Contents

This Integrated Annual Report covers the financial year from 1 October 2017 to 30 September 2018. The reporting period is annual with the last report having been published in January 2018. The financial statements are presented in United States Dollars ("US$").

Corporate information

CAFCA Limited ("CAFCA") is quoted on the Zimbabwe Stock Exchange with a secondary listing on the Johannesburg Stock Exchange. Established in 1947, CAFCA is part of Reunert Electrical Engineering (Propriety) Limited incorporated in South Africa, which in turn is owned by Reunert Limited also incorporated in South Africa. 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.

Directorate and administration

DIRECTORS

H.P. Mkushi (Chairman)
R.N. Webster (Managing Director)
E.T.Z. Chidzonga
A. Mabena
S.E. Mangwengwende
T.A. Taylor
P. De Villiers
G. Eddey
G.J.H. Steyn

SECRETARY

C. Kangara

INDEPENDENT AUDITOR

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building No. 4 Arundel Office Park
Norfolk Road
Mount Pleasant
Harare

LEGAL ADVISORS

Coghlan, Welsh and Guest
Legal Practitioners
Cecil House
2 Central Avenue
P.O. Box 53
Harare

BANKERS

African Banking Corporation of Zimbabwe Limited

Barclays Bank of Zimbabwe Limited

Nedbank Zimbabwe Limited

Stanbic Bank Limited

Central Africa Building Society

ZB Bank Limited

Steward Bank Limited

Ecobank Zimbabwe Limited

REGISTERED OFFICE

54 Lytton Road
Workington
Harare

POSTAL ADDRESS

P. O. Box 1651
Harare
Zimbabwe

Company profile

CAFCA Limited 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 Zimbabwean, 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 goal is to create long term shareholder value

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 strive for continued improvement.
- We achieve business excellence.
- We recognise suppliers as active partners in our business.
- We do it right.
- We respect and value each other's contribution.
- We work as a team.
- We provide equal opportunities and encourage personal growth.
- We care for the environment and support the community.

The period in brief

Financial highlights

	30 Sept 2018 US$
Revenue	30 382 348
Operating profit	5 232 657
Profit before income tax	5 234 021
Profit for the year	3 859 431
Earnings per share (cents)	11.67
Market price per share (cents)	85.50

Milestones

CAFCA was the first company in Zimbabwe to achieve ISO 9002 accreditation, later upgraded to ISO 9001, which enables it 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.

Quality management standard
Accredited to ISO 9001
(First company to gain accreditation in Zimbabwe:1994)

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)

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

Confederation of Zimbabwe Industries (CZI)
- Industrial Exporter of the Year 1st Runner up 2008

National Industrial Energy Efficiency Award
- 1st Runner up 2011

Zimbabwe Quoted Companies Survey 2012
- Manufacturing Winner

National Industrial Energy Efficiency Award
- Winner 2013 and 2014

Exporter of the year
- Runner up 2012

Energy management system
- Accredited to ISO 50001

Best Stakeholder Practices and Sustainability Reporting
- 2018 second prize - Institute of Chartered Secretaries and Administrators


G. Mavera receiving 2018 Galbraith Trophy (Maintenance and Technical Level 2 Team)


T. Munapo receiving Long Service Award


R. Saide receiving Long Service Award


D. Mhlanga receiving Long Service Award

Corporate governance

Corporate governance represents the means by which direction and control are applied to the stewardship of an organisation's assets, both 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 (the "board") of CAFCA Limited ("CAFCA" or the "Company") 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 CAFCA Limited.

Audit committee

This committee was 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 Company's financial reporting process.

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 audit committee members and the chairman of the audit committee from among its directors. The audit committee meets no less than four times a year.

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, and
- the Company's process for monitoring compliance with relevant laws and regulations.

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 Company's objective of consistently adding value to the business. Business risks have been identified and relevant strategies are in place to address them. The managing director is required to identify and present all risks for review by the audit committee.

Management reporting

The Company's performance is monitored during 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 Company 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 2018.

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

Capital

Authorised share capital

The authorised share capital remains unchanged at 50 000 000 ordinary shares of US$0.00001 each and 100 000 5.5% cumulative preference shares of US$0.00001 each.

Issued share capital

Issued share capital comprises 33 059 000 fully paid-up ordinary shares.

Unissued share capital

In terms of the Articles of Association of the Company, the unissued share capital is under the control of directors subject to the limitations of the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations.

Results for the year

The results for the year are reported in the financial statements for the year ended 30 September 2018 which are set out on pages 16 to 47.

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.

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 Mr. A. Mabena, Mr. S. E. Mangwengwende and Mr. P. W. de Villiers retire by rotation.

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

None of the directors had an interest in any contract of significance with the Company during the year.

Employment policies

CAFCA Limited 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 Company 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 Chartered Accountants (Zimbabwe) 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.

I. Dyaka receiving
Long Service Award

S. Gosha receiving
Long Service Award

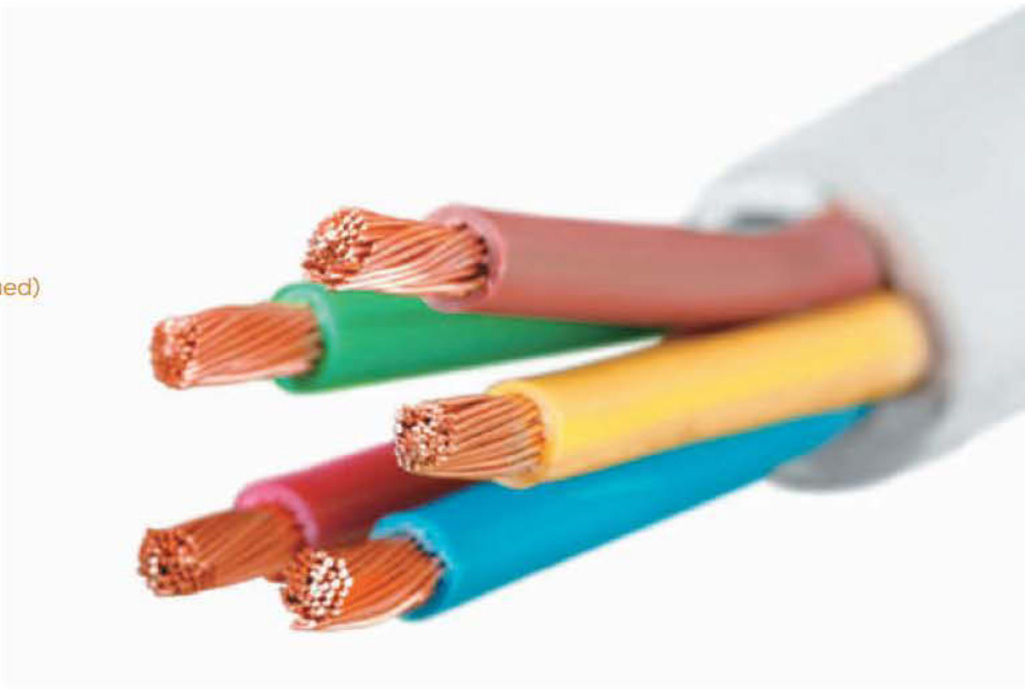
E. Mandimutsira receiving
Soccer Award

W. Nyazika receiving
Long Service Award

T. Chamba receiving
Long Service Award

C. Chipadze receiving
Long Service Award

A. Mabena (in the middle) receiving
Long Service Award



Directors' report (continued)

Senior executives

Managing director
Rob Webster

Finance executive
Caroline Kangara

Chief engineer
Godfrey Mavera

Sales and marketing executive
Farai Mukumbira

Manufacturing executive
Dumisani Mhlanga

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
E.T.Z. Chidzonga	4	4
P. W. de Villiers	4	4
G.W. Eddey	4	2
A. Mabena	4	4
S.E. Mangwengwende	4	4
G.J.H. Steyn	4	4
T.A. Taylor	4	4

Directors' interests

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

	Number of shares	
	Shares held directly	Shares held indirectly
H.P. Mkushi	-	550 421
R.N. Webster	-	266 700
E.T.Z. Chidzonga	100	-
A. Mabena	100	-
S.E. Mangwengwende	100	-
T.A. Taylor	200	-
G.W. Eddey	100	-
P. W. de Villiers	100	-
G.J.H. Steyn	100	-

S. Makuyana receiving Long Service Award

J. Ncube receiving Soccer Award

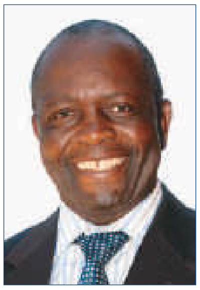
Accounts Blue Team

R. Nyamundanda

2018 Long Service Award Recipients

2018 CAFCA Soccer Team

Directors

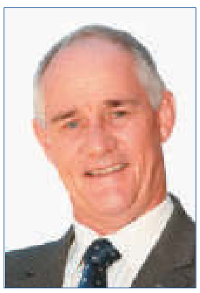


Honour Piniel Mkushi - Chairman
Non-executive director
L.L.B (Hons), (London)
Appointed to the board on 1 January 1986

Honour is an Advocate of the High Court of Zimbabwe. He is the senior partner of Sawyer & Mkushi. He has been in private practice since 1971 and has an immaculate professional record with the Law Society of Zimbabwe. He specialises in corporate commercial banking, financial and property law practice. He has 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 has sat on various boards including the following:
Chairman of the Council of Great Zimbabwe University for 6 years.
Chairman of the Board of Zimpapers for 12 years.
Chairman of the Board of Zimbabwe Mass Media Trust for 14 years.
Chairman of the Board of Leyland Zimbabwe Motor Corporation for 10 years.
Chairman of the Board of Commercial Union Insurance Company for 8 years.
Chairman of the Board of Standard Chartered Bank Zimbabwe Limited for 27 years.
Board Member of Lonrho Zimbabwe Limited – Motor and Mining.

He is currently the Chairman of six other reputable companies in Zimbabwe namely, Windmill Fertilisers Limited, Marsh Insurance Brokers (Private) Limited, Nissan Clover Leaf Motors (Private) Limited, Zimbabwe Motor Investments (Private) Limited, Aptics ICT (Private) Limited, Automotive Distributor (Private) Limited.



Robert Neill Webster
Managing director
B.Acc. (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 Limited 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.

Alvord Mabena
Non-executive director
B.Sc. Mechanical Engineering
Appointed to the board on 19 February 1998

Alvord has 20 years experience in the railway industry as an engineer, the last ten of which he was chief executive of the National Railways of Zimbabwe. He spearheaded the turnaround of the organisation to become the second largest railway in the sub region, second only to South Africa.

A past president of the Zimbabwe Institution of Engineers, Alvord won the Zimbabwe Institute of Personnel Management, manager of the year award in 1992 in recognition of his service with distinction in the public utility category.

A businessman, Alvord is also a director of private and public sector companies quoted on the Zimbabwe Stock Exchange including banking institutions and universities, among others. He is also a former Chairman of the National Railways of Zimbabwe Board. He is one of the established livestock breeders in Matebeleland and is heavily involved in voluntary community service where he is a past president of the Rotary Club of Bulawayo South where he was conferred with a Paul Harris Fellow award, which award is accorded Rotarians who would have served the community with distinction.

He is married and has one daughter and one grand daughter.

Gideon Johannes Hendrik Steyn
Non-executive director
BCompt Hons (University of South Africa)
Appointed to the Board 19 February 2015

Johan completed his articles with KPMG and left as an audit supervisor to join ATC (Proprietary) Limited. After working in various tasks and capacities, Johan was appointed as Divisional Director Finance of the company and subsequently appointed as the Head of Internal Audit of Reunert Limited.

At the end of 2008 Johan was appointed as Financial Director of CBI-Electric: African Cables, a division of ATC (Proprietary) Limited.

Directors (continued)

Thomas Alexander Taylor
Non-executive director
B.Com. (Cape Town), C.A. (SA), C.A.(Z)
Appointed to the board on 11 October 1995

Tom served his articles with Pricewaterhouse 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 Pricewaterhouse 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.

Simbarashe Emanuel Mangwengwende
Non-executive director
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 is an electrical power engineering and management specialist with extensive experience in the electricity supply industry including 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.

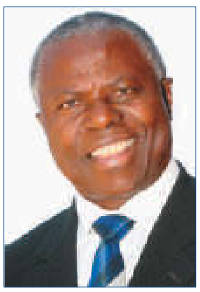
Since retirement in 2006 he has been working as an independent consultant and sits on the boards of several public and private companies and non-profit organisations.

Graeme Wales Eddey
Non-executive director
ND:CMA
Appointed to the board on 19 February 2015

After having joined Siemens Limited Southern Africa in January 1999 and holding various positions within the Siemens Group, Graeme was appointed to the board as chief financial officer of Siemens Enterprise Communications in October 2006. With the dis-investment of Siemens' global telecommunications group, Reunert Limited acquired the Southern Africa operations of Siemens Enterprise Communications.

In November 2012 Graeme was appointed financial director of CBI-Electric: African Cables, a subsidiary company within the Reunert Limited Group and later appointed managing director of the organisation in September 2014.

Graeme has obtained extensive training and work experience both locally and abroad during his career.



Edwin Tavengwa Zinyoro Chidzonga
Non-executive director
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 Touche.

Pieter Wouter de Villiers
Non-executive director
B. Eng. (Electronic) University of Pretoria B.Comm. University of South Africa
Appointed to the board on 19 February 2015

Pieter joined CBI Electric African Cables in 2000 as Production Manager. He is currently the Technical Director of that company. Before joining CBI, Pieter worked for USKO Limited and Morris Material Handling.

Chairman's report

Overview

In volume terms CAFCA Limited has seen growth in the local market arising mainly from the support received from Government in protecting local industry by requiring importing companies to obtain permits to import products made in Zimbabwe. In addition the shortage of foreign currency has also assisted in ensuring local customers procure locally.

Performance

In addition to the increase in volumes there was a change in sales mix from aluminium to copper resulting in a significant increase in turnover from $19,3 million in 2017 to $30,3 million in 2018.

With the increased turnover and costs contained profit increased fourfold to $5,2 million.

Working capital was well controlled resulting in a cash position before dividend declaration of $8,9 million.

Dividend

Accumulated profits earned to date plus the cash resources on hand allowed the Board to declare a dividend of 10.5 cents per share, the first dividend in 15 years.

Outlook

Since the year end the chronic shortage of foreign currency has resulted in shortages and extreme price increases on imported products.

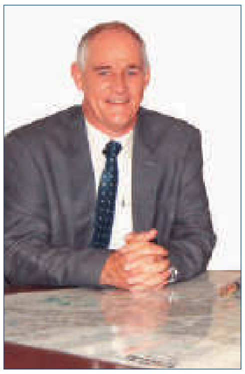
Until such time as a stable and equitable system of foreign currency allocation is put in place it is not possible to forecast next year's financial outcome.

Thanks

Management and staff are to be commended for a good set of results which were only achieved with the support of our stakeholders; Government for their strategic support of local manufacturers; the ZESA group, the mining sector and all customers for their custom and loyalty; suppliers and service providers for their partnership and contribution; fellow directors for their guidance and wise counsel.

H. P. Mkushi
Board Chairman
CAFCA LIMITED
8 November 2018

Managing director's report



Operations
Copper tonnes were up by 16% resulting in employment of 15 more operators to cope with the coiling bottleneck. We are currently running on only the holding furnace which has reached its peak output when recycling copper as the inlet. Any required increase in copper output will mean augmenting recycled copper with cathode or recommissioning the melter.

Financial Results
Profit for the year before tax and dividend at $5,2 million was a significant increase on the prior year of $1,2 million. As mentioned in our profit warning the improvement came from increased volume and selling more copper than aluminium. The previous year was adversely affected by some months being at breakeven until costs were cut.

The statement of financial position remains strong with good cash balances, good stock levels, minimal debtors and manageable liabilities. We had no foreign liabilities at the year end.

