



UNAUDITED ABRIDGED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2019

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months to 31 March 2019 ZWL\$	Unaudited Six months to 31 March 2018 US\$	Audited Twelve months to 30 Sept 2018 US\$
Revenue	18,589,544	13,261,956	30,382,348
Operating profit	3,546,518	2,457,172	5,234,021
Profit before income tax	3,546,518	2,457,172	5,234,021
Income tax expense	(994,406)	(663,032)	(1,374,589)
Profit for the period	2,552,112	1,794,140	3,859,432
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	2,552,112	1,794,140	3,859,432
Weighted average number of shares in issue	33,136,000	33,009,000	33,059,000
Basic earnings per share (cents)	7.70	5.44	11.67
Diluted earnings per share (cents)	7.63	5.36	11.53
Headline earnings per share (cents)	7.70	5.44	11.67

STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 March 2019 ZWL\$	Unaudited as at 31 March 2018 US\$	Audited as at 30 Sept 2018 US\$
Non-current assets			
Property, plant and equipment	3,121,495	3,121,369	2,990,638
Loans and receivables	-	12,361	-
	3,121,495	3,133,730	2,990,638
Current assets			
Inventories	10,636,783	8,042,110	8,624,425
Trade and other receivables	2,330,501	1,858,500	2,041,792
Cash and cash equivalents	7,082,707	7,743,423	8,854,476
	20,049,991	17,644,033	19,520,693
Total assets	23,171,486	20,777,763	22,511,331

EQUITY AND LIABILITIES

	Unaudited as at 31 March 2019 ZWL\$	Unaudited as at 31 March 2018 US\$	Audited as at 30 Sept 2018 US\$
EQUITY			
Equity attributable to owners of the parent			
Share capital	331	328	331
Share premium	324,871	220,012	254,701
Share option reserve	251,413	132,000	193,600
Retained earnings	16,169,581	17,054,609	15,648,706
Total equity	16,746,196	17,406,949	16,097,337
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	641,972	773,757	656,692
Current liabilities			
Trade and other payables	3,262,905	2,406,074	2,167,920
Current income tax liabilities	489,176	190,983	118,187
Dividends payable	2,031,237	-	3,471,195
	5,783,318	2,597,057	5,757,302
Total liabilities	6,425,290	3,370,814	6,413,994
Total equity and liabilities	23,171,486	20,777,763	22,511,331

ABRIDGED STATEMENT OF CASH FLOWS

	Unaudited Six months to 31 March 2019 ZWL\$	Unaudited Six months to 31 March 2018 US\$	Audited Twelve months to 30 Sept 2018 US\$
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	3,546,518	2,457,172	5,234,021
Adjustments for:			
Depreciation	197,646	179,686	361,528
Profit on disposal of property, plant and equipment	(7,500)	(3,770)	(3,770)
Non-cash employee benefit expense-share based payment	108,733	122,208	209,900
Finance income received	(164)	(195)	(1,364)
Working capital changes:	(4,677,277)	1,283,527	285,946
Net cash utilised from operations	(832,044)	4,038,628	6,086,261
Finance income	(164)	(195)	1 364
Income tax paid	(637,786)	(468,521)	(1,369,640)
Net cash (utilised)/generated from operating activities	(1,469,666)	3,570,302	4,717,985
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(328,503)	(36,799)	(88,209)
Proceeds from sale of property, plant and equipment	7,150	3,770	3,769
Treasury bills maturity	-	6,179	12,360
Net cash utilised in investing activities	(321,353)	(26,850)	(72,080)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	19 250	31 800	40 400
Net(decrease)/increase in cash and cash equivalents	(1,771,769)	3,575,252	4,686,305
Cash and cash equivalents at the beginning of the period	8,854,476	4,168,171	4,168,171
Cash and cash equivalents at the end of the period	7,082,707	7,743,423	8,854,476

