial information.

The sources of the price indices used were :
Zimbabwe Statistical Office

	Indices	Conversion factor
CPI as at 31 March 2022	4 766.10	1.000
CPI as at 30 September 2021	3 342.02	1.426
CPI as at 31 March 2021	2 759.83	1.727

5 Independent External Auditor's Statement

The abridged interim financial information for the six months ended 31 March 2022 has been reviewed by Grant Thornton Chartered Accountants (Zimbabwe). An adverse review conclusion was issued due to non-compliance with International Accounting Standard (IAS) 21 – *The Effect of Changes in Foreign Exchange Rates*. During the prior and current financial period ended 31 March 2022, the foreign currency denominated transactions and balances of the company were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21 and its consequential effects on the hyperinflationary adjustments made in terms of International Accounting Standard (IAS) 29 – *Financial Reporting in Hyperinflationary Economies*.

The auditor's review conclusion on the abridged interim financial information for the six months ended 31 March 2022 is available on the websites of the ZSE and the Company or for inspection at the Company's registered office.

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

6 Related party transactions

	Inflation Adjusted		Historical Cost	
	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL
Purchases of goods				
CBI Electric African Cables - A Division of ATC (Proprietary) Limited	-	43 601 422	-	22 715 431
Metal Fabricators of Zambia Plc (Zamefa)	302 467 119	26 536 016	255 473 745	14 258 546
	302 467 119	70 137 438	255 473 745	36 973 977
Key management remuneration: Key management includes directors (executive and non-executive) and executive managers (members of the executive committee)				
Salaries and short term benefits	105 395 161	74 871 395	91 425 430	39 792 481
Share options (credit)/charge	(224 309)	58 348 864	(468 000)	32 796 000
Directors' emoluments: -Fees	19 245 523	5 142 091	17 150 000	2 725 000
	124 416 375	138 362 350	108 107 430	75 313 481

7 Segment Information

Company has one product line, and operates in one industry sector.

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

	Inflation Adjusted		Historical Cost	
	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL
Revenue is analysed as follows:				
Revenue from customers domiciled in Zimbabwe	3 143 512 747	2 067 263 362	2 718 650 181	1 099 111 689
Revenue from external customers	195 974 072	249 477 986	167 567 512	135 099 890
	3 339 486 819	2 316 741 348	2 886 217 693	1 234 211 579

7 Segment information (continued)

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

	Inflation Adjusted		Historical Cost	
	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL
Retail	451 706 447	360 345 979	390 355 078	190 939 460

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

	Inflation Adjusted		Historical Cost	
	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL	31 March 2022 Reviewed ZWL	31 March 2021 Reviewed ZWL
Revenue from customers	3 339 486 819	2 316 741 348	2 886 217 693	1 234 211 579
Profit before interest and taxation	972 162 509	602 141 203	888 993 383	325 031 871
Finance income	60 968	-	49 844	-
Finance cost	74 441 405	65 638 557	64 975 901	35 026 247
Income tax expense	197 849 087	148 649 359	241 498 612	105 801 658
Total assets	4 052 354 023	3 230 744 940	2 649 829 537	1 592 645 668
Liabilities	1 045 319 958	778 024 723	853 913 324	388 830 168

8 Capital commitments

Capital commitments authorised by the directors or contracted for at the reporting period

9 Property plant and equipment

Capital expenditure -
Depreciation charge

Commentary and overview of results

Volumes

Volumes for the half year were 1199 tonnes, an increase of 2% over the prior year comparative period of 1175 tonnes. Volumes were adversely affected by the delay in getting regulatory approval to extend our barter deal with the Zimbabwe Electricity Transmission and Distribution Company and exchange control delays in getting paid by our Malawi customers which affected further export sales.

We are confident that we will pick up the volume shortfall against budget in the second six months of the year.

Profitability

Pretax profit in historical terms for the six month period was ZWL\$824 million against the prior year comparative period of ZWL\$290 million an increase of 184%.

Inflation adjusted pretax profit reflected an increase of 169% against prior year comparative period.

Statement of financial position

Borrowings have increased from ZWL\$130 million to ZWL\$445 million to finance inventories which have moved from ZWL\$930 million to ZWL\$1,789 billion.

In historical cost terms the value of the company has moved to ZWL\$1,796 billion whilst in inflation adjusted terms to ZWL\$3,007 billion.

Outlook

Exchange rate volatility is a cause for concern, but the upside of which is increased economic activity as consumers invest to hedge their savings. We are therefore forecasting an increase in volume in the second half of the year over the first half.

Dividend

Directors will be considering a final dividend to shareholders at the year end.

By order of Board
5 May 2022


C Kangara
Company Secretary