A dividend of $3,5 million was motivated on the basis of the accumulated profits and the cash balances on hand after taking cognisance of capital and other future commitments.

Events after Reporting Date
The month of October 2018 has seen the Zimbabwe economy crashing in terms of the availability of goods with imported content and the pricing thereof.

The market has discounted the RTGS bank balances vis-à-vis the value of US dollars.

Until such time as the authorities deal with this anomaly many distortions will appear in the market. Shortages will appear and fixed income individuals will not cope with the price increases.

Future
Trading will be constrained in the foreseeable future as foreign currency to secure raw materials will be limited through the banking system whilst parallel market foreign currency will result in product prices not being affordable to most cable users.

R. N. Webster
Managing Director
CAFCA LIMITED
8 November 2018

Directors' declaration

In the opinion of the directors of CAFCA Limited, the financial statements and notes set out on pages 16 to 47 have been prepared in accordance with the Zimbabwe Companies Act (Chapter 24:03) and:

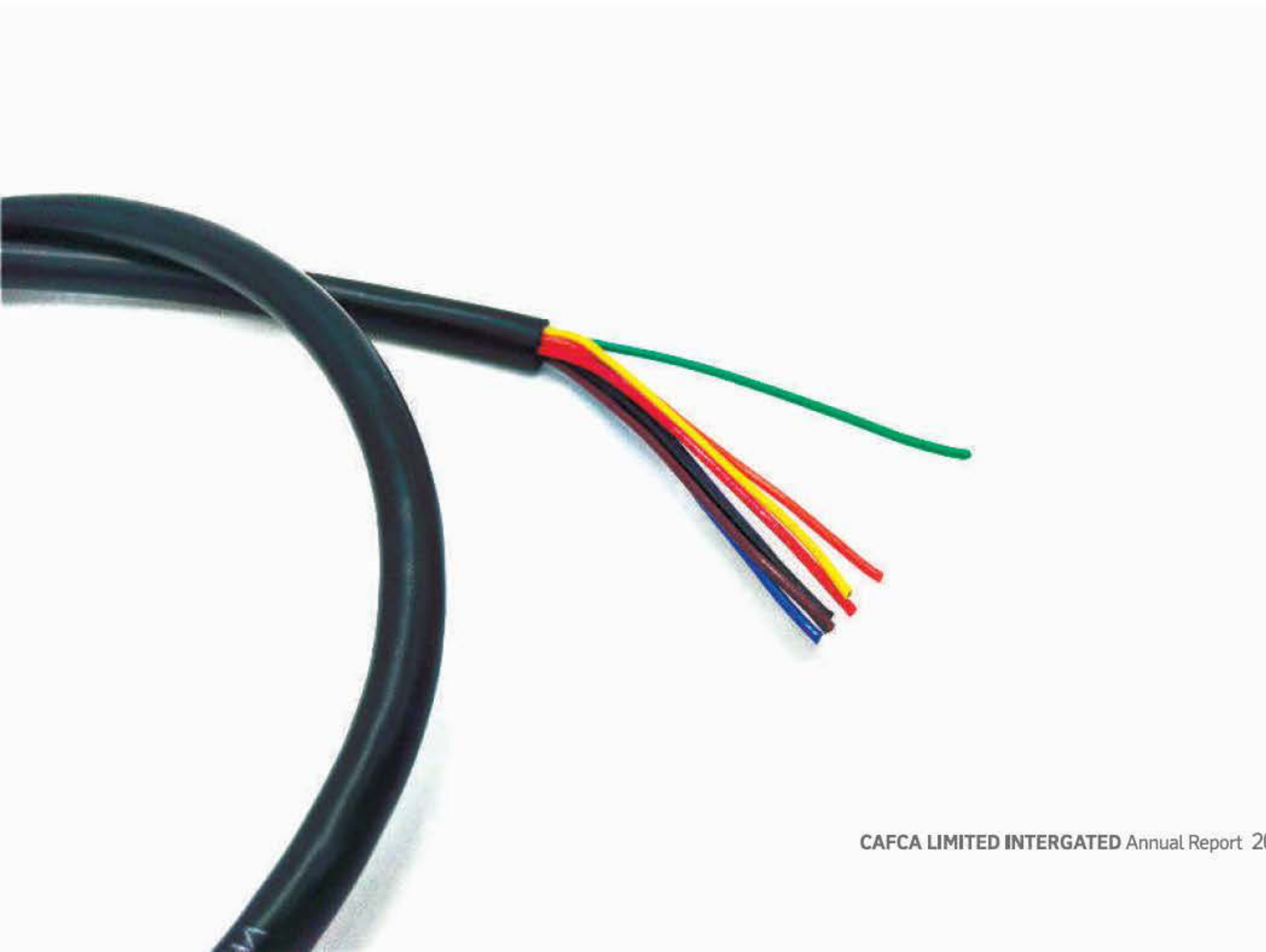
- Give a true and fair view of the financial position of the Company as at 30 September 2018 and its financial performance as represented by the results of its operations and its cash flows for the year then ended.
- Comply with International Financial Reporting Standards.

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

These annual financial statements have been prepared under the supervision of the Finance Executive, Caroline Kangara, an Associate Member of the Institute of Chartered Secretaries and Administrators, registered with the Public Accountants and Auditors Board, Public Accountant Certificate Number 04293.

Signed in accordance with a resolution of the directors:

H. P. Mkushi Chairman Harare, Zimbabwe 8 November 2018	R. N. Webster Managing Director Harare, Zimbabwe 8 November 2018



Independent auditor's report

To the shareholders of CAFCA Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CAFCA Limited (the "Company") as at 30 September 2018, and its 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).

What we have audited
CAFCA Limited's financial statements set out on pages 16 to 47 comprise:

- the statement of financial position as at 30 September 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements section of our report.*

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

Independence
We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Overall materiality	US$265 000 which represents 5% of profit before income tax.
Key audit matters	• Impairment assessment of plant and equipment. • Impact of trading environment on the entity's operations.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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P O Box 453, Harare, Zimbabwe
T: +263 (242) 338362-8, F: +263 (242) 338395, www.pwc.com

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.

Independent auditor's report

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	US$265 000
How we determined it	5% of profit before income tax for the 2018 financial year.
Rationale for the materiality benchmark applied	We chose profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of plant and equipment	
Impairment assessment remains an area of focus as the prevailing economic situation in Zimbabwe adversely impacts timely importation of adequate raw materials required for production by the Company. This has resulted in the Company operating its manufacturing plant below current installed capacity. Furthermore, when compared to the carrying amount of plant and equipment as at 30 September 2018, repairs and maintenance costs that were charged to the statement of comprehensive income in the current year are a significant percentage of the carrying amount of the plant and equipment. The above indicates that plant and equipment may be impaired in terms of IAS 36, 'Impairment of assets'. Management performed an impairment assessment for plant and equipment and determined the recoverable amount for plant and equipment based on value in use. We considered the impairment assessment as a matter of most significance to our current year audit due to the assumptions and estimates applied by management in determining the recoverable amount of the plant and equipment. These assumptions and estimates include future cash flows, the inflation rate, selling prices and long term pre-tax discount rates. Refer to Note 4 (a) 'Carrying amount of plant and equipment' in the financial statement for the related disclosure.	We obtained management's impairment computations for plant and equipment and tested the assumptions used by management. Our audit procedures to test these assumptions included the following: • Testing the future cash flows by comparing the forecast to current performance and our knowledge of the business. We found the future cash flows to be reasonable. • Independently calculating a reasonable range of long term pre-tax discount rates. Our range was based on the weighted average cost of capital ("WACC") calculation which is based on a capital asset pricing model. We found the long term pre-tax discount rate used by management to be within a reasonable range. • Comparing budgeted production volumes used by management to the actual production volumes of the current year. No material differences were noted. • Testing the reasonableness of the inflation rate applied to costs in the impairment model by comparing it to current inflation rates and market forecasts. We found the inflation rate used by management to be reasonable. We performed an independent recalculation of the impairment charge recognised in the statement of comprehensive income and compared our results with those of management and no material differences were noted.

Independent auditor's report (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impact of trading environment on the entity's operations	
The Company's ability to acquire imported raw materials is dependent on its ability to obtain adequate and affordable foreign currency. The continuing adverse macro-economic environment and critical shortage of foreign currency affects the Company's ability to access adequate foreign currency to import raw materials. The remittance of funds to foreign accounts requires approval from the Reserve Bank of Zimbabwe. As the amount of foreign currency is critically short, the amount available to business has been categorised into priorities. Although CAFCA Limited ranks as a priority as it imports raw materials to aide in producing and generating exports, the potential for reduced foreign currency allocations due to the increasing trade deficit, could negatively impact the operations of the business. We considered the impact of the current trading conditions on the entity's operations as a matter of most significance to the current year audit as the environment constrains trading. The following are some of the initiatives adopted by management in order to minimise the impact of the challenging economic environment: • pursuing more innovative processing methods such as electrolysis, for the purification of locally sourced copper which will see a cheaper local alternative source of raw material; • securing a line of credit of US$500 000 with an international financial institution to facilitate payments to foreign suppliers of imported raw materials; and • arrangements to obtain foreign currency support from customers in the mining sector, who have cash inflows from minerals exports. Refer to notes 4 (a), 4 (c) and 9 to the financial statements.	We inquired of management, in order to obtain an understanding of the strategies and procedures which are being implemented or to be implemented to improve the Company's ability to access foreign currency and to reduce the negative impacts associated with the challenging macroeconomic environment in Zimbabwe. We obtained an understanding of management's budgetary process and evaluated assumptions, including the anticipated production levels, revenue growth and inflation rates for the 2019 budgets by performing the following procedures: • Inquiry of management as to the process followed in the budgetary process and the controls implemented in the process. • Inspection of operational reports and management accounts for the year to assess the reasonability of monthly budgets against their actual outcomes. We found the monthly budgets to be reasonable. • Assessing the reasonability of assumptions used in the budgetary process by comparing them to external sources of information. We found the assumptions used by management to be reasonable. • Comparing the budgeted revenue to the actual revenue recorded during the year. We found management's explanations to be reasonable. We inspected Statutory Instrument ("SI") 237A of 2018 promulgated in the Extraordinary Gazette published on 29 October 2018, amending SI 122 of 2017, Control of Goods (Open General Import Licence), and found that the importation of copper cable continues to be restricted. We obtained an understanding of the electrolysis process for the purification of locally sourced copper by conducting a site visit and observing the process. We compared management's forecasts of copper yield from this process and compared it to the actual output and found management's forecasts to be reasonable. We inspected letters of support from customers in the mining sector, confirming allocation of foreign currency proceeds to CAFCA Limited and noted that some foreign currency had been allocated to the Company. Furthermore, we inspected the agreement relating to the line of credit and we found that subsequent to year end the Company had drawn down on this facility.

Other information

The directors are responsible for the other information. The other information comprises the information included in the CAFCA Limited Integrated Annual Report 2018, but does not include the financial statements on pages 16 to 47 and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent auditor's report (continued)

Other information (continued)

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Evangelista Ravasingadi
Registered Public Auditor

Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 0391
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253514

25 January 2019
Harare
Zimbabwe

Statement of financial position

As at 30 September 2018

	Notes	2018 US$	2017 US$
ASSETS			
Non-current assets			
Property, plant and equipment	6	2 990 638	3 263 957
Current assets			
Inventories	7	8 624 425	8 256 431
Current income tax assets	8	-	18 950
Trade and other receivables	9	2 041 792	2 408 032
Cash and cash equivalents	10	8 854 476	4 168 171
		19 520 693	14 851 584
Total assets		22 511 331	18 115 541
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the parent			
Share capital	11.2	331	328
Share premium	11.2	254 701	177 948
Share option reserve	11.3	193 600	20 056
Retained earnings		15 648 705	15 260 469
Total equity		16 097 337	15 458 801
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	12	656 692	788 880
Current liabilities			
Trade and other payables	13	1 740 632	1 496 132
Provisions for other liabilities and charges	14	427 288	371 728
Dividends payable	15	3 471 195	-
Current income tax liabilities	8	118 187	-
		5 757 302	1 867 860
Total liabilities		6 413 994	2 656 740
Total equity and liabilities		22 511 331	18 115 541

The above statement of financial position should be read in conjunction with the accompanying notes.

These financial statements were approved for issue by the board of directors on 8 November 2018 and signed on its behalf by:

H.P Mkushi
Chairman

R.N Webster
Managing Director

Statement of comprehensive income

For the year ended 30 September 2018

	Notes	2018 US$	2017 US$
Revenue	16	30 382 348	19 310 457
Cost of sales	17	(20 937 278)	(14 714 416)
Gross profit		9 445 070	4 596 041
Distribution costs	17	(95 156)	(71 882)
Administrative expenses	17	(4 228 430)	(3 450 330)
Other income	18	107 402	134 525
Other gains	19	3 770	14 723
Operating profit		5 232 657	1 223 077
Finance income	20	1 364	3 150
Profit before income tax		5 234 021	1 226 227
Income tax expense	21	(1 374 589)	(500 014)
Profit for the year		3 859 431	726 213
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		3 859 431	726 213
Attributable to:			
- Owners of CAFCA Limited		3 859 431	726 213
- Non-controlling interests		-	-
		3 859 431	726 213
		Cents	**Cents**
Basic earnings per share	22.1	11.67	2.21
Diluted earnings per share	22.2	11.53	2.17

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of changes in equity
For the year ended 30 September 2018

	Notes	Share capital US$	Share premium US$	Share option reserve US$	Retained earnings US$	Total US$
Year ended 30 September 2017						
Balance at 1 October 2016		328	169 281	5 300	14 534 256	14 709 165
Total comprehensive income for the year		-	-	-	726 213	726 213
Profit for the year		-	-	-	726 213	726 213
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners: Issue of shares		-	5 200	-	-	5 200
Share options	11	-	3 467	14 756	-	18 223
Balance at 30 September 2017		328	177 948	20 056	15 260 469	15 458 801
Year ended 30 September 2017						
Balance at 1 October 2017		328	177 948	20 056	15 260 469	15 458 801
Total comprehensive income for the year		-	-	-	3 859 431	3 859 431
Profit for the year		-	-	-	3 859 431	3 859 431
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners: Issue of shares		-	40 400	-	-	40 400
Share options	11	3	36 353	173 544	-	209 900
Dividends declared	15	-	-	-	(3 471 195)	(3 471 195)
Balance at 30 September 2018		331	254 701	193 600	15 648 705	16 097 337

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 September 2018

	Note	2018 US$	2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		5 234 021	1 226 227
Adjustments for:			
Depreciation	6	361 528	358 763
Profit on disposal of property, plant and equipment	19	(3 770)	(14 723)
Non-cash employee benefit expense - share based payment	17.1	209 900	18 223
Finance income received	20	(1 364)	(3 150)
Provision recognised/(reversed) for slow moving and obsolete inventories	7	1 628	(69 137)
(Reversal of)/allowance for impairment of trade and other receivables	9	(20 550)	8 809
Working capital changes:			
(Increase)/decrease in inventories		(369 622)	120 118
Decrease in trade and other receivables	9	374 430	928 033
Increase in trade and other payables		244 500	760 478
Increase in provision for other liabilities and charges		55 560	42 724
Net cash generated from operations		6 086 261	3 376 365
Finance income	20	1 364	3 150
Income taxes paid	8	(1 369 640)	(328 410)
Net cash generated from operating activities		4 717 985	3 051 105
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(88 209)	(376 455)
Proceeds from sale of property, plant and equipment		3 769	14 723
Treasury bills settlement	9.2	12 360	-
Net cash utilised in investing activities		(72 080)	(361 732)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares	11.2	40 400	5 200
Net cash generated from financing activities		40 400	5 200
Increase in cash and cash equivalents		4 686 305	2 694 573
Cash and cash equivalents at the beginning of the year		4 168 171	1 473 598
Cash and cash equivalents at the end of the year	10	8 854 476	4 168 171

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the year ended 30 September 2018

1 GENERAL INFORMATION
CAFCA Limited (the "Company") is a public limited liability company incorporated in Zimbabwe. The Company has a 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 of Directors on 8 November 2018.