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share option reserve	Retained earnings	Total
Balance at 1 October 2017	328	177,948	20,056	15,260,469	15,458,801
Total comprehensive income for the year	-	-	-	3,859,432	3,859,432
Profit for the year	-	-	-	3,859,432	3,859,432
Other comprehensive income for the year	-	-	-	-	-
Transactions with owners:					
Issue of shares	-	40,400	-	-	40,400
Share options	3	36,353	173,544	-	209,900
Dividends declared	-	-	-	3,471,195	(3,471,195)
Balance at 30 September 2018	331	254,701	193,600	15,648,706	16,097,338
Balance at 1 October 2018	331	254,701	193,600	15,648,706	16,097,338
Total comprehensive income for the period	-	-	-	2,552,112	2,552,112
Profit for the period	-	-	-	2,552,112	-
Other comprehensive income for the period	-	-	-	-	-
Transactions with owners:					
Issue of shares	-	19,250	-	-	19,250
Share options	-	50,920	57,813	-	108,733
Dividends declared	-	-	-	2,031,237	(2,031,237)
Balance at 31 March 2019	331	324,871	251,413	16,169,581	16,746,196

NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation and accounting policies

1 The unaudited abridged results of CAFCA Limited (the "Company") have been prepared in accordance with IAS 34, 'Interim financial reporting', and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). The same accounting policies and methods of computation are followed in the unaudited results as compared with the most recent annual financial statements for the year ended 30 September 2018. IAS 21 has not been complied with as it is in conflict with statutory instrument 33 of 2019.

IFRS 9 and IFRS 15 effective 1 October 2018 has had no material effect on numbers presented.

2 The financial statements for the period October 2018 to March 2019 are in ZWL\$, and results for March 2018 and September 2018 are in US\$.

3 **Related party transactions**
Reunert Electrical Engineering Holdings (Proprietary) Limited owns 70% of the Company and the remaining 30% is widely held.

The following transactions were carried out with related parties:

	Unaudited 31 March 2019 ZWL\$	Unaudited 31 March 2018 US\$	Audited 30 Sept 2018 US\$
(i) Purchases:- Purchases during the year from Group companies CBI - Electric African Cables - A Division of ATC (Proprietary) Limited CBI - Electric Telecoms Cable (Proprietary) Limited Metal Fabricators of Zambia plc (Zamefa)	622,658 - 52,788 675,446	1,403,088 21,345 56,213 1,480,646	2,602,046 23,627 56,983 2,682,656
Goods and services are bought from related parties on commercial terms and conditions.			
Sales: Metal Fabricators of Zambia plc (Zamefa)	- -	18,346 18,346	18,346 18,346
(ii) Balances arising from purchase of goods/services Payables to related parties: CBI - Electric African Cables - A Division of ATC (Proprietary) Limited Metal Fabricators of Zambia plc (Zamefa)	32,170 - 32,170	394,593 56,213 450,806	7,950 - 7,950
(iii) Key management remuneration Key management includes directors (executive and non-executive) and executive managers (members of the executive committee).			
Salaries and short term benefits Share options expense Directors' fees	403,562 108,733 48,180 560,475	310,791 122,208 44,530 477,529	655,336 209,900 65,058 930,294
4 Segment information The executive management team is the Company's chief operating decision maker. Management has determined the operating segments based on reports reviewed by the executive team that are used to make strategic decisions. The Company has one product line, and operates in one industry sector.			

	Unaudited 31 March 2019 ZWL\$	Unaudited 31 March 2018 US\$	Audited 30 Sept 2018 US\$
Revenue from customers domiciled in Zimbabwe	17,761,220	12,793,394	29,327,891
Revenue from external customers	828,324	468,202	1,054,457
	18,589,544	13,261,596	30,382,348

Revenues from transactions with single local customers that amounted to 10% or more each, of the Company's revenues equal approximately US\$4,968,291. These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the major component of the total revenue from three major individual customers with revenue of at least 10% is as follows:

	Unaudited 31 March 2019 ZWL\$	Unaudited 31 March 2018 US\$	Audited 30 Sept 2018 US\$
Energy transmission	2,592,366	4,968,291	6,583,033
The segment information provided to the executive team for the product reportable segments for the six months 31 March are as follows:			
Revenue from customers	18,589,544	13,261,956	30,382,348
Depreciation	197,646	179,686	361,529
Share option expense	108,733	122,208	209,900
Operating profit	3,546,518	2,457,172	5,234,021
Income tax expense	994,406	663,032	1,374,589
Total assets	23,171,486	20,777,763	22,511,331
Total liabilities	6,425,290	3,370,814	6,413,994

5 **Capital commitments**
The Company had no significant capital commitments authorised by the directors or contracted for at the reporting period

6 **Property plant and equipment**
Capital expenditure
Depreciation charge

7 **Sensitivity Analysis**
A sensitivity analysis has not been done on revenue to consider the impact of the various exchange base anomalies as the rate information is not readily available.

8 **Dividend**
The final dividend, for the year ended 30 September 2018 was paid to the transfer secretaries on 8 October 2018. Payment by the Transfer secretaries to external shareholders is awaiting Reserve Bank of Zimbabwe approval to remit. Local shareholders not paid must please contact the Transfer secretaries as per contact details at the end of the commentary.

Commentary and overview of results

Profitability
Revenue for the six month period to 31 March 2019 was ZWL \$18.6 million whilst the revenue for the comparative period last year was US\$13.3 million. It should be noted that 4 ½ months of the current year's revenue has been deemed by the Authorities to be at an exchange rate of 1:1 to the US\$. The functional currency of the Country and CAFCA was changed on 22 February 2019 to ZWL from US\$.

Translation of current and previous year's revenue to achieve comparability has not been possible as there is a conflict between Zimbabwean legislation Statutory Instrument 33 of 2019 and International Accounting Standard 21 as to the exchange rates to use.

The pretax profit for the period is ZWL \$3,546 million whilst the profit for the comparative period last year was US\$2,457(m). Stakeholders should be wary for the reasons given above to place any significance on year on year comparison.

Statement of financial position
Fixed assets of \$3,121,495 are stated at the US\$ conversion cost from 2009 with additions since then in US\$ except for current additions of \$298 490 which were purchased at ZWL rates.

Inventories of ZWL \$10.6 million can be split as to ZWL \$6.6 million being at parity to US\$ with the balance being ZWL related.

Debtors and bank balances of \$9.3 million can be split into \$1.5 million of US\$ balances and the remainder ZWL\$ balance.

All other amounts in the Statement of Financial Position are ZWL\$ related.

What is significant to note from the Statement of Financial Position is that there is adequate liquidity to operate and trade for the foreseeable future and adequate hedges in various asset classes against any future hyperinflation. There is no exposure to US\$ liabilities.

Outlook
The company is well placed to meet all the requirements of the local market and to continue meeting the requirements of our export customers.

The company is concerned that the shortage of foreign currency is going to lead to acute hyperinflation and the customers will not be able to either afford or finance purchases from CAFCA.

Dividend
Notice is hereby given that the Board declared an interim dividend of 6.13 ZWL cents per share for the year ended 31 September 2019 payable in respect of all the ordinary shares of the Company. This dividend will be payable in full to all Shareholders of the Company registered at the close of business on 31 May 2019.

The payment of the dividend will take place on or about 14 June 2019. The applicable shareholder's tax will be deducted from the Gross Dividends.

The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 28 May 2019 and ex-dividend as from 29 May 2019.

Shareholders are requested to submit/update their mailing and banking details with the Transfer Secretaries to enable the payment of their dividends on the following contacts.

First Transfer Secretaries (Pvt) Ltd
1 Armagh Avenue
Eastlea
Harare

Telephone: +263 242 782869/72 or 776628/49/59/69/74

Email: info@fts-net.com

By order of Board
9 May 2019

C Kangara
Company Secretary