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 financial statements of CAFCA Limited (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). The financial statements have been prepared on a historical cost basis.

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 Company'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.

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations effective for the first time for 30 September 2018 year ends that are relevant to the Company

Standards/interpretation	Effective date	Executive summary
Amendment to IAS 7, 'Cash flow statements' Statement of cash flows on disclosure initiative	1 January 2017	In January 2016, the International Accounting Standards Board ("IASB") issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. The Company does not have borrowings therefore there is no additional disclosure as a result of the amendment.
Amendment to IAS 12, 'Income taxes' Recognition of deferred tax assets for unrealised losses	1 January 2017	The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations issued but not effective for 30 September 2018 year ends that are relevant to the Company but have not been early adopted

Standards/interpretation	Effective date	Executive summary
Amendments to IFRS 2, 'Share based payments' Clarifying how to account for certain types of share-based payment transactions	1 January 2018	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
IFRS 9, 'Financial instruments' (2009 and 2010) • Financial liabilities • Derecognition of financial instruments • Financial assets • General hedge accounting	1 January 2018	This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard will be applied retrospectively except for the credit losses model. The current classification of financial assets as described in note 2.6 will be affected. The Company will classify its loans and receivables at amortised cost. The Company will apply the expected loss model when assessing for impairment of financial assets. The model includes some operational simplifications for trade receivables, contract assets and lease receivables, because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month expected credit losses ("ECL") and to assess when a significant increase in credit risk has occurred. For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. As a practical expedient, a provision matrix may be used to estimate ECL for these financial instruments. The Company will apply the practical expedients in its impairment model and this is not expected to significantly increase the impairment of financial assets.
IFRS 15, 'Revenue from contracts with customers'	1 January 2018	The FASB and IASB issued their long-awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of a good or service transfers to a customer. The standard is not expected to change the timing of revenue recognition as the Company's revenue streams are not complex, prices do not include a financing component, there is only one performance obligation per contract, there are no elements of variable consideration, no agent/principal relationships exists in its contracts and revenue is recognised at a point in time.
Amendment to IFRS 15, 'Revenue from contracts with customers'	1 January 2018	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations issued but not effective for 30 September 2018 year ends that are relevant to the Company but have not been early adopted (continued)

Standards/interpretation	Effective date	Executive summary
IFRS 16, 'Leases'	1 January 2019 - earlier application permitted if IFRS 15 is also applied	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – Incentives' and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'. The new standard provides a comprehensive model to identify lease arrangements and the treatment thereof in the financial statements of both lessees and lessors. The Company has non-material operating leases which will have to be brought onto the statement of financial position in terms of the new standard and additional disclosure will be required.
IFRIC 22, 'Foreign currency transactions and advance consideration'	1 January 2018	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/ receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.
IFRIC 23, 'Uncertainty over income tax treatments'	1 January 2019	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. The interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the interpretation and consider the impact on income tax accounting.
Annual improvements cycle 2015 - 2017	1 January 2019	These amendments include minor changes to four standards. Only two of the four annual improvements are relevant to the Company's financial statements as detailed below: • IAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. • IAS 12, 'Income taxes' - the amendment clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

There are no other new standards, amendments or interpretation that are not yet effective that would be expected to have a material impact on the Company.

Notes to the financial statements
For the year ended 30 September 2018 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Segment reporting
An operating segment is a component of an entity:
- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Company operates within the cable manufacturing industry. The activities of the Company are entirely related to the manufacturing and selling of cable and allied products for the transmission and distribution of electrical energy and information, primarily in Zimbabwe.

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

2.3 Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements 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 Dollar ("US$"), which is the Company's presentation and functional currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss on a net basis, within 'other (losses)/gains – net'.

2.4 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the income statement during the reporting 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	3 to 10 years
Office equipment	3 to 5 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 proceeds with the carrying amount. These are included in the income statement.

2.5 Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Financial assets

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

Notes to the financial statements

For the year ended 30 September 2018 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

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 those with maturities greater than twelve months after the end of the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest on loans and receivables calculated using the effective interest method is recognised in the income statement.

Impairment

The Company 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.

Assets carried at amortised cost

For loans and receivables, 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 profit or loss. 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. As a practical expedient, the Company can measure impairment on the basis of an instrument's fair value using an observable market price.

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.

2.7 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Cost excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses.

Obsolete, redundant and slow moving consumable stocks are identified and written down to net realisable value.

2.9 Trade and other receivables

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

Other receivables generally arise from transactions outside the usual operating activities of the Company. Collateral is not normally obtained.

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

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an

Notes to the financial statements

For the year ended 30 September 2018 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Trade and other receivables (continued)

impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate allowance for impairment account. The Company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment allowance was recognised are written off against the allowance when there is no expectation of recovering additional cash. Impairment losses are recognised in the income statement within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

2.10 Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

2.11 Share capital

Ordinary shares are classified as equity.

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

2.12 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle the balance on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income 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.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within two months of recognition. Trade and other payables are classified as current liabilities unless payment is not due within twelve months after the reporting date.

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

2.14 Provisions

Provisions are recognised when the Company 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 can be reliably estimated. 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 management's best estimate of the expenditure required

Notes to the financial statements

For the year ended 30 September 2018 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Provisions (continued)

to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated, net of value added tax, returns, rebates and discounts.

The Company recognises revenue when the amount 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 Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods - wholesale

Revenue from the sale of goods is recognised when the products have been delivered to the customer. Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence has been transferred to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

(b) Sales of goods - retail

Revenue from the sales of goods is recognised when the Company sells a product to the customer.

2.16 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.17 Employee benefits

(a) Pension obligations

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays contributions to a privately administered pension plan on a contractual basis. The Company has no further legal or constructive obligation to pay contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The pension plan is funded by payments from employees and by the Company and by taking account of the recommendations of independent actuaries. The contributions are recognised as employee benefit expenses when they are due.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the reporting date are discounted to present value.

(c) Short term obligations

Liabilities for wages and salaries, including non monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(d) Bonus plans

The Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Share-based payments

Share based compensation benefits are provided to employees through an equity settled share-based compensation plan. The fair value of options granted under the share-based compensation plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

Notes to the financial statements

For the year ended 30 September 2018 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

(e) Share-based payments (continued)

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 period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

2.18 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.19 Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(c) Headline earnings per share

Headline earnings per share are calculated by dividing:

- the headline earnings of the Company, which is the profit attributable to owners of the Company, adjusted for goodwill impairments, capital profits and losses and other non-headline items;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's future financial performance. The primary objective of the financial risk management function is to establish risk limits and to ensure that risk stays within limits.

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company's market risks arise from open positions in foreign currencies and interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

i) Foreign exchange risk

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign exchange 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").

The Company's primary method of managing foreign exchange risk is to match the Company's principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by converting all currencies received into US$.

As at the reporting date however, the Company had no significant exposures to foreign exchange risk (2017: US$nil).

ii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market. The Company is not exposed to equity securities or commodity price risk because it had no assets nor obligations that expose the Company to these risks at the reporting date (2017: US$nil).

Notes to the financial statements

For the year ended 30 September 2018 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant interest-bearing assets, the Company's income is substantially independent of changes in market interest rates (2017: US$nil).

The Company has no borrowings and is therefore not exposed to cash flow interest rate risk (2017: US$nil).

(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. Credit risk potentially arises from cash and cash equivalents, deposits with banks and financial institutions, loans and receivables, investments, as well as credit exposures to wholesale and retail customers including outstanding trade receivables. The Company 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 executive management 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 Company has well established credit control procedures that monitor activity on a customer account and allow for remedial action 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: advance payments

Credit limits 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.

The Company's maximum exposure to credit risk by class of financial asset for on statement of financial position financial assets is as follows:

	2018 US$	2017 US$
Trade and other receivables (excluding prepayments and statutory receivables)	1 153 891	1 828 088
Cash at bank	8 459 517	3 808 701
	9 613 408	5 636 789
The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Trade receivables (excluding amounts due from related parties)		
Counterparties without external credit rating:		
Group 1 - Existing customers with no defaults in the past.	641 622	1 712 676
Group 2 - Existing customers with some defaults in the past. All defaults were fully recovered	-	-
Group 3 - Existing customers with defaults not recovered.	-	10 128
	641 622	1 722 804
Other receivables (excluding prepayments and statutory receivables)		
Amounts due from related parties	-	106 644
Other receivables from transactions with third parties	513 817	8 378
	513 817	115 022

None of the amounts due from related parties are past due or impaired and repayments have been received regularly and on time historically. The Company has procedures in place to assess whether to enter into once off transactions with third parties, including mandatory credit checks.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Cash and cash equivalents

The fair value of cash and cash equivalents at 30 September 2018 approximates the carrying amount because of their short nature. The Company holds cash accounts with large financial institutions with sound financial and capital cover. The financial institutions holding the Company's cash and cash equivalents have the following credit ratings according to the Global Credit Rating Company ratings:

	2018 US$	2017 US$
Rating		
AA-	4 832 314	1 644 260
A+	67 423	77 269
A	1 376 335	1 515 520
BBB	686 666	-
BBB-	541 245	535 245
BB+	479 665	-
BB-	475 869	36 407
	8 459 517	3 808 701

The balance of cash and cash equivalents comprises cash balances held by the entity amounting to US$400 469 (2017: US$359 470).

	2018 US$	2017 US$
Loans and receivables		
Treasury bills	6 180	18 540

These treasury bills were issued by the Government of Zimbabwe as a way of settling indebtedness, on account of the entity's foreign currency account balance transferred to the Reserve Bank of Zimbabwe.

(c) Liquidity risk

Liquidity risk is the risk that the Company 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. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

Cash flow forecasting is performed by management. Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 10) at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period.

	2018 US$	2017 US$
Letter of credit	500 000	-
Bank overdraft	1 000 000	2 000 000
	1 500 000	2 000 000

Surplus cash held by the Company over and above the balance required for working capital management, is invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Company'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.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 September 2017	Up to 1 month US$	1 month to 6 months US$	6 months to 1 year US$	1 year to 5 years US$	Total US$
Assets					
Trade and other receivables (excluding prepayments and statutory receivables)	1 232 917	52 595	536 396	6 180	1 828 088
Cash and cash equivalents	4 168 171	-	-	-	4 168 171
	5 401 088	52 595	536 396	6 180	5 996 259
Liabilities					
Trade and other payables (excluding statutory liabilities)	1 307 936	-	-	-	1 307 936
Liquidity gap	4 093 152	52 595	536 396	6 180	4 688 323
Cumulative liquidity gap	4 093 152	4 145 747	4 682 143	4 688 323	-
At 30 September 2018					
Assets					
Trade and other receivables (excluding prepayments and statutory receivables)	647 711	500 000	6 180	-	1 153 891
Cash and cash equivalents	8 854 476	-	-	-	8 854 476
	9 502 187	500 000	6 180	-	10 008 367
Liabilities					
Trade and other payables (excluding statutory liabilities)	1 448 445	-	-	-	1 448 445
Dividends payable	3 471 195	-	-		3 471 195
	4 919 640	-	-	-	4 919 640
Liquidity gap	4 582 547	500 000	6 180	-	5 088 727
Cumulative liquidity gap	4 582 547	5 082 547	5 088 727	5 088 727	-

The liquidity risk on foreign creditors and lenders has increased due to delay of foreign payments owing to the challenge of inadequate nostro funds that the country is grappling with. Refer to note 10 for additional disclosures under cash and cash equivalents. The Company has put in place mitigating measures to manage the increase in liquidity risk such as ongoing engagement with banks and negotiating with various customers with access to foreign currency to make payments on the Companies behalf.

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

Notes to the financial statements

For the year ended 30 September 2018 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company 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 as'equity' as shown on the statement of financial position plus net debt.

The gearing ratio at 30 September was as follows:

	2018 US$	2017 US$
Total borrowings	-	-
Less: cash and cash equivalents	(8 854 476)	(4 168 171)
Net debt/(cash and cash equivalents)	(8 854 476)	(4 168 171)
Total equity	16 097 337	15 458 801
Total capital	7 242 861	11 290 630
Gearing ratio	-	-

3.3 Fair value estimation

Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Company'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. The level includes listed equity securities traded on active markets.

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 (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

The Company had no financial assets or financial liabilities carried at fair value at 30 September 2018 (2017: US$nil).

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table summarises the fair value of assets and liabilities not measured at fair value on the entity's statement of financial position.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

	2018 US$ Carrying value	2018 US$ Fair value	2017 US$ Carrying value	2017 US$ Fair value
Financial assets				
Trade and other receivables (excluding prepayments and statutory receivables)	1 153 891	1 153 891	1 828 088	1 828 088
Cash and cash equivalents	8 854 476	8 854 476	4 168 171	4 168 171
	10 008 367	10 008 367	5 996 259	5 996 259

The carrying amounts of loans and receivables closely approximate their fair values. The carrying amount of trade and other receivables closely approximates their fair value as the instruments are short term in nature and the impact of discounting is not significant.

	2018 US$ Carrying value	2018 US$ Fair value	2017 US$ Carrying value	2017 US$ Fair value
Financial liabilities				
Trade and other payables (excluding statutory liabilities)	1 448 445	1 448 445	1 307 936	1 307 936
Dividends payable	3 471 195	3 471 195	-	-
	4 919 640	4 919 640	1 307 936	1 307 936

The carrying amounts of financial liabilities carried at amortised cost closely approximate their fair values. The impact of discounting is not significant because the instruments are short term in nature.

3.4 Financial instruments by category

	2018 US$	2017 US$
Assets as per statement of financial position:		
Loans and receivables		
Trade and other receivables (excluding prepayments and statutory receivables)	1 153 891	1 828 088
Cash and cash equivalents	8 854 476	4 168 171
	10 008 367	5 996 259
Liabilities as per statement of financial position:		
Other financial liabilities at amortised cost		
Trade and other payables (excluding statutory liabilities)	1 448 445	1 307 936
Dividends payable	3 471 195	-
	4 919 640	1 307 936

Notes to the financial statements

For the year ended 30 September 2018 (continued)

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 Company 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 addressed below.

(a) Carrying amount of plant and equipment

The Company carried out an impairment assessment of plant and equipment as at 30 September 2018. The cash generating unit ("CGU") specifically tested for impairment was plant and equipment, which is the smallest group of assets that generate cash inflows independently of other assets held by the Company. There has been no impairment loss recognised for the year ended 30 September 2018 (2017: US$ nil).

Indicators of impairment

In accordance with IAS 36, 'Impairment', an entity should assess at each reporting date whether there is any indication that an asset may be impaired. The following external and internal sources of information may be indications of impairment:

- The Company has been operating at below current expected monthly capacity level of 200 tonnes with production averaging 176 tonnes per month.
- Repairs and maintenance costs have continued to be significant and constitute approximately 73% of the carrying amount of plant and equipment.
- Prevailing foreign currency shortages adversely impact the Company's ability to import the required quantities of raw material which may impact production.

Impairment review

The recoverable amount of the CGU was determined based on value in use of the plant and equipment. The calculation was based on approved budgetary forecasts, internal forecasts of operating costs, capital expenditure production volumes, costs of production, future cash flows for the next three years, inflation and long term real discount rates. The estimated future cash flows were based on the approved 2019 budget, inflated by constant gross profit margins and revenue growth rates. Long-term growth rates are based on the Business Monitor International ("BMI") reports, which are specific to Zimbabwe. Also taken into account are the expectations about possible variations in the amount or timing of future cash flows and the time value of money. To address the time value of money, management determined the appropriateness of the applied discount rate. The discount rate applied is the country risk, which has been adjusted for foreign risk and specific risks relating to the Company.

All the above estimates are subject to risks and uncertainties including future availability or continued lack thereof of foreign currency. It is therefore possible that changes can occur which may affect the recoverability of the plant and equipment.

The key financial assumptions used in the impairment calculations are:

- Long-term real revenue per ton of cable sold of US$9 407 (2017: US$9 449)
- Long-term real discount rate of 22.1% (2017: 22.8%)
- Inflation rate of 2.4% (2017: 2.4%) per annum applied on costs after 30 September 2020

Sensitivity analysis:

- A change in the discount rate by an additional 5% would not result in impairment
- A change of 5% in the long-term real revenue per ton cable sold would not result in impairment

(b) Useful lives and residual values of property, plant and equipment

The Company'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 US$35 876 (2017: US$31 927) lower or higher were the useful lives to differ from management's estimate by 10%.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

(c) Going concern

The Company's ability to continue operating as a going concern may be negatively impacted as the entity continues to operate in a difficult macroeconomic environment characterised by liquidity constraints and foreign currency shortages. Foreign currency shortages which have persisted have led to growth in real time gross settlement ("RTGS") balances and the re-emergence of the parallel market. The Company's ability to acquire imported raw materials is dependent on its ability to obtain adequate and affordable foreign currency.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in existence for the foreseeable future.

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

- Revenue increased during the year to US$30.3 million compared to US$19.3 million recorded during the 2017 financial year. This increase was mainly attributable to the increased sales volumes due to improved local sales, a direct result of import restrictions. Shortages of foreign currency also prevented other customers from directly accessing the commodities through direct imports.
- The profitability of the Company improved. The Company reported a profit after income tax of US$3.9 million for the year ended 30 September 2018, compared to a profit after tax of US$0.7 million for the same period last year.
- Cash flows generated from operating activities have also improved and have increased from US$3.4 million as at the year ended 30 September 2017 to US$6.1 million in the current year.
- Continued cost containment and reduction measures, capital expenditure rationalisation and optimising efficiencies on existing capital.
- The Company secured a line of credit of US$500 000 with an international financial institution to facilitate payments to foreign suppliers of imported raw materials.
- The Company benefits from Statutory Instrument ("SI") 237A of 2018 promulgated in the Extraordinary Gazette published on 29 October 2018, amending SI 122 of 2017, Control of Goods (Open General Import Licence), which restricts the importation of copper cable into Zimbabwe.
- The Comapy has increased its focus on alternative innovative processing methods such as electrolysis for the purification of locally sourced copper which will see a cheaper local alternative source of raw material. Furthermore, arrangements to obtain foreign currency support from customers in the mining sector, who have cash inflows from minerals exports have been established.

Accordingly, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

5 SEGMENTAL INFORMATION

The executive management team is the Company's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the executive management team for the purposes of allocating resources and assessing performance.

The executive management team considers the business from both a geographic and product perspective. The Company has one product line and operates in one industry sector.

Revenue is primarily from customers who are domiciled in Zimbabwe with other revenue from external customers domiciled in Mozambique, Malawi and Zambia. The amount of revenue from external customers is as follows:

	2018 US$	2017 US$
Revenue from customers domiciled in Zimbabwe	25 486 922	18 256 550
Revenue from external customers	4 895 426	1 053 907
	30 382 348	19 310 457

Revenues from transactions with single local customers that amounted to 10% or more of the Company's revenues, amount to approximately US$6 583 033 (2017: US$5 879 764). These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the revenue from one major individual local customers with revenue of at least 10% each is as follows:

	2018 US$	2017 US$
Energy transmission	6 583 033	5 879 764

Notes to the financial statements

For the year ended 30 September 2018 (continued)

5 SEGMENTAL INFORMATION (continued)

Entity-wide information

The Company only has one reportable segment. The total carrying amount of non-current assets located in Zimbabwe is US$2 990 638 (2017: US$3 263 957), and there are no non-current assets located in other countries. As there is only discrete financial information available for the entire Company, the segment information provided to the executive team for the product reportable segments for the year ended 30 September is as follows:

	2018 Cables US$	2018 Total US$	2017 Cables US$	2017 Total US$
Revenue from customers	30 382 348	30 382 348	19 310 457	19 310 457
Depreciation	361 528	361 528	358 763	358 763
Share option charge	209 900	209 900	18 223	18 223
Operating profit	5 232 657	5 232 657	1 223 077	1 223 077
Finance income	1 364	1 364	3 150	3 150
Income tax expense	1 374 589	1 374 589	500 014	500 014
Total assets	22 511 331	22 511 331	18 115 541	18 115 541
Total liabilities	6 413 994	6 413 994	2 656 740	2 656 740

6 PROPERTY, PLANT AND EQUIPMENT

	Land US$	Buildings US$	Plant and equipment US$	Motor vehicles US$	Office equipment US$	Total US$
Year ended 30 September 2017						
Opening net book amount	105 143	660 483	2 123 937	343 770	12 932	3 246 265
Additions	-	-	39 228	337 227	-	376 455
Depreciation charge	-	(20 307)	(171 456)	(162 675)	(4 325)	(358 763)
Closing net book amount	105 143	640 176	1 991 709	518 322	8 607	3 263 957
At 30 September 2017						
Cost	105 143	809 856	3 072 154	955 895	54 925	4 997 973
Accumulated depreciation and impairment	-	(169 680)	(1 080 445)	(437 573)	(46 318)	(1 734 016)
Net book amount	105 143	640 176	1 991 709	518 322	8 607	3 263 957
Year ended 30 September 2018						
Opening net book amount	105 143	640 176	1 991 709	518 322	8 607	3 263 957
Additions	-	-	7 600	80 609	-	88 209
Disposals	-	-	-	(26 609)	-	(26 609)
Accumulated depreciation on disposals	-	-	-	26 609	-	26 609
Depreciation charge	-	(20 307)	(175 884)	(161 012)	(4 325)	(361 528)
Closing net book amount	105 143	619 869	1 823 425	437 919	4 282	2 990 638
At 30 September 2018						
Cost	105 143	809 856	3 079 584	1 009 895	54 925	5 086 012
Accumulated depreciation and impairment	-	(189 987)	(1 256 159)	(571 976)	(50 643)	(2 095 374)
Net book amount	105 143	619 869	1 823 425	437 919	4 282	2 990 638

Depreciation expense of US$ 163 337 (2017: US$173 092) has been charged in 'administrative expenses' and US$198 191 (2017: US$185 671) has been charged in cost of sales.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

7 INVENTORIES

	2018 US$	2017 US$
Raw materials and consumables	5 549 474	4 039 664
Work in progress	805 082	688 753
Finished goods	2 191 270	3 551 832
Goods in transit	104 045	-
	8 649 871	8 280 249
Provision for slow moving and obsolete inventories	(25 446)	(23 818)
	8 624 425	8 256 431

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to US$17 646 398 (2017: US$12 009 550).

There were no inventories written down to net realisable value during the year (2017: US$nil).

There were no inventories pledged as security during the year (2017: US$nil).

	2018 US$	2017 US$
The analysis for the provision for slow moving and obsolete inventories is as follows:		
At 1 October	23 818	92 955
Provisions recognised/(reversed) during the year	1 628	(69 137)
At 30 September	25 446	23 818

8 CURRENT INCOME TAX (LIABILITIES)/ASSETS

	2018 US$	2017 US$
At 1 October	18 950	84 085
Tax paid during the year	1 369 640	328 410
Tax charge for the year (note 21)	(1 506 777)	(393 545)
At 30 September	(118 187)	18 950

9 TRADE AND OTHER RECEIVABLES

	2018 US$	2017 US$
Trade receivables - third parties	641 622	1 722 804
Trade receivables - related parties	-	106 644
Less: allowance for impairment of trade receivables	(3 832)	(28 278)
Trade receivables - net	637 790	1 801 170
Prepayments	887 901	579 944
Letter of credit security deposit (note 9.1)	500 000	-
Treasury bills (note 9.2)	6 180	18 540
Other receivables	13 817	8 378
Less: allowance for impairment of other receivables	(3 896)	-
	2 041 792	2 408 032

At 30 September 2018, trade receivables of US$637 790 (2017: US$1 269 266) were fully performing.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

9 TRADE AND OTHER RECEIVABLES (continued)

At 30 September 2018, trade receivables of US$ 3 832 (2017:US$ 560 182) were past due and impaired.

Impaired trade receivables relate to customers that are experiencing economic difficulties. The likelihood of fully recovering these balances is limited thus the Company has recognised impairment losses of US$3 832 (2017: US$28 278).

	2018 US$	2017 US$
The ageing analysis of past due and impaired trade receivables is as follows:		
6 months to 1 year	3 832	10 182
Over 1 year	-	550 000
	3 832	560 182
The movements in the allowance for impairment of trade and other receivables that are assessed for impairment are as follows:		
At 1 October	28 278	19 469
Reversal of previous allowance for impairment	(28 278)	(19 469)
Allowance for impairment recognised during the year:		
- trade receivables	3 832	28 278
- other receivables	3 896	-
At 30 September	7 728	28 278
Amounts recognised in profit or loss		
During the year, the following gains/(losses) were recognised in the income statement in relation to impaired receivables:		
Allowance for impairment losses		
- individually impaired trade receivables	(3 832)	(10 182)
- individually impaired other receivables	(3 896)	-
- movement in allowance for impairment	-	(18 096)
Reversal of previous allowance for impairment	28 278	19 469
	20 550	(8 809)

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

Due to their short term nature, the carrying amount of trade and other receivables is considered to be the same as theirfair value.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Company does not hold any collateral in relation to these receivables.

	2018 US$	2017 US$
In the statement of cash flow, decrease in trade and other receivables comprises:		
Statement of financial position movement	366 240	936 842
Reversal of/(allowance for) impairment of trade and other receivables	20 550	(8 809)
Treasury bills settlement disclosed seprately	(12 360)	-
	374 430	928 033

Notes to the financial statements

For the year ended 30 September 2018 (continued)

9 TRADE AND OTHER RECEIVABLES (continued)

9.1 Letter of credit security deposit

	2018 US$	2017 US$
Letter of credit security deposit	500 000	-

The Company secured a line of credit of US$ 500 000 (2017:US$nil) with an international financial institution in which foreign obligations of the Company with regards to procurement of imported raw materials will be settled by the financial institution as they fall due. A security deposit of US$ 500 000 was paid to an intermediary bank and will be remitted to the international financial institution upon maturity of the letter of credit agreement. Establishment fees of 1% of the security deposit and a monthly commission of 0.25% on the letter of credit facility will be incurred during the course of the letter of credit agreement. This was drawn down on 11 November 2018. 50% of the balance matures 90 days from the agreement date while the remaining balance matures 120 days after the letter of credit issuance.

9.2 Treasury bills

	2018 US$	2017 US$
Treasury bills	6 180	18 540
The maturity analysis of treasury bills is as follows:		
10 April 2017	-	6 180
10 April 2018	-	6 180
10 April 2019	6 180	6 180
	6 180	18 540

These treasury bills were issued by the Government of Zimbabwe on account of the entity's foreign currency account balance transferred to the Reserve Bank of Zimbabwe as a way of settling indebtedness. US$ 12 360 of the balance has matured while the remaining balance of US$ 6 180 matures in 2019.

10 CASH AND CASH EQUIVALENTS

	2018 US$	2017 US$
Cash at bank	8 459 517	3 808 701
Cash in hand	394 959	359 470
	8 854 476	4 168 171

The Company has an overdraft facility limit of US$1 000 000, which is unsecured and bears interest at 10% per annum. The facility expires within a year.

	2018 US$	2017 US$
The Company had the following undrawn facilities at 30 September:		
Letter of credit	500 000	-
Bank overdraft	1 000 000	2 000 000
	1 500 000	2 000 000

Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis. The Reserve Bank of Zimbabwe ("RBZ") through Exchange Control Operational Guide 8 (ECOGAD8) introduced a foreign payments priority list that has to be followed when making foreign payments. Any foreign payments made from the bank balances above are ranked based on the RBZ prioritisation criteria and paid subject to banks having adequate funds with their foreign correspondent banks.

Cash and cash equivalents includes bond notes. Bond notes are a debt instrument which has been disclosed under cash and cash equivalents since it meets the definition of cash and cash equivalents and is pegged at 1:1 with the United States Dollar.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

11 RESERVES

	2018 US$	2017 US$
11.1 Authorised		
50 000 000 ordinary shares of US$0.00001 each.	500	500
100 000 5.5% cumulative preference shares of $0.00001 each	1	1

11.2 Issued and fully paid

	Number of shares US$	Ordinary shares US$	Share premium US$	Total US$
At 1 October 2016	32 830 666	328	169 281	169 609
Employee share option scheme:				
Shares issued	43 334	-	5 200	5 200
Share options	-	-	3 467	3 467
At 30 September 2017	32 874 000	328	177 948	178 276
Employee share option scheme:				
Shares issued	185 000	-	40 400	40 400
Share options	-	3	36 353	36 356
At 30 September 2018	33 059 000	331	254 701	255 032

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

11.3 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 in 2010 are exercisable between 31 December 2013 and 31 December 2020 at a price of US$0.12 cents per share and, share options granted in 2014 are exercisable between 31 December 2015 and 31 December 2020 at a price of US$0.25 cents per share. The Company 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:

	2018 Number of share options issued	2018 Exercise price per share US$	2017 Number of share options issued	2017 Exercise price per share US$
Options authorised	3 232 700		3 232 700	
Options ungranted	2 337 700		2 337 700	
Outstanding at the beginning of the year	45 000	0.12	88 334	0.12
Outstanding at the beginning of the year	540 000	0.25	540 000	0.25
	585 000		628 334	
Exercised	(45 000)	0.12	(43 334)	0.12
Exercised	(140 000)	0.25	-	
	(185 000)		(43 334)	
Total outstanding at the end of the year	400 000		585 000	

Notes to the financial statements

For the year ended 30 September 2018 (continued)

11 RESERVES (continued)

11.3 Share option reserve (continued)

Share options outstanding at the end of the year have the following exercisable dates, expiry dates and exercise prices.

Grant date	Exercisable date	Expiry date	Exercise price per share US$	2018 Number of share options	2017 Number of share options
16 September 2010	1 October 2015	31 December 2020	0.12	-	45 000
22 September 2014	1 October 2017	31 December 2020	0.25	40 000	180 000
22 September 2014	1 October 2018	31 December 2020	0.25	180 000	180 000
22 September 2014	1 October 2019	31 December 2020	0.25	180 000	180 000
				400 000	585 000

Of the 400 000 (2017: 585 000) outstanding share options, 40 000 (2017: 45 000) are currently exercisable. The share based transactions are valued using the intrinsic value method because the fair value of the instruments cannot be estimated reliably as there are no similar traded options. The intrinsic value is the difference between the market value of the share to which the employee has the right to subscribe to, or which the employee has the right to receive and the price the employee is required to pay.

The movement in the share option reserve is as follows:	2018 US$	2017 US$
At 1 October	20 056	5 300
Charge to the income statement	173 544	14 756
At 30 September	193 600	20 056

12 DEFERRED INCOME TAXES

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2018 US$	2017 US$
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	(1 990)	(7 282)
Deferred income tax assets to be recovered within 12 months	(277 794)	(95 936)
	(279 784)	(103 218)
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	707 841	742 762
Deferred income tax liabilities to be recovered within 12 months	228 635	149 336
	936 476	892 098
Deferred income tax liabilities (net)	656 692	788 880

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

	2018 US$	2017 US$
At 1 October	788 880	682 411
Income statement (credit)/charge (note 21)	(132 188)	106 469
At 30 September	656 692	788 880

Notes to the financial statements

For the year ended 30 September 2018 (continued)

12 DEFERRED INCOME TAXES (continued)

Deferred income tax assets	Revenue received in advance US$	Allowance for impairment of trade and other receivables US$	Other US$	Total US$
At 1 October 2016	(30 328)	(5 013)	(802)	(36 143)
(Credit)/charge to the income statement	(65 608)	(2 269)	802	(67 075)
At 30 September 2017	(95 936)	(7 282)	-	(103 218)
At 1 October 2017	(95 936)	(7 282)	-	(103 218)
Credit to the income statement	(181 858)	5 292	-	(176 566)
At 30 September 2018	(277 794)	(1 990)	-	(279 784)

Deferred income tax liabilities	Accelerated depreciation US$	Prepayments US$	Total US$
At 1 October 2016	688 226	30 328	718 554
Charge to the income statement	39 027	134 517	173 544
At 30 September 2017	727 253	164 845	892 098
At 1 October 2017	727 253	164 845	892 098
Charge to the income statement	(19 412)	63 790	44 378
At 30 September 2017	707 841	228 635	936 476

13 TRADE AND OTHER PAYABLES

	2018 US$	2017 US$
Trade payables	1 284 883	1 152 751
Amounts due to related parties (note 24)	7 950	51 162
Social security expenses and other taxes	113 639	68 246
Value added tax ("VAT")	178 548	119 950
Accrued expenses	155 612	104 023
	1 740 632	1 496 132

Trade and other payables are due within twelve months of the reporting date.

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short term nature.

Notes to the financial statements

For the year ended 30 September 2018 (continued)

14 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for other liabilities and charges comprises provisions for bonuses and leave pay. The movements during the year are as follows:

	Leave pay provision US$	Bonus provision US$	Total US$
At 1 October 2016	92 588	236 416	329 004
Utilised in current year	(92 588)	(236 416)	(329 004)
Charged to the income statement	95 902	275 826	371 728
At 30 September 2017	95 902	275 826	371 728
At 1 October 2017	95 902	275 826	371 728
Utilised in the current year	(95 902)	(275 826)	(371 728)
Charged to the income statement	104 355	322 933	427 288
At 30 September 2018	104 355	322 933	427 288

15 DIVIDENDS

	2018 US$	2017 US$
At 1 October	-	-
Dividends declared	3 471 195	-
At 30 September	3 471 195	-

During the year, the board of directors declared an interim dividend of US$3 471 195 for the year ended 30 September 2018, to the shareholders who were on record at 28 September 2018.

16 REVENUE

	2018 US$	2017 US$
Sale of goods - retail	25 486 922	14 012 590
Sale of goods - wholesale	4 895 426	5 297 867
	30 382 348	19 310 457

Notes to the financial statements

For the year ended 30 September 2018 (continued)

17 EXPENSES BY NATURE

	2018 US$	2017 US$
Raw materials and consumables used	17 646 398	12 009 550
Employee benefit expense (note 17.1)	3 348 642	2 711 662
Audit fees		
- Current year	18 943	25 000
- Prior year	34 985	39 858
Directors' emoluments		
- Fees	65 058	80 016
Postage and telephone	30 917	15 413
Canteen	79 496	65 090
Trade promotion	7 211	8 909
Advertising costs	238	4 900
Plant repairs and maintenance	1 336 508	1 071 169
Building repairs and maintenance	188 915	45 398
Vehicle repairs and maintenance	150 738	150 738
Electricity and water	531 745	544 275
Depreciation (note 6)	361 528	358 763
Quality and ISO certifications	111 548	94 440
Security	144 521	130 084
Machine running expenses	339 334	228 417
Insurance	82 809	70 881
Secretarial and listing related costs	36 958	40 906
Legal and professional fees	34 386	21 243
Cleaning and laundry	40 976	43 076
Subscriptions	44 768	31 123
Computer expenses	63 237	51 294
Bank charges	128 977	59 424
Travel	76 355	82 963
Freight outwards	95 156	66 982
Forklifts hire	76 194	57 763
(Reversal of allowance)/allowance for impairment of trade and other receivables (note 9)	(20 550)	8 809
Clinic expenses	7 049	6 372
Protective clothing	22 395	20 795
Printing and stationery	39 131	34 007
Repairs and maintenance - Nyanga cottage	-	945
Packaging	15 613	24 459
Provision recognised/(reversed) for slow moving and obsolete inventories (note 7)	1 628	(69 137)
Other expenses	119 057	101 040
Total cost of sales, distribution costs and administrative expenses	25 260 864	18 236 628
Total cost of sales, distributions costs and administrative expenses have been disclosed as follows:		
Cost of sales	20 937 278	14 714 416
Distribution costs	95 156	71 882
Administrative expenses	4 228 430	3 450 330
	25 260 864	18 236 628

Notes to the financial statements

For the year ended 30 September 2018 (continued)

17 EXPENSES BY NATURE (continued)

17.1 Employee benefit expense

	2018 US$	2017 US$
Salaries - executive management	655 336	582 170
Salaries and wages - non executive employees	2 242 472	1 863 965
Social security costs (note 23)	41 928	39 738
Pension costs (note 23)	155 021	166 021
Share options charge	209 900	18 223
Recognition expenses	11 994	15 433
Attendance hamper	31 991	26 112
	3 348 642	2 711 662

18 OTHER INCOME

	2018 US$	2017 US$
Scrap sales	25 002	25 360
Export incentive (note 18.1)	71 657	108 596
Other	10 743	569
	107 402	134 525

18.1 Export incentive

In May 2016, the Reserve Bank of Zimbabwe ("RBZ') introduced an export incentive scheme to promote the export of goods and services to enhance inflows of foreign currency into the country. The Company is entitled to a 5% export incentive on the export proceeds received in Zimbabwe. During the year the Company received export incentives amounting to US$71 657 on the export proceeds received in Zimbabwe (2017: US$108 596).

19 OTHER GAINS

	2018 US$	2017 US$
Profit on disposal of motor vehicles	3 770	14 723

20 FINANCE INCOME

	2018 US$	2017 US$
Interest income on current accounts with banks	1 364	3 150

21 INCOME TAX EXPENSE

	2018 US$	2017 US$
Current income tax on profits for the year	1 506 777	393 545
Deferred income tax (credit)/charge (note 12)	(132 188)	106 469
	1 374 589	500 014

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of 25.75% (2017: 25.75%) as follows:

	2018 US$	2017 US$
Profit before income tax	5 234 021	1 226 227
Notional taxation on profit for the year at a statutory rate of 25.75%	1 347 760	315 753
Tax effects of:		
Income not subject to tax	(123 184)	(134 292)
Expenses not deductible for tax purposes (note 21.1)	252 925	111 004
Permanent differences	(104 026)	206 118
Recoupment on motor vehicles	1 114	1 431
	1 374 589	500 014

Notes to the financial statements

For the year ended 30 September 2018 (continued)

21 INCOME TAX EXPENSE (continued)

	2018 US$	2017 US$
21.1 Expenses not deductible for tax purposes at the statutory rate of 25.75% comprise the following:		
Leave pay provision	26 871	24 695
Bonus provision	83 155	71 025
Share options	54 049	4 692
Tax on advance receipts	53 242	19 187
Provision for absolete inventory	18 819	(11 146)
Other	16 789	2 551
	252 925	111 004

22 EARNINGS PER SHARE

	2018 US$	2017 US$
22.1 Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company	3 859 431	726 213
Weighted average number of ordinary shares in issue (note 11)	33 059 000	32 874 000
Basic earnings per share attributable to the ordinary equity holders of the Company (cents)	11.67	2.21
22.2 Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company	3 859 431	726 213
Weighted average number of shares in issue (note 11)	33 059 000	32 874 000
Adjustment for:		
Share options outstanding at year end (note 11)	400 000	585 000
	33 459 000	33 459 000
Diluted earnings per share attributable to the ordinary equity holders of the Company (cents)	11.53	2.17
22.3 Headline earnings per share		
Profit attributable to the equity holders of the Company	3 859 431	726 213
Adjustments for:		
Profit on disposal of property, plant and equipment (note 19)	(3 770)	(14 723)
Tax effects on adjustments	971	3 791
Headline earnings	3 856 632	715 281
Weighted average number of shares in issue	33 059 000	32 874 000
Headline earnings per share (cents)	11.67	2.18

Notes to the financial statements

For the year ended 30 September 2018 (continued)

23 PENSION BENEFITS

CAFCA Pension Fund

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

National Social Security Authority Scheme

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

Contributions recognised as an expense for the year are as follows:	2018 US$	2017 US$
Social security costs (note 17.1)	41 928	39 738
Pension costs (note 17.1)	155 021	166 021
	196 949	205 759

24 RELATED PARTY TRANSACTIONS

Reunert Electrical Engineering (Proprietary) Limited owns 70% of the Company's ordinary shares and the remaining 30% are widely held. The following transactions were carried out with related parties:

	2018 US$	2017 US$
i) Sale of goods		
Metal Fabricators of Zambia plc (Zamefa)	18 346	411 365
ii) Purchases of goods		
CBI Electric African Cables - A Division of ATC (Proprietary) Limited	2 602 046	729 207
CBI Electric Telecom Cables (Proprietary) Limited	23 627	17 336
Metal Fabricators of Zambia plc (Zamefa)	56 983	1 393 489
	2 682 656	2 140 032
iii) Year-end balances arising from transactions with related parties		
Amounts due to related parties		
CBI Electric African Cables - A Division of ATC (Proprietary) Limited	7 950	33 826
CBI - Electric Telecom Cables (Proprietary) Limited	-	17 336
	7 950	51 162

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

	2018 US$	2017 US$
Amounts due from related parties		
Metal Fabricators of Zambia plc (Zamefa)	-	106 644

The amounts due from related parties arise mainly from sales transactions and are due one month after the date of purchase. The receivables bear no interest and are unsecured.

iv) Key management compensation

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

	2018 US$	2017 US$
Salaries and other short - term benefits	655 336	582 170
Share options charge	209 900	18 223
Directors' emoluments		
- Fees	65 058	80 016
	930 294	680 409

Outstanding share options granted to key management were 400 000 (2017: 585 000).
There were no loans made to directors or key management of the Company during the year (2017: US$nil).

Notes to the financial statements

For the year ended 30 September 2018 (continued)

25 CAPITAL COMMITMENTS

The Company had no significant capital expenditure contracted for by the directors at the reporting date (2017: US$nil).

26 CONTINGENCIES

The Company did not have any contingent assets or liabilities at the reporting date (2017: US$nil).

27 EVENTS AFTER REPORTING DATE

In the Monetary Policy Statement dated 1 October 2018, banking institutions were directed to effectively operationalise the ring-fencing policy on nostro foreign currency accounts by separating foreign currency accounts (FCAs) into three categories, namely "Nostro-Domestic FCAs","Nostro-Export FCAs"and "RTGS FCAs". The relationship between the three categories of the FCAs continues at parity. However critical shortages of foreign currency prevail and have resulted in the growth of Real Time Gross Settlement balances and the re-emergence of the parallel market. Parallel market exchange rates between the United States Dollar ("US$") and the Real Time Gross Settlement balances ("RTGS") significantly accelerated subsequent to the policy statements. The obtaining macro-economic environment is characterised by multi-tier pricing regimes that show a superior value for the US$ when compared to the RTGS balances.

In addition, on 1 October 2018, the Minister of Finance and Economic Development announced a review of the intermediated money transfer tax from the five cents per transaction to two cents for every dollar transacted. This tax only applies to transactions of US$10 and above with a cap of the tax to US$ 10, 000 per transaction. Some transactions have however been exempted.

The cumulative effects of the aforementioned factors have resulted in increased cost of local procurement and availability of critical inputs.

Shareholder and other supplementary information

Ratios and statistics

	2018	2017	2016	2015	2014	2013
Number of shares (000)	33 059	32 874	32 831	32 771	32 667	32 609
Attributable earnings per share (cents)	11.67	2.21	1.28	5	6	4
Diluted earnings per share (cents)	11.53	2.17	1.25	5	6	4
Price to earnings ratio	7.31	13	14	8	5	8
Market price per share (cents)	85 50	29	18	40	30	35
Profitability (%)						
Operating margin	17	6	4	8	12	8
Return on equity	24	5	3	10	17	15
Solvency						
Financial gearing ratio (%)	-	-	-	5	-	16
Interest cover (times)	-	-	-	-	52.00	13.09
Shareholders' funds to turnover (%)	53	80	81	49	52	43
Liquidity						
Current assets to interest-free liabilities and short term borrowings	-	8	12	4	6	4
Other						
Number of employees	197	181	183	202	169	159
Number of shareholders	592	605	546	512	619	616

Shareholders' information

Top 20 shareholders
At 30 September 2018

	Shareholder	Number of shares	% of total
1	REUNERT ELECTRICAL ENGINEERING (PROPRIETARY) LIMITED	23 078 424	69.81
2	MESSINA INVESTMENTS	3 601 175	10.89
3	HONOUR MKUSHI FAMILY TRUST	966 854	2.92
4	NATIONAL SOCIAL SECURITY (WCIF)	712 224	2.15
5	DELTA ENFIELD CABLES	448 800	1.36
6	NATIONAL PENSION SCHEME	413 461	1.25
7	RADIA PRAKASH	389 479	1.18
8	STANBIC NOMINEES (PRIVATE) LIMITED	364 263	1.10
9	DELWARE TRADING (PRIVATE) LIMITED	357 320	1.08
10	AVENELL INVESTMENTS (PRIVATE) LIMITED	141 207	0.43
11	STEPHENSON P.H	130 000	0.39
12	CAROLINE KANGARA	123 988	0.38
13	GEZMARK INVESTMENTS (PRIVATE) LIMITED	120 549	0.36
14	WILSON ESQ, KENT RAYMOND	120 000	0.36
15	DUMISANI MHLANGA	95 000	0.29
16	FERBOS NOMINEES (PRIVATE) LIMITED	92 367	0.28
17	TFS NOMINEES (PRIVATE) LIMITED	88 547	0.27
18	NATIONAL PENSION SCHEME	84 243	0.25
19	ZWM NOMINEES (PRIVATE) LIMITED	77 028	0.23
20	ZWM NOMINEES - CORP CLIENTS	62 349	0.19
		31 467 278	95.19
	OTHER	1 591 722	4.81
	TOTAL	33 059 000	100.00

Shareholder and other supplementary information

Analysis of shareholding			Number of shareholders	%	Number of shares	%
1	-	500	192	32.43	38 611	0.12
501	-	1000	114	19.26	79 062	0.24
1001	-	5000	189	31.23	408 948	1.24
5001	-	10000	36	6.08	246 609	0.75
10001	-	50000	40	6.76	759 102	2.30
50001	-	100000	7	1.18	558 924	1.69
100001	-	and above	14	3.06	30 967 744	93.67
Total			**592**	**100**	**33 059 000**	**100**

Non-public shareholders are defined in the Zimbabwe Stock Exchange Listing Requirements, which requires disclosure of public and non-public shareholders, as follows:
- The directors of the Company;
- An associate of the Company or any subsidiaries;
- The trustees of any employee share scheme or pension fund established for the benefit of any director or employees of the Company and its subsidiaries.
- Any person who, by virtue or any agreement, has the right to nominate a person to the board of the Company; or
- Any person who, is interested in more than 10% or more of the securities of the Company of the relevant class unless exempted by the committee.

Reunert Electrical Engineering (Proprietary) Limited and Messina Investments and the directors' interests in the ordinary shares of the Company disclosed on page 6 are categorised as non-public shareholders of the Company.

Shareholders' calendar 2018 - 2019

2018 annual report distributed	January 2019	2019 results announced	Nov 2019
73rd Annual General Meeting	February 2019	2019 annual report	Jan 2020
2019 half-year results announced	May 2019	74th Annual General Meeting	Feb 2020

Notice to shareholders

Notice is hereby given that the 73rd 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 28 Febuary 2019 for the following purposes:

1. To receive and consider the director's report, audited financial statements and the report of the auditors for the year ended 30 September 2018.
2. To appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year.
3. To approve the audit fees for the year.
4. To approve the directors' fees for the year.
5. To sanction the dividend of 10,50 cents per share declared on 6 September 2018.
6. To re-elect as directors Messrs Mr A. Mabena, Mr S. E. Mangwengwende and Mr P. W. de Villiers.

By order of the Board

C.Kangara
Company Secretary
25 January 2019

Notes
1. A member entitled to vote at the above meeting may appoint one or more proxies as alternate or alternatives 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.

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 Company.
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.

CAFCA received a sustainability award from the BCSDZ for partaking in the project and for commitment in energy efficiency. CAFCA also received the second prize for Best stakeholder practices and sustainability reporting from the Institute of Chartered Secretaries and Administrators in Zimbabwe in the listed companies category during the Excellence in Corporate Governance Awards 2018.

1.0 Managing Director's overview

The world leading organisations have embraced sustainability as a core element of their businesses as it demonstrates the link between their strategy and their commitment to a sustainable global economy. In this regard CAFCA Limited ("CAFCA") continues to demonstrate its commitment to sustainability by upholding sustainable values in its everyday activities throughout the organisation. Sustainability reporting has helped CAFCA to measure, understand and communicate its economic, environmental, and social performance, and then set goals, and manage change more effectively. Sustainability reporting has been key to CAFCA Limited as it enhances transparency to stakeholders on all its business aspects by creating a platform for communicating sustainability performance and impacts – whether positive or negative. Furthermore, it promotes a sustainability culture in the organisation as well as reducing costs incurred in the production processes.

The company successfully went through the transition from Environmental Management Systems (ISO 14001:2004) and Quality Management System (ISO 9001: 2008) to the 2015 versions, and is now accredited to these latest versions. Recertification audits for our Occupational Health and Safety Management System and Energy Management System were conducted by Standards Association of Zimbabwe (SAZ) and South African Bureau of Standards (SABS) respectively during the year and we were able to maintain our certification. Meanwhile, the organisation has put transition plans from Occupational Health and Safety Assessment Series OHSAS 18001:2007 to ISO 45 001 and Energy Management System ISO 50 001:2011 to ISO 50 001:2018. The transition processes are scheduled to be completed in 2019.

During the year CAFCA was selected to be amongst the ten companies from various sectors in Zimbabwe that benefited from the technical assistance offered by a partnership arrangement between United Nations Industrial Development Organisation - Climate Technology Centre and Network, PricewaterhouseCoopers India and Business Council for Sustainable Development Zimbabwe (UNIDO-CTCN/PWC/BCSDZ) on industrial energy efficiency and efficient water utilisation. CAFCA received a sustainability award from the BCSDZ for partaking in the project and for commitment in energy efficiency. CAFCA also received the second prize for Best Stakeholder Practices and Sustainability Reporting from the Institute of Chartered Secretaries and Administrators in Zimbabwe in the listed companies category during the Excellence in Corporate Governance Awards 2018.

CAFCA continues to strive to eliminate accidents in the workplace to achieve the vision zero goal. However this has not been achieved in 2018 as the organisation had a negative trend with respect to lost time injuries. The organisation is in the process of implementing Behaviour Based Interventions concept in order to eliminate lost time injuries. The company continues to anchor its growth on sustainability and promoting principles of circular economy by recycling its major raw materials like copper, aluminium and polyvinylchloride compounds. Apart from the undertaken initiatives to reduce, reuse, recycle and recover (4Rs) all forms of production waste, we have gone further to explore cooperation with other industries for wastes we cannot use internally. The organisation continues to survive in harsh and unpredictable economic conditions characterised by a critical shortage of forex to buy key raw materials. Hence, the organisation has put in place strategies to increase local procurement, use of the 4Rs, and maintaining the protection from the government among other strategies, please see action plans on page 55 under risks and opportunities. Further information on the organisation's performance, operations and out-look position is covered in the Managing Director's report on page 10.

GRI 102-14

R.N. Webster
Managing Director

2.0 About this report

CAFCA continues to strive for business excellence and adopted sustainability reporting in 2015. This sustainability report for CAFCA is covering the financial year October 2017 - September 2018 (FY18). Our sustainability reporting cycle is on an annual basis and our most recent previous report is for financial year October 2016- September 2017 (FY17). Data for the financial years FY16 and FY15 has been maintained for the purposes of trending and comparison except only for our emissions where data is dating back to FY11 because of availability of the information and the fact that carbon footprint has been part of the annual report since we started tracking our emissions in FY11.

The scope of this report is exclusive to the business operations of CAFCA only and all the information in this report has been gathered from our internal records captured by the different business units in their day to day activities. This FY18 report is the first report that has been prepared in accordance with the GRI Standards: Core Option as all previous reports were prepared based on G4 Guidelines. CAFCA has complied with all the disclosures that are required when preparing a report in accordance with the GRI Standards (Core Option).

A copy of this report can be obtained upon request from CAFCA through its Management Representative. We greatly appreciate and value your feedback therefore questions regarding our sustainability report and its contents may be sent via email to:

marketing@cafca.co.zw. **GRI 102-50 to GRI 102-54**

Contact person is
Godfrey Mavera
Chief Engineer
CAFCA Limited
P.O Box 1651
Harare.

2.1 Changes in reporting

CAFCA's past three financial years' Sustainability Reports were in accordance with G4 Guidelines. From July 2018 onwards, the use of the new GRI standards [published by Global Reporting Initiative (GRI) in 2016] is mandatory in order to report "in accordance" as the GRI standards have replaced the G4 Guidelines. In line with these changes in reporting requirements, we have prepared this report in accordance with the GRI standards: Core Option.

GRI 102- 49

2.2 Stakeholders and materiality

2.2.1 Reporting principles

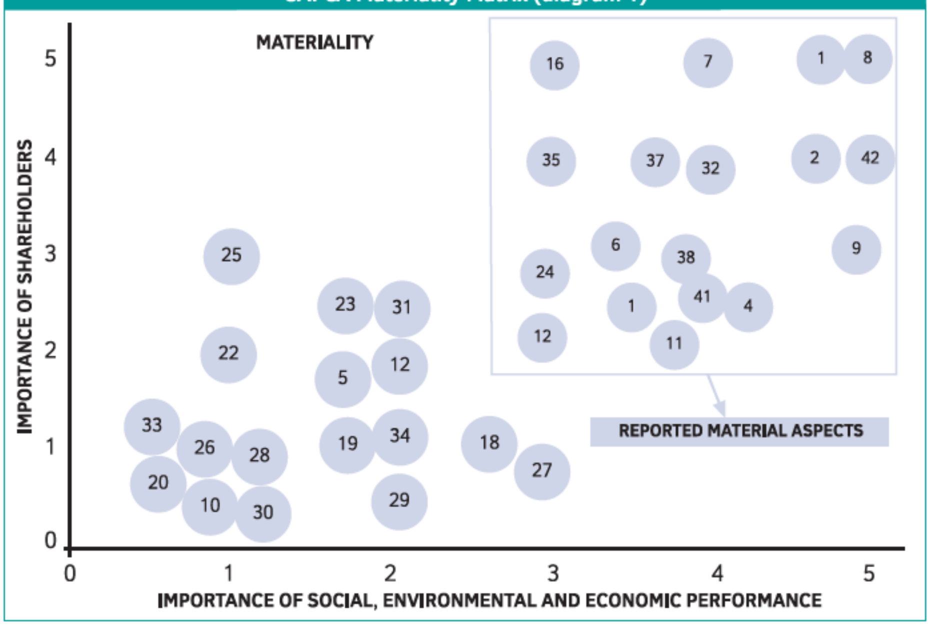
The report content and topic boundaries for this report was gathered by considering the organisation's activities, impacts and the substantive expectations and interests of its stakeholders. The reporting principles that were used by the organisation are sustainability context, stakeholder inclusiveness, materiality and completeness as guided by GRI 101 standard. A GRI Standard Context Index is made part of this report to show the topics covered in the wider context of sustainability reporting.

2.2.2 CAFCA material topics

The process of identifying topics that are material to CAFCA and its stakeholders begins with gathering information from our internal processes through meetings, partnerships, collaborations, consultations, information/knowledge sharing and feedback from our customers. All the identified material topics were mapped to indicate their significance both to CAFCA's business and our stakeholders.

A matrix was developed showing importance of the issues to stakeholders and to our social, environmental and economic performance as a response to the feedback from the various stakeholders. The scoring criteria as applied previously was adopted and material aspects were plotted on a graph, separating those aspects that are material and those that are not material to CAFCA, see table below.

CAFCA Materiality Matrix (diagram 1)



2.2.2 CAFCA material topics (continued)

From the Materiality Matrix, the prioritised material topics were according to the materiality principle which identifies material topics with high importance to economic, environmental and social impacts and high importance to stakeholders. The material topics are listed below:

Economic	Economic performance, market presence
Environment	Materials, Energy, Water, Emissions, Effluents and Waste.
Social	Employment, Labour-management relations, Occupational Health and Safety, Training and Education, Freedom of association and collective bargaining

2.3 Boundary of material topics

The table below indicates the mapping of our significant material topics where some of the impacts are experienced at CAFCA but some occur outside CAFCA.

Our material topics	Material within CAFCA	Material outside CAFCA
ECONOMIC		
Economic performance	✓	✓
ENVIRONMENT		
Materials	✓	✓
Energy	✓	✓
Water	✓	✓
Emissions	✓	✓
Effluent and Waste	✓	✓
SOCIAL		
Employment	✓	✓
Labour-management relations	✓	✓
Occupational health and safety	✓	
Training and education	✓	
Freedom of association and collective bargaining	✓	

GRI 102-47

2.4 External assurance

Our Sustainability Report is not externally assured. We have internal controls in place which include internal procedures (that are documented in our Business Management System Manual for continuity and repeatability) to ensure overall integrity of the report.

GRI 102-56

3.0 About CAFCA

Information covering the company profile, our mission statement, corporate information and operating principles (shared values), is on page 2 of this Integrated Annual Report.

3.1 CAFCA overview

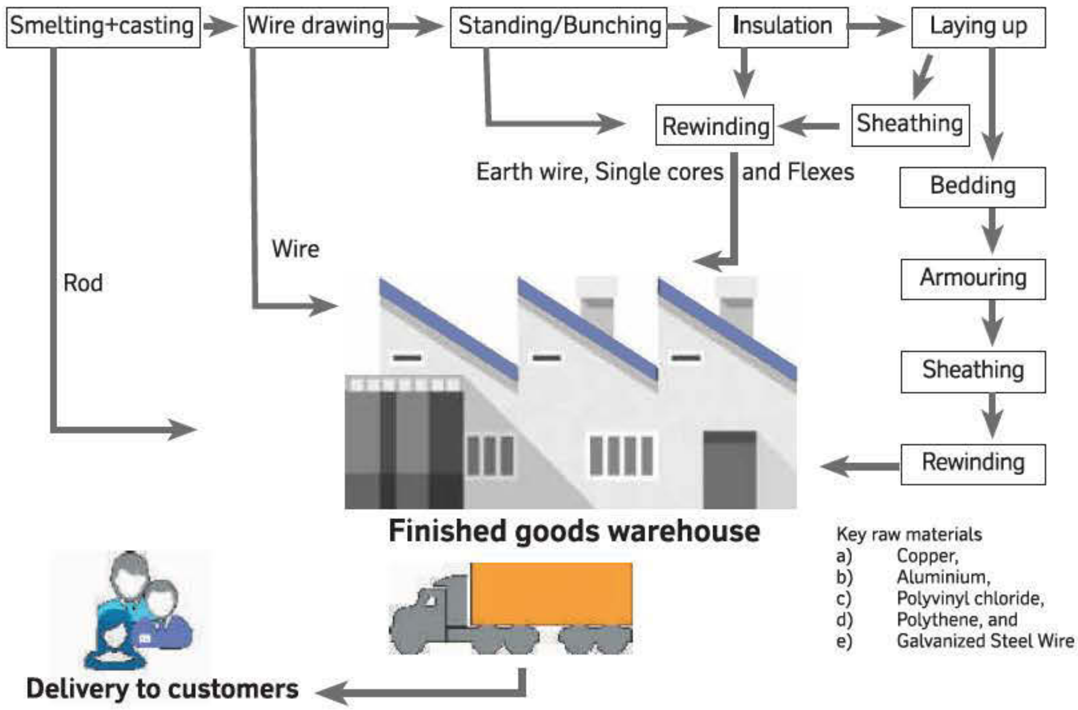
We refer you to the "Overview" section of the Integrated Annual Report (pages 1 to 10).

GRI 102- 01 to 05

3.2 CAFCA supply chain

The key raw materials indicated above are mostly imported due to either the unavailability of local suppliers or more competitive import pricing. In the short term, the focus will be on increasing local procurement of major raw materials in light of shortages in foreign currency in the country. Of note though is the fact that 60-70% of the monthly copper requirements were met through the redundant copper recycling. The redundant copper was acquired through the commodity exchange agreement which CAFCA has with the Zimbabwe Electricity Distribution Company (ZETDC). The balance of 30-40% was imported virgin copper. The organisation has a partnership with a local mining entity RioZim Limited whereby CAFCA converts all its copper scrap into anodes which is then taken to RioZim Limited for electrolysis process to make copper cathodes (virgin copper). This initiative contributed approximately 5% of the recycled copper throughput in FY18. Increased volumes are expected in FY19 as the organisation is intensifying efforts to find sources of copper which it can extract and make anodes for further processing at RioZim Limited. Whilst Aluminium scrap from our processes is <1%, we are working with a local company for it to convert our scrap into rod which we will then process into Aluminium conductor. The organisation is also re-engaging and negotiating with some of the local suppliers which used to supply us with some of our raw materials (e.g. suppliers of polyvinylchloride).

3.2 CAFCA supply chain (continued)



By and large, the organisation has stuck to its traditional suppliers of raw materials, production machinery spares and services. We use an approved suppliers' database and we evaluate all the approved suppliers at least once a year where we look at economic, environmental, quality, health and safety impacts with a view to continually improve our products and services in the wider context of sustainability.

The organisation also makes considerations prior to the purchase of energy consuming equipment and services. Energy efficient products and services are given the first preference.

Our products are manufactured to national and international standards, namely: SAZ 240, SAZ 732, SANS 1507, SANS 1339, SANS 1418 and BS 215 standards. Our finished goods can be purchased and collected at the retail shop at the factory site in Harare, at our Bulawayo retail shop, and through our distributors. We provide consignment stock to some of our key customers within and outside our borders.

GRI 102-09

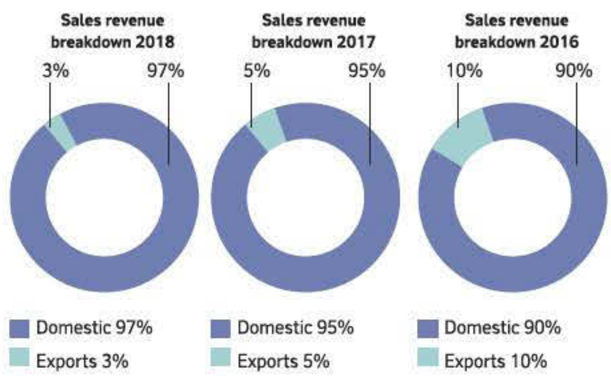
3.3 Changes in supply chain

There were no significant changes to the organisation and its supply chain during the reporting period that can simultaneously contribute to significant economic, environmental and social impacts.

GRI 102-10

3.4 Markets

CAFCA's turnover is predominantly from the domestic market. Annual revenue for the domestic market for FY18 was 61% more than FY17 driven by 18% increase in copper sales volume. Aluminium sales volumes were the same as for the prior year. The increased revenues were buoyed by the protection against imports promulgated by the government through Statutory Instrument ("SI") 122. Exports were mainly to Zambia, Malawi and Mozambique – and remained static as compared to prior year hence contribution towards total annual revenues dropped from 5% to 3% in FY17 and 10% in FY16. The downward trend mirrors the high cost of doing business in the country negatively impacting on our product prices against competition in the region. See the sales revenue breakdown for FY16, FY17 and FY18 in the following charts.



3.4 Markets (continued)

The domestic market comprises utilities, distributors, construction and industry, mines and cash customers. Utilities contributed approximately 26% in FY18 as compared to 30% (FY17) and 48% (FY16) of total sales revenue. The reduction in sales revenue from the utilities is as a result of the depletion of redundant copper reserves under the commodity exchange agreement with the ZETDC but they still remained our biggest revenue contributor. There was a 198% increase in cash sales from our factory in FY18 as compared to FY17 due to the protection we got from the government through SI 122.
For
- Net sales and total capitalisation broken into equity and debt,
- Sales volumes

Refer to the "Statement of financial position" section on page 16 and group performance review section on page 48 of the Integrated Annual Report.

GRI 102-06 and 07

3.5 Scale of organisation

The organisation's manpower status was as shown in the table below for the year 2015, 2016, 2017 and 2018.

Type of employment	2018	2017	2016	2015
Permanent	174	169	154	158
Learnership	19	0	19	33
Contract	1	1	1	1
Students on attachment	6	9	9	10
Internship	0	2	0	0
Apprenticeship	4	0	0	0
Total	**204**	**181**	**183**	**202**

Cafca is the sole manufacturer of cables in Zimbabwe with a capability of producing approximately 1000 different types of cables for stock and as per customer requirements. The total head count of employees supporting production at CAFCA is 204 which increased by 12% compared to the last reporting period. The increase was due to the recruitment of 15 Learnership employees on a 12 month learnership program to build capacity in the house-wire and flexible cable coiling and packaging section of the factory. The coiling and packaging section became a bottleneck after cash sales volumes were increasing due to the protection we got from the government. Furthermore, 4 apprentices were recruited as part of an apprenticeship program introduced as a medium term strategy to mitigate against skills gaps in the engineering department. The figures shown in the table above are inclusive of our Bulawayo Retail branch. 11% of the total employees are females mostly in administrative functions.

GRI 102-07 to 08

4.0 Managing our risks

Risk management is imperative and if not properly done will lead to malfunctioning of business systems. Various tools have been adopted within CAFCA and in other areas where we can influence to ensure adequate risk management. Refer to "Corporate Governance" section of the Integrated Annual Report page 4.

GRI 102- 18

4.1 Risk management system

Our risk management system is designed to effectively identify, assess and mitigate our sustainability and business risks. The key personnel/teams within this system, and their primary risk management responsibilities, are as follows:

Teams/Personnel	Risk management responsibilities
Board of directors and Audit committee	Identifying, monitoring and controlling risk management efficiency, reviewing risk management strategies and reports.
Managing director and the senior executive team	Identifying, managing and mitigating business operational risks.
Operational managers	Identifying, evaluating, mitigating and reporting everyday risks.
Employees	Implementation of the identified risk mitigation strategies.

4.2 Key sustainability risks and opportunities

The organisation holds strategic planning workshops annually at the start of a new financial year. The following major risks and opportunities were identified by analysing CAFCA's macro and micro environments during the strategic planning workshop held in September 2018 for FY19. Action plans have been put in place for implementation at different levels by relevant functional teams. The following is an outline of the risks, opportunities and mitigation measures in relation to the material aspects of CAFCA Limited. The senior executives review the above opportunities and risks every month end to ensure timeous closure of action plans.

ID	OPPORTUNITIES	ACTION/PLAN
01	Exports	Increase consignment stock holding.
02	Maximize local content.	(i) Find local partners to recycle PVC and aluminium scrap (ii) Partner with RioZim to process blister/scrap copper into copper cathode. (iii) Engage traditional local suppliers for supply of GSW and PVC
03	Behavior based culture – move centre of power from the top to the shop floor.	Implement Behaviour Based Interventions and track performance using determined key performance indicators.
04	Maximize waste by recycling and reusing.	Implement Quality Improvement Project for the elimination of wastes being sent to landfills.
05	Strategy to maintain protection.	1. The benefits of protection must be measured (i) Employee numbers (ii) Foreign exchange guaranteed (iii) Taxation paid (iv) Foreign currency saved. 2. Ensure the protection decision makers are made aware of the measurements - Annual report - Half year and year end trading update announcements - Special feedback communication
06	Solar/renewable energy projects at CAFCA.	Perform cost/benefit analysis for solar energy for administration block and implement accordingly

ID	RISKS	ACTION/PLAN
R1	Foreign currency availability.	1. Identify sources of foreign currency. Develop action plans and measure against targets. 2. Identify special packages/facilities available from banks/RBZ for special uses.
R2	Stress – tools to cope.	Videos or presentations on stress and the tools that can be used to deal with the risk.
R2	The anomaly of RTGS $ and US$ will result in distortions in the market and a crisis of expectation by staff for CAFCA to solve the problem.	Actively engage employees through the works council

Once the opportunities and risks have been identified and their impacts analysed, the organisation then reviews its business goals to align them with the new strategic intent. The business goals cover the wider context of sustainability (i.e. economic, environmental and social performance targets). Business goals are also reviewed once a month by the senior executive team with special emphasis on trends.

GRI 102-15

5.0 CAFCA's position on precautionary principle

CAFCA realises that the precautionary principle is essential in preventing unforeseen adverse environmental effects even if there is no scientific evidence to back this up. We believe that it is better to prevent the adverse environmental effects than manage their consequences. For instance, CAFCA disposes its e- waste via licensed waste disposal enterprises to prevent the perceived risks that arise due to disintegration of e-waste components. The organisation takes full responsibility of these potential effects within our business processes. In this light the organisation conducts comprehensive Environmental Aspect Assessments and a Hazard Identification and Risk Assessments prior to the inception of any project to at least identify potential risks to the environment and the people. Control measures are then put in place and implemented to eliminate or minimise the perceived risks. More recently CAFCA has taken on board the Behavior Based Interventions (BBI) concept and seeks to apply it across all facets of the business. This is so upon a realisation of a new dimension taking centre stage of the use of human behavior as an instrument for creating value for the business.

GRI 102 -11

6.0 Membership

CAFCA holds membership with various national organisations and it actively participates and contributes to activities organised by these organsations. These organisations enable us to realise opportunities, solutions to potential problem and provide us with information on changes to legal and other requirements that affect our business for the purposes of continual improvement. These organisations, through the various platforms, enable CAFCA to participate in issues that concern it as an industry and to make meaningful contributions on the issues that can affect its business. The organisations in which CAFCA holds membership are:

a) Confederation of Zimbabwe Industries
b) National Employment Council for Engineering, Iron and Steel Industries
c) Employers Confederation of Zimbabwe
d) Engineering, Iron and Steel Association of Zimbabwe
e) Business Council of Sustainable Development Zimbabwe
f) Zimbabwe Institute of Engineers
g) Construction Industry Federation of Zimbabwe

GRI 102-13

7.0 Awards

Refer to "Milestones" section on page 3 of the Integrated Annual Report 2018.

8.0 Stakeholder engagement

CAFCA values its stakeholders and as such engages them in order to manage their expectations and interests. The organisation uses a function based approach to identify its stakeholders and this is done during strategic planning workshops. Our stakeholders include customers, suppliers, shareholders and investors, government and regulators, financial institutions, employees, local communities, and trade and industry associations. The interests and expectations of each stakeholder are determined during the strategic planning workshops. Engagement of all our stakeholders to maintain and address arising relationship issues are done through meetings, partnerships, collaborations, consultations, information and knowledge sharing and customer feedback.

Engagement frequency with these stakeholders is dependent on various factors and is stated in our internal procedures. The various engagements done during the reporting period were not specifically undertaken as part of this report preparation process. Below is a summary of how we engage our key stakeholders.

CAFCA Key stakeholders

Stakeholder	Why they are important to us	Who is responsible to engage them	Channels of engagement	Frequency of engagement
Employees	Success of business depends on their skills, expertise and dedication	• Management team representatives • Line managers	• Works Council meetings • Management briefings • SHEQ meetings • NEC meetings	• Monthly and as agreed by both parties
Senior executives and Management team	Success of business depends on their leadership skills and motivation	• Managing director	• Management systems review meetings • Mangement meetings	• Weekly • Monthly
Shareholders and investors	Provide us with capital to develop and expand operations	• Board of directors	• Board meetings • Analyst briefings • Annual general meetings	• Quarterly • Annually
Lenders/Banks	Provide us with financial services and platforms for business transactions	• Finance management team	• Relationship meetings	• Monthly
Customers	Buy our products to provide revenue and certainty to our business	• Sales and marketing management team • Senior executives	• Meetings • Telephone conversations • Email correspondences • Customer evaluations	• On-going
Suppliers/Service providers	Provide us with raw materials, spares and services which we need to create valuable products	• Procurement management team	• Meetings • Telephone conversations • Email correspondences • Customer evaluations • Supplier correspondence	• On-going
Government and regulators	Set the laws under which our business operates	• Senior executives	• Meetings • Written communications • Telephone conversations	• As and when issues arise
Community	Recipients of the impact of our activities on the environment and source of intellectual property	• Management representative • Management team	• Meetings • Written communications • Telephone conversations	• As and when issues arise

GRI 102 t - 40 to 43

8.0 Stakeholder engagement (continued)

The following table gives the key topics and/or concerns raised by various stakeholders and how the organisation has responded to those key topics and concerns.

Stakeholder	Key topic raised	Concerns raised	CAFCA's response	Status
Employees	Remuneration issues		Resolved with reference to our agreed economic model	On-going
Walk-in customers at factory shop		Long order processing time	Implementation of various initiatives to reduce order processing time	Closed
Customer – Local power utility		Supply of strategic products	Supply limited to credit available	Closed
Local regulator		Alleged exclusive dealing	All procurement formalities were adhered to	Open
Export customer		Product quality issues	Timeous investigations and root cause analysis resulting in manufacturing process improvements	Closed
Local banks	Critical shortage of forex		Lobbying Reserve Bank of Zimbabwe via customer and industry associations	On-going
National OHS body		High injury frequency	Implementation of behaviour based interventions	Work in progress
Community – local trade and industry associations	Technical assistance on energy and efficient water utilisation		Technical assistance embraced	Closed

GRI 102-44

9.0 Our economic performance

CAFCA ensures economic sustainability by delivering a strong financial performance which will ensure that the organisation operates into the future. Since the organisation is listed on the Zimbabwe Stock Exchange, it is legally required to disclose financial performance information to the public. CAFCA has religiously complied with this requirement since its listing on the bourse.

In line with the GRI Standards disclosure requirements, we are providing our economic performance summary below.

	2018 US$	2017 US$	2016 US$	2015 US$	2014 US$	2013 US$
Turnover	30 382 348	19 310 457	18 148 818	29 310 805	23 607 380	23 858 213
Domestic	25 486 922	18 256 550	16 257 021	23 801 710	20 034 889	21 267 729
Export	4 895 426	1 053 907	1 891 797	5 509 095	3 572 491	2 590 484
Profit before income tax	5 234 021	1 226 227	678 028	2 452 551	2 685 391	1 910 887
Profit attributable to shareholders	3 859 431	726 213	418 604	1 796 524	2 027 616	1 416 509
Capital expenditure	88 209	376 455	173 684	415 275	300 963	250 210
Shareholders equity	16 097 337	15 458 801	14 709 165	14 311 794	12 269 611	10 239 619
Operating expenses	25 260 864	18 236 628	17 443 103	27 100 781	21 027 637	21 862 537
Payments to government (income tax)	1 369 640	328 410	312 205	675 063	688 582	546 932

GRI 201-1

For more information, refer to the following Integrated Annual Report 2018 sections:
"Statement of Financial Position" section on page 16
"Consolidated statement of comprehensive income" section on page 17
"Consolidated statement of changes in equity" section on page 18
"Consolidated statement of cash flows" section on page 19
"Ratios and statistics" section on page 48

10.0 Our environmental performance

Whilst maintaining certification on ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management System), CAFCA continues to enhance its commitment to environmental protection which encompasses balancing business demands and environmental stewardship. Our environmental performance is measured through the various material issues identified, our compliance obligations, maintenance of our management system standards, commitment to efficient resource use and implementation of the 4R's (Reduce, Reuse, Recover and Recycle).

According to GRI standards, our material topics as obtained from section 2.2 of this report are:

- Materials
- Energy
- Water
- Emissions
- Effluent and Waste

10.1 Materials

Non-renewable materials used

Material	2018 (metric tonnes)	2017 (metric tonnes)	2016 (metric tonnes)	2015 (metric tonnes
Copper (recycled)	831	833	1 539	1 862
Copper cathode	386	352	0	0
Aluminium	1 008	1 140	1 232	1 583

To make sustainable development a reality, industrial symbiosis is indispensable. Industrial symbiosis refers to an association between two or more companies in which the wastes or by products of one become the raw materials for another. CAFCA continues to harvest redundant copper which is being regarded as redundant and converting it into useful product. This concept has a double benefit in that as it reduces the extraction of virgin copper from the depleted natural resources and reduces the copper waste into the environment. Recycled/redundant copper to virgin copper throughput in the year under review (FY18) remained constant at 70% and 30% respectively as compared to FY17.

GRI 301-1 & 2

10.2 Energy- non-renewable fuel consumptions

Production processes at CAFCA are 90% powered by electricity which is used for the furnace, machines, administration work and the canteen. The 10% remaining is distributed amongst Liquefied Petroleum Gas- LPG (for geysers and the incinerator), diesel and petrol (for company vehicles, forklifts and standby generators). Consumption of these energy sources is dependent on our production patterns.

Note: Conversion factors obtained from International Energy Agency.

ID	Energy source	Consumption (GJ) 2018	Energy Intensity (GJ/.ton) 2018	Consumption (GJ) 2017	Energy Intensity GJ/ton) 2017	Consumption (GJ) 2016	Energy Intensity (GJ/ton) 2016	Consumption (GJ) 2015	Energy Intensity (GJ/ton) 2015
1	Electricity	17 900	8.2	18 023	8.6	19 199	9.7	23 091	6.9
2	Charcoal	51	0.02	22	0.01	29	0.01	722	0.02
3	Liquified Petroleum Gas	656	0.3	734	0.4	794	0.4	986	0.3
4	Diesel	2 514	1.15	2 393	1.15	1 886	0.9	2 481	0.7
5	Petrol	334	0.52	400	1.15	612	0.39	521	0.2
Total		**21 455**		**21 572**		**22 520**		**27 801**	

The total energy intensity decreased by approximately 5% compared to the last reporting period. During the reporting period there was a 9% increase in production but used 0.5% less energy. This meant that we had a better overall energy intensity in the reporting period as compared to FY17. The opportunities for improvement implemented by the organisation under the Energy Management system enhanced our energy efficiency. The major initiatives that yielded energy savings were retrofitting of variable speed drives on water pumps, replacement of non-energy saving lights with LEDs and replacing asbestos roofing sheets with translucent sheets in sections of the factory.

GRI 302-2
GRI 302-3
GRI 302-4

10.3 Water

CAFCA processes that rely on water include the extrusion process, the cooling system for the furnace, wire drawing processes and day to day activities including cooking and the ablutions. The demand of water per month is not directly linked to our production patterns as most of our operations have a closed loop water reticulation system. The organisation relies on underground borehole water, and the borehole that operates at a capacity of 4.2m^3/hour is able to meet our production demands.

There was a 10% decrease in water intensity in FY18 as compared to FY17. This decrease in the intensity was due to the increased awareness amongst employees on water management strategies which include conserving water and timeous response to reported water leaks. For continuous improvement in the next reporting period the Company has initiatives in place which include installation of low flush toilets, installation of high pressure low volume nozzles for ablutions and replacement of normal water taps with aerator taps/flow restrictor taps at the canteen.

GRI 303-1
GRI 303-3

Source	2018 (m^3)	2017 (m^3)	2016 (m^3)	2015 (m^3)
Municipal	0	0	0	0
Underground borehole	10 845	11 801	12 690	13 434
Total production tonnage	2 161	2 105	3 337	2 152
Intensity m^3/tonne	5.02	5.61	3.80	6.24

10.4 Emissions - CAFCA carbon footprint

Globally greenhouse gas emissions have been on the rise and near surface temperatures have increased by 0.5^{o}C or more during the last 50 to 100 years in most parts of Africa. It is projected that by 2030 global temperatures will increase by 2^{o}C if no rapid action is taken. The Ministry of Environment, Water and Climate in a conference in Addis Ababa, Ethiopia in 2016 reported that Zimbabwe as a nation had submitted its Nationally Determined Contributions to the United Nations Framework Convention on climate change to achieve 33% reductions on energy related CO_2 equivalent per capita with business as usual scenario by 2030.The report also indicated that current situation had industry contributing 5% to the total CO_2 emissions and the energy sector contributing 49%, therefore CAFCA as part of industry and a consumer of the product of the energy sector is mandated to collaborate with other players towards achievement of this target. In as much as Zimbabwe is a low emitter, only contributing less than 0.05% to the global emissions, the global village is transitioning towards a low carbon economy, therefore industry has a big role to play.

In view of the facts above, CAFCA continues to monitor its GHG emissions with reference to the six GHGs emissions listed in the Kyoto Protocol namely carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. CAFCA emissions reporting has been organised in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting 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 reliable data from third parties. Both the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and ISO 14064 Part 1:2006 – Guidance at the organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and GHG Protocol, state that it is optional to report scope 3 emissions.

Dwelling on the concept that "what is measured can be managed", CAFCA uses the carbon footprint data to track its facilities' GHG emissions and to identify opportunities to cut pollution, minimise wasted energy, and save money. Direct emissions at CAFCA result from the consumption of liquefied petroleum gas (LPG), diesel, petrol, acetylene, charcoal and emissions from copper smelting and extrusion processes. Indirect emissions (indirect) at CAFCA come from the use of purchased grid electricity.

There were a total of 2 870 tonnes of CO_2 equivalent (tCO_2e) in financial year 2018 (FY18). This is an 8% decrease against 3 122 tCO_2e in FY17. Purchased grid electricity contributed to 95% of the total greenhouse gas emissions (GHG) in the year under review. Electricity consumption decreased by 10% in FY18 as compared to FY17. This is attributed to opportunities for improvement implemented under Energy Management system. These initiatives include replacement of asbestos with translucent sheets at the dispatch and smelting area, use of smaller compressor to run during low factory loading periods, enforcing running machines at optimum speeds, retrofitting of lighting with energy savers/LEDs, running economic order quantities in the factory, and the use of electronic drives on process water pumps.

The overall GHG intensity decreased from 1.48 tCO_2e per metal tonne in FY17 to 1.33 tCO_2e per metal tonne in FY18 – a 10% decrease. The decrease in intensity was mainly because of the increase in production tonnage by 4% versus an 8% decrease in GHG emissions. The increase in production tonnages was due to increased domestic demand as a result of the government protection CAFCA got through statutory instrument ("SI") 122. Opportunities for improvement implemented under the energy management system in place resulted in reduction of the energy consumed per metal tonne produced.

Going into FY19, the organisation has identified energy management opportunities for improvement with the technical assistance of PWC India. CAFCA was one of the ten companies that was selected by Business Council for Sustainable Development Zimbabwe to undergo free energy efficiency and efficient water utilisation audits under a program funded by United Nations Industrial Development Organisation (UNIDO) and Climate Technology Centre and Network (CTCN). The audit was conducted in July 2018. Key energy conservation measures identified were reduction in pressure settings for compressors, replacing existing water circulation pumps with energy efficient pumps, installation of variable speed drives on some machines, further improvement of power factor, replacement of existing lighting systems with energy efficient LED lighting systems, use of solar PV to power office equipment replacement of normal water taps with aerator taps, use of low flush toilets and use of high pressure low volume nozzles for the ablutions. These improvements are expected to improve the organisation's energy performance hence further reducing the GHG emission intensity in the next reporting period and positively contributing to a low carbon economy

GRI 305-04
GRI 305-05

10.4 Emissions - CAFCA carbon footprint (continued)

Emission factors used to calculate carbon dioxide equivalent emissions were derived from the Department of Environment Food and Rural Affairs (DEFRA), United Kingdom.

The table below shows the GHG emission figures for financial year 2018. GHG emission figures for 2013 to 2017 financial years are also shown for comparative purposes.

CAFCA GHG Emission inventories

TABLE 1: CAFCA GHG emissions inventories

Emission sources	2018 total emissions (tonnes CO_{2e}) - 12 month period	2017 total emissions (tonnes CO_{2e}) - 12 month period	2016 total emissions (tonnes CO_{2e}) - 12 month period	2015 total emissions (tonnes CO_{2e}) - 12 month period	2014 total emissions (tonnes CO_{2e}) - 12 month period	2013 total emissions (tonnes CO_{2e}) - 12 month period
SCOPE 1:						
PETROL						
Forklifts	0.33	1.55	0	0	0	0
Company vehicles	1.92	2.31	2.85	2.41	2.39	2.57
DIESEL						
Forklifts	40.55	35.36	29.66	36.03	24.48	30.60
Company vehicles	11.59	11.72	9.77	10.69	10.85	9.55
Generators	4.79	8.29	5.94	27.94	10.23	14.66
LPG						
LPG cylinders	18.9	21.21	22.87	31.70	29.30	25.57
CHARCOAL						
Furnace	1.75	1.87	0.99	97	1.22	61.49
HFC's						
Refrigerators	0.000765	0.0000765	0.0000765	0.0000765	0.000765	0.000765
Air conditioners	0.005	0.005	0.005	0.005	0.005	0.002
ACETYLENE	0.39	0.58	0.04	0.69	0.75	0.43
GRAPHITE	65.32	28.4	27.79	33.23	32.88	25.56
EXTRUDERS	8.37	6.78	5.14	3.96	2.39	1.23
SCOPE 2:						
ELECTRICITY						
Plant and Administration	2,716	3,004	3,200	3,776	2,930	3,299
TOTAL GHG EMISSIONS (tons CO_{2e})	**2,870**	**3,122**	**3,305**	**4,020**	**3,044**	**3,471**
TOTAL PRODUCTION METAL TONNES	**2,161**	**2,105**	**1,989**	**3,337**	**2,152**	**2,120**
GHG EMISSIONS INTENSITY (tonnes CO_{2e} per metal tonne)	**1.33**	**1.48**	**1.66**	**1.20**	**1.41**	**1.64**

10.4.1 Air quality monitoring

CAFCA monitors its emissions through independent consultants every quarter to measure its air emissions as per S.I 72. Licenses are applied to the Environmental Management Agency annually, and the licences that were applied for in 2018 were within the permissible ranges as listed below:

Air emission source	License band
Furnace (Copper smelting)	Blue
BM 80 1 (Extrusion machine)	Blue
BM 80 11 (Extrusion machine)	Blue
DS130 (Extrusion machine)	Blue
Burn out oven (Incinerator)	Blue
Standby Generator	Green

GRI 305-01

10.5 Waste

GRI 305-01
GRI 305-02

CAFCA appreciates that the world is moving towards the cradle to cradle concept which is a framework that seeks to create production techniques that are not just efficient but are essentially waste free. In cradle-to-cradle production, all material inputs and outputs are seen either as technical or biological nutrients. Technical nutrients can be recycled or reused with no loss of quality and biological nutrients composted or consumed. Our organisation has a strategy to minimise waste at source, reuse, recycle and we have a waste management plan which quantifies our waste and have action plans for each waste stream. We also encourage waste segregation at source.

10.5.1 Hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
2018		
Solid waste	65	Landfill
Electrical waste	0	Landfill
2017		
Solid waste	25	Landfill
Electrical waste	0	Landfill
2016		
Solid waste	105	Landfill
Electrical waste	8	Landfill
2015		
Solid waste	115	Landfill
Electrical waste	1	Landfill

There was an increase in hazardous waste in FY18 compared to FY 17 by 40 tonnes. CAFCA had accumulated ash from redundant cable incineration process to recover copper in FY17. Ash is a by-product of the incineration process. The ash was further processed at a foundry within CAFCA to further extract residual copper during the year under review. The resultant slag contributed to the increase in solid waste to landfill. CAFCA is implementing a quality improvement project on the elimination of the waste going to the landfills.

10.5.2 Non-hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
2018		
General waste	190	Landfill
* Plastic waste	7	Recycling by third parties
* Paper waste	1	Recycling by third parties
2017		
General waste	326	Landfill
* Plastic waste	25	Recycling by third parties
* Paper waste	0	Recycling by third parties
2016		
General waste	251	Landfill
*Plastic waste	12	Recycling by third parties
*Paper waste	0.6	Recycling by third parties
2015		
General waste	429	Landfill
*Plastic waste	3	Recycling by third parties

All waste is disposed of directly by the organisation to the Pomona landfill through contracted transporters after obtaining a disposal permit from City of Harare.

*Paper and plastic waste is sold to third parties for the purposes of recycling or reuse.

GRI 306-2

10.5.3 Significant spills

During the reporting period one significant accidental spillage occurred in March 2018 inside our premises in the factory. Approximately 4000 litres of waste lubricant liquid spilled onto the ground during a process to separate oil from water in a bid to recover oil from the waste lubricant. This spillage caused ground contamination. The emergency preparedness procedure was activated to contain the spillage and reclaim the contaminated ground. EMA was informed as per legal requirement. The root cause for the spillage was found to be an inadequate procedure for new projects. The procedure was amended and awareness training conducted for to the relevant people.

GR1 306-3

10.6 Environmental compliance

CAFCA uses Optima Legal Software and government gazettes for updates on all applicable environmental laws and regulations. The organisation did not receive any fines and/or sanctions for non-compliance with environmental laws and regulations during the reporting period. The organisation shall continue to use its internal business management systems to comply with legal obligations.

GRI 307-1

10.7 Environmental management expenses

2018 US$	2017 US$	2016 US$	2015 US$
35 365	33 297	41 738	40 546

Our environmental management expenses increased by 6%. The increase is due to the increase in hazardous waste disposed of during the year as explained in Section 10.5.1.

11. Our social performance

11.1 Our people

CAFCA values its employees as they are the team behind the success stories of CAFCA year in year out. The organisation provides equal opportunities, without discriminating against gender, race, physical ability or HIV/AIDS status. We value our employees' contributions and commit to treat our employees in a respectable, fair and professional manner.

We recognise and respect employees' right to freedom of association and collective bargaining. 100% of our employees are covered by Collective Bargaining Agreements. Our management has an ongoing and constructive engagement with employees at all levels to address any issues or concerns they might have. Examples of consultative forums at CAFCA are Works Council, Health and Safety sub-committee, Business Excellence team meetings and Management briefings. We have a policy that caters for necessary advance notice in the case of significant operational changes that could substantially affect our employees.

Our Occupational Health and Safety and Safety Policy as enshrined in our Safety, Health and Environmental Policy is dedicated to continual improvement in safety, health and environmental performance. We continue to apply our OHSAS 18001 Occupational Health and Safety Management System as part of our commitment to achieve zero work related accidents and diseases. All employees and contractors are represented in the monthly health and safety subcommittee meetings that are done to address issues of health and safety. Moreover, CAFCA has a sound Pension Fund to cater for the welfare of its employees even after retirement.

The organisation supports the employees' professional growth to attain its vision which is to be recognised for excellence in providing quality products and services that give the best value to all our customers and other stakeholders. We invest in training and development to enhance the capabilities of our employees. Training needs for employees are identified and prioritised by management based on organisational needs.

GRI 402-1 to GRI 407-1
GRI 201-3

11.2 New employee hires by gender

Year	Category	Male	Female	Total	% rate of new female to total new hires
2018	New hires	50	4	54	7
2017	New hires	23	2	25	8
2016	New hires	14	3	17	18
2015	New hires	47	8	55	15

11.3 New hires by age group

Year	18-20	21-30	31-40	41-50	51-63
2018	0	45	8	1	0
% rate	0	83	15	2	0
2017	1	18	2	3	1
% rate	4	72	8	12	4
2016	2	15	0	0	0
% rate	12	44	0	0	0
2015	3	43	5	3	1
% rate	5	78	9	5	2

11.4 Employee turnover by gender

Year	Category	Male	Female	Total	% rate of female to total employee turnover
2018	Turnover	23	3	26	12
2017	Turnover	22	3	25	12
2016	Turnover	28	3	31	10
2015	Turnover	20	5	25	20

11.5 Employee turnover by age group

Year	18-20	21-30	31-40	41-50	51-63
2018	0	20	5	1	0
% rate	0	77	19	4	0
2017	1	13	9	2	0
% rate	4	52	36	8	0
2016	0	22	4	4	1
% rate	0	71	13	25	12
2015	0	19	2	3	1
% rate	0	76	8	12	4

GRI 401-1

11.5 Health and safety performance

100% of our employees are represented in joint management-worker health and safety committee. The organisation believes that workplace safety is anchored on three dimensions "safety, health and wellbeing". During the year a wellness program was conducted by our medical aid service provider where healthy living lifestyles were encouraged and free advice on medical conditions was given to our employees. CAFCA Limited has adopted the Behavior Based Interventions (BBI) concept as an instrument to create value for the business as human behavior is the common denominator in cultural/business transformation, SHE Excellence, business improvement, motivation, self-drive and best practice. The Health and Safety statistics for 2015, 2016, 2017 and 2018 are shown in table below.

Performance indicator	2018	2017	2016	2015
Injuries	15	8	4	13
Fatalities	0	0	0	0
Contractor related injuries	3	3	0	1
CAFCA injuries	12	5	4	12
Lost time injuries	8	5	3	10
First aid injuries	8	5	1	3
Total number of accidents	15	8	4	13
Lost man-days due to injuries	79	30	17	51

The number of accidents occurring has increased from the previous year by 100%. It is against this background that the organisation got health and safety training for all employees from National Social Security (NSSA) and thereafter embraced Behavior Based Interventions (BBI). BBI aims to improve safety behaviour in the organisation by eliminating at-risk behaviors.

GRI 401-3

11.6 Occupational health surveillance

CAFCA is committed to providing a safe environment and promoting social well-being of its employees and all the people working on behalf of CAFCA. Our operation has the potential to expose employees to hazards such as noise, dust, glare and heat. Measures are in place to reduce exposure to these hazards include Engineering controls to reduce noise levels, planned maintenance of machinery, provision of Personal Protective Equipment (PPE) and job rotations. During the reporting period there were no outbreaks of communicable diseases that were reported amongst our employees. Employees are sent for medical assessments annually and the statistics are listed in the table below. No anomalies were recorded during the assessments in 2018.

Health assessment parameter	Number of employees sent for assessment			
	2018	2017	2016	2015
Audiometric	50	52	50	50
Pneumoconiosis	0	35	42	28
Site screening	59	56	47	47
Thermal heat assessment	39	50	30	30

11.7 Training and education

CAFCA is committed to train its workforce to continuously improve their skills. We have a training program that is reviewed annually. During the year under review, CAFCA introduced an apprenticeship program for Electrical Technicians and Fitters and Turners in the engineering department. The objective is to bridge the skills gap in the department. The organisation also engaged 15 Learnership operators on a 12 month learner-ship program to build capacity in the house-wire and flexible cable coiling and packaging section of the factory. The training statistics for 2015, 2016, 2017 and 2018 are shown in table below.

	2018	2017	2016	2015
Number of employees trained	361	196	118	267
Number of man days trained	400	270	342	367
% Female	7	7	15	10
% Male	93	93	85	90

GRI 404

This document meets the criteria of being in accordance with the GRI Standards for sustainability reporting on the core level.